

Investment Objective

The investment objective of FMWI is to generate regular income and long term capital appreciation for investors.

The Fund will invest primarily in a diversified portfolio of collective investment schemes, other investment funds, exchange traded funds (“ETFs”), securities, including but not limited to fixed income securities, equities, real estate investment trusts (“REITs”), money market instruments and cash as deemed appropriate by us in accordance with its investment objective.

Manager’s Commentary

Market Review

The Federal Reserve’s 50 bps rate hike in December caused the S&P500 Index to fall by 5.8% on the month, reversing November’s gain. Although the Fed hike was as expected, the surprise came from an upward revision of interest rate projections. The upper limit of Fed fund is now expected to peak at 5.25%, or another 75 bps higher than the prevailing level. Fed Chair Jerome Powell’s commentary around financial conditions also implying he would like to see them tighter sent an unfavourable message to markets. Not surprisingly, the US 10-year Treasury yield rose 27 bps and 30-year up 23 bps to end December at 3.87% and 3.96% respectively. The JPMorgan Asia Credit Index (JACI) for Investment Grade returned 0.8% mainly as a result of its shorter duration and higher ‘carry’ (or yield).

Despite the risk-off environment, Asia ex-Japan equities remain largely unchanged on the month in USD terms. Investors bought into China equity on hopes of China reopening, as well as support to its beleaguered real estate sector. The other significant policy action came from the Bank of Japan’s surprised policy shift. By raising the 10-year yield cap from 0.25% to 0.5%, BoJ caused a selloff in Japan equities. On the other hand, with a possible end to an ‘unlimited’ bonds buying program in sight, the Japanese yen staged a sharp appreciation against the US dollar.

Oil prices continues its decline in December amidst weak macroeconomic environment. Stalling global growth coupled with fears of a resurgence in Covid cases globally due to China’s reopening have dented oil demand.

Investment Outlook

Monetary policy is unable to satisfactorily address elevated levels of inflation globally which stem from high commodity prices and domestic wage pressures. History suggests we should be wary with central banks’ tightening cycles as these episodes inevitably ended in recessions.

Leading economic indicators such as the Purchasing Managers Index around the world continue to be on a downtrend, which is likely to be followed by earnings downgrades.

Our base case continues to be a global recession ahead in 2023, albeit a shallow one. Most central banks around the world have yet to signal that they are ready to stop their tightening though they are mindful of overtightening. We think the US equities have largely priced-in the recession, but bonds markets have yet to do so.

Investment Strategy

Asset Allocation

The Fund has increased allocation to emerging market equities at the expense of fixed income. The latest developments on China’s COVID control policies and government supports for China’s real-estate state sector are promising for the region. The recent weakness in the US dollar will also be supportive of emerging market equities. We are mindful of continued Federal Reserve led tightening of monetary policy globally to combat multi-decade high inflation. We continue to monitor dollar movement, equity market volatility, bond yields plus credit spreads among other indicators to determine market’s appetite for risk assets.

Fixed Income

In fixed income, the Fund also turned positive on Asia’s outlook, given China re-opening and property support. We have added China related credits in the portfolio.

SREITs

Portfolio is focus on bottom-up selection on REITs in re-opening plays as well as defensive names. We will continue to look for names that have acquisition potential with strong fundamentals, coupled with valuations that remain attractive and have growth potential.

Equities

Within the equities sub-portfolio, we added emerging market equities.

Fund Information

Fund Size	SGD 33.23 million
Base Currency	SGD
Preliminary Charge	Currently 0%
Dealing Frequency	Every Business Day
Subscription Mode	Cash, SRS

Performance (%)

	1 mth	3 mths	6 mths	1 year	3 years	5 years	Since Inception
R-SGD (bid-to-bid)	-1.58	0.61	-3.74	-13.18	-	-	-6.30
R1-SGD (bid-to-bid)	-1.58	0.61	-3.74	-13.18	-	-	-6.30

Returns are calculated on a single pricing basis with net dividends and distributions (if any) reinvested. Returns more than a year are annualised. Preliminary charge is currently waived.

Asset Allocation (%)¹

Equities	32.3
REITs	29.8
Fixed Income	34.0
Cash and cash equivalents	3.9

Regional Exposure (%)¹

Singapore	43.7
Developed Markets	30.5
Emerging Markets	25.8

Fixed Income Sector Exposure (%)¹

Government	35.6%
Financials	27.2%
Communication Services	5.4%
Real Estate	5.2%
Industrials	4.4%
Energy	4.3%
Materials	3.9%
Consumer Discretionary	3.7%
Utilities	3.2%
Consumer Staples	1.4%
Information Technology	1.2%
Others ²	4.6%

Top 5 Holdings (Equities, REITs, % of NAV)

Amundi Prime Global ETF	9.5
Vanguard FTSE Developed World ETF	9.4
iShares Core MSCI World UCITS ETF	8.4
CapitaLand Integrated Commercial Trust	7.3
CapitaLand Ascendas REIT	6.5

Top 5 Holdings (Fixed Income, % of NAV)

Singapore Government 2.875% Sep 2030	5.7
Singapore Government 1.625% Jul 2031	2.7
Singapore Government 2.625% Aug 2032	1.6
iShares USD Asia High Yield Bond ETF	1.6
Industrial Bank of Korea 5.125% Oct 2024	0.5

Fund Statistics

Fixed Income	
Duration	5.3 years
Average Credit Rating ³	A
Yield-to-Worst ⁴	5.4%
S-REITs	
Dividend Yield	5.6%
Price to Book	1.0x
Price to Earnings	13.1x

Dividend History⁵

	Dividend / share	Record Date
Class R	SGD 0.0096	30 Sep 2022
Class R	SGD 0.0093	30 Dec 2022
Class R1	SGD 0.0163	30 Sep 2022
Class R1	SGD 0.0157	30 Dec 2022

Fund Details

	Class R (Distribution)	Class R1 (Distribution)
Inception Date	31 March 2021	31 March 2021
NAV per Unit⁶	SGD 0.83	SGD 0.79
Management Fee	Currently 0.40% p.a.	Currently 0.40% p.a.
Initial Investment	None	None
Subsequent Investment	None	None
ISIN Code	SGXZ55613715	SGXZ44316438
Bloomberg Code	FULFMWR SP	FULFMR1 SP

Note: All fund data are sourced from Fullerton, Bloomberg dated as at 31 December 2022, unless otherwise stated.

- Numbers might not add due to rounding.
- Others include ETFs
- Where the security is not rated by external rating agencies, Fullerton's internal rating methodology will apply.
- Refers to Yield-to-Worst in base currency, before hedging.
- Dividends are declared on a quarterly basis (i.e. March, June, September, December). Please refer to our website for more details on the dividend payouts.
- Figures are truncated to 2 decimal places. Please refer to Fullerton's website for official price.

For further information on Fullerton and its funds:

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