

Investment Objective

The investment objective of the Fund is to generate long term capital appreciation and/or income for investors in SGD terms by investing primarily in fixed income or debt securities.

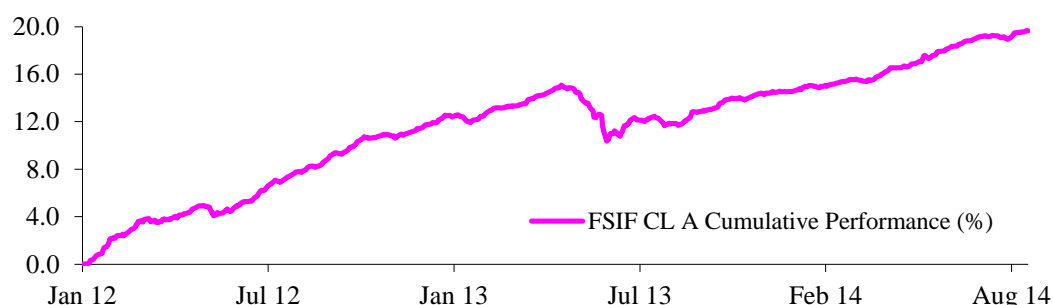
Investment Focus & Approach

The Managers seek to add value from interest rate accruals, selection of bonds and/or credits and duration management (optimisation of bond returns by selecting bonds with different terms to maturity).

The Fund will invest in a diversified portfolio of primarily investment grade fixed income or debt securities having a minimum long term credit rating of BBB- by Fitch, Baa3 by Moody's or BBB- by Standard & Poor's.

The Fund may also invest in non-investment grade bonds (i.e. bonds with a long term credit rating of less than BBB- by Standard & Poor's, Baa3 by Moody's or BBB- by Fitch (or their respective equivalents)) of up to 30% of its Net Asset Value.

The Fund may invest in Singapore Dollar and foreign currency denominated bonds including but not limited to US Dollar, Euro, Japanese Yen and Australian Dollar. The foreign currency denominated bonds will be fully hedged back to the Singapore Dollar except for a 1% frictional currency limit.

Performance (%) ⁽¹⁾


	1 mth	3 mths	6 mths	1 yr	Ann. Ret.*	Ann. Vol.*
FSIF CL A (Bid-Bid)	0.42	1.46	3.52	6.97	6.99	2.67
FSIF CL A (Bid-Bid, adjusted)	-2.50	-1.49	0.50	3.85	5.80	N.A.

* Since inception

Ref: FSIF CLA/Aug2014

(1) Returns are calculated on a single pricing basis in SGD with net dividends and distributions (if any) reinvested. Bid-Bid, adjusted returns include an assumed preliminary charge of 3% which may or may not be charged to investors.

Source: Fullerton Fund Management Company Ltd and Bloomberg.

Market Review

Global bond markets were resilient in August, as rising geopolitical tensions and continued Federal Reserve dovishness offset strong US economic data. Government bonds rallied on flight to safety flows while emerging market bond funds saw outflows. Although credit spreads widened, credit bond prices were higher for the month on the back of lower rates. SGD credits remained resilient over the month.

Singapore's 2Q 2014 growth slowed to 2.4%yoy, down from 4.8% generated in 1Q. This was, however, an upward revision to initial flash estimates of 2.1%, due to a rebound in the manufacturing sector in June. The Singapore government narrowed its GDP growth forecast for 2014 to 2.5-3.5%. Non-oil domestic exports continued to contract 3.3%yoy in July, although improving slightly from -4.6% in June. On a more positive note, industrial production increased 3.3%yoy, up from a 0.8%yoy contraction in the previous month. Inflation continued to ease to 1.2%yoy, lower than the consensus expectation of 1.8%.

Fund Size

SGD 1,128.65 million

Class A Fund Details:
Inception Date

5 January 2012

Management Fee

Currently 0.80% p.a.

Expense Ratio

0.91% p.a. (For financial year ended 31 Mar 2014)

Price @ 29 August 2014

SGD 1.08703

Distributions paid (Qterly)

Mar 2013: SGD0.0090 per unit
Jun 2013: SGD0.0090 per unit
Sep 2013: SGD0.0110 per unit
Dec 2013: SGD0.0110 per unit
Mar 2014: SGD0.0110 per unit
Jun 2014: SGD0.0110 per unit

Minimum Initial Investment

SGD100,000

Minimum Subsequent Investment

SGD100,000

Dealing Day

Daily, up to 5pm (Singapore time)

Preliminary Charge

Up to 3%

Bloomberg Code

FULSGIA SP

ISIN Code

SG9999008411

The Fund is available for SRS subscription.

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Investment Strategy

The bond supply pipeline is expected healthy over the coming weeks. We continue to look to the primary market for opportunities to improve portfolio yield. On interest rates, we remain cognisant of the competing pressures from better US economic data and geopolitical risks. We remain cautious and adopt a tactical approach to duration management.

Market Exposure

Australia	1.3%
China	17.1%
Europe	4.2%
Hong Kong	18.1%
India	4.1%
Indonesia	1.3%
Malaysia	3.7%
Russia	3.5%
Singapore	40.1%
UAE	1.3%
UK	1.2%
US	0.8%
Others	2.2%
Cash	1.1%

Credit Rating*

AA	0.6%
A	14.0%
BBB	59.0%
BB	11.1%
B	14.2%
Cash	1.1%

Top 5 Holdings

1.	Value Success International 4.125% Sep 2019	1.7%
2.	Sino MTN 3.25% Sep 2017	1.6%
3.	Capitaland Ltd 2.95% Jun 2022	1.4%
4.	VTB Bank 4% Jul 2015	1.3%
5.	ABN AMRO Bank 4.7% Oct 2022	1.3%

Fund Characteristics

Weighted Average Coupon	4.97
Weighted Average Credit Rating	BBB
Number of Holdings	222
Average Duration	3.20 yrs
Yield to Maturity	4.05%

* Where the security is not rated by Standard & Poor, Moody's and/or Fitch, Fullerton's internal rating methodology will apply.

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