LionGlobal SGD Money Market Fund

The Fund aims to manage liquidity and risk while looking to provide a return which is comparable to that of SGD short-term deposits. The Fund will invest in high quality short-term money market instruments and debt securities. Some of the investments may include government and corporate bonds, commercial bills and deposits with financial institutions.

Fund Manager's Commentary

Repricing of Federal Open Market Committee (FOMC) Federal Funds Rate (FFR) cut expectations remained the key catalyst behind the volatility on the United States Treasury (UST) yield movements, as UST rates were tugged on both ends by risk off sentiment sparked by geopolitical risks and regional banking woes alongside stronger than expected economic data and various hawkish Federal Reserve (Fed) speaks. In particular, the US economic data remained illustrative of a resilient economy, where the better-than-expected Services Purchasing Managers' Index (PMI) and Non-Farm Payroll data, along with the upside surprise in 4Q Gross Domestic Product (GDP) growth, undermined concerns of an eminent recession over the coming months amid the supportive economic data. Furthermore, hawkish Feds peaks peppered across the month also sought to downplay the likelihood of a March 2024 FFR cut, pushing back market's expectation of an accelerated pace of FFR cuts to align closer to the FOMC dot plot. The December 2023 FOMC minutes conveyed a more neutral tone, with an emphasis on a sustained return to FOMC's long run target of 2% inflation before the committee will consider liftoff from its restrictive monetary policy. While the economic data and hawkish Fed speaks swayed UST yields higher momentarily, heightened geopolitical tensions stemming from Israel/Hamas, Iran, along with US/UK military strikes on Houthi rebels in the Red Sea drove bouts of adverse risk off sentiment, although it was the surprise loss announced by New York Community Bancorp which sparked the largest intraday decline in UST yields, as the announcement reignited fears from the March 2023 regional banking failures. UST curve steepened in January 2024, with yields on 2-year USTs declining by 4 basis points (bps) Month-over-Month (M-o-M) to 4.21% while yields on 10-year USTs added 3bps M-o-M to 3.91%, where the steep month-end decline in UST yields against the backdrop of regional banking troubles kept UST yields anchored at the lower end of the trading range.

Over in Singapore, the Monetary Authority of Singapore (MAS) kept the slope, width, and midpoint of the Singapore Dollar Nominal Effective Exchange Rate unchanged to no surprise, against the backdrop of a gradual decline in core inflation. Markets took away a hawkish tone, on the back of MAS's guidance for core inflation to moderate to 2.5-3.5% in 2024, looking through its expectation for a modest rise in price pressures for 1H amid the higher GST and price adjustments, while also guiding for a broad-based recovery in the domestic economy. Furthermore, MAS reiterated that the sustained appreciation of the policy band will continue to dampen imported inflation and curb domestic cost pressures, dousing earlier concerns that MAS could turn dovish following an economic slowdown. Furthermore, the 4Q advanced GDP printed at 1.7% Quarter-over-Quarter (Q-o-Q), topping consensus estimates of 0.7%, underscored by the strength in the manufacturing sector which brought the full year 2023 advanced estimates to 1.2%, exceeding MAS's October 2023 Monetary Policy Statement (MPS) guidance of lower half of the 0.5-1.5% forecast range. The alleviating growth concerns, along with the relatively sticky core inflation could anchor MAS toward the hawkish camp in the upcoming MAS Monetary Policy Committee (MPC) meetings, and undermine calls for Foreign Exchange (FX) policy easing even though global monetary policies appear to be pivoting towards an easing stance this year. Singapore Government Securities (SGS) curve steepened in January 2024, with the front-end 2-year SGS yields declining 10bps M-o-M to 3.16%, while yields on 10-year SGS surged higher by 20bps M-o-M to 2.91%, further narrowing the 10-year UST-SGS differential to 101bps.

At the very short end of the curve, the 6-month Singapore Overnight Rate Average (SORA) and 6-month term Singapore Overnight Rate Average (SOFR) held stable at 3.72% and 5.13% respectively, anchored by the pivoting dovish FOMC rhetoric.

UST yields appear to be consolidating into a trading range since the start of the year, with the market still pricing in a cumulative 125bps FFR cut for the year, vis-à-vis the FOMC dot plot median of 75bps penciled for 2024. Despite the resurgence in regional banking woes in end January 2024, the US Commercial Real Estate (CRE) issues is not assessed to be a systemic banking issue, while FOMC's Powell has also communicated his view that more small US banks are likely to close or merge due to CRE weakness, but the problem remains "manageable", closing the FFR cut door premised on regional banks weakness. With that, barring a significant macroeconomic shock, the propensity for a steep fall in UST yields over the coming months appears lower, especially when the US economic data continues to depict a sanguine outlook at this juncture, given the already aggressive FFR cuts priced in by the market. The broad divisive expectations between markets and the central bank are, however, suggestive of volatility in the rates market to persist over the interim as the debate on first rate cut as well as pace of subsequent rate cuts remain data dependent, while FOMC leans cautiously away premature monetary policy loosening.

All data are sourced from Lion Global Investors and Bloomberg as of 31 January 2024 unless otherwise stated.

LionGlobal SGD Money Market Fund

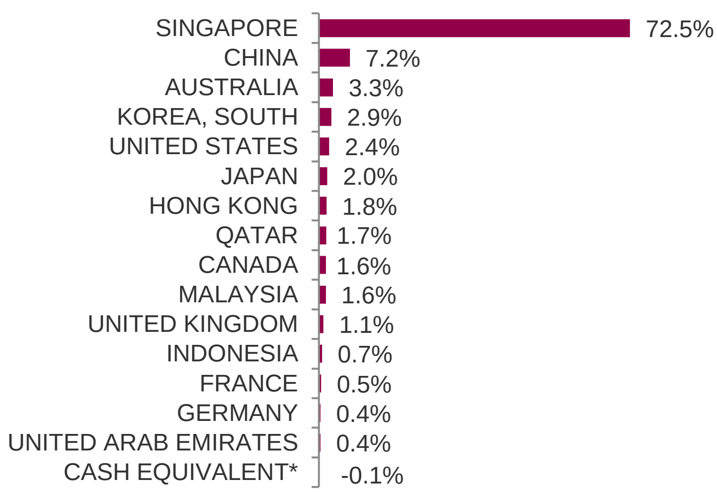
LION GLOBAL INVESTORS

Performance (%)

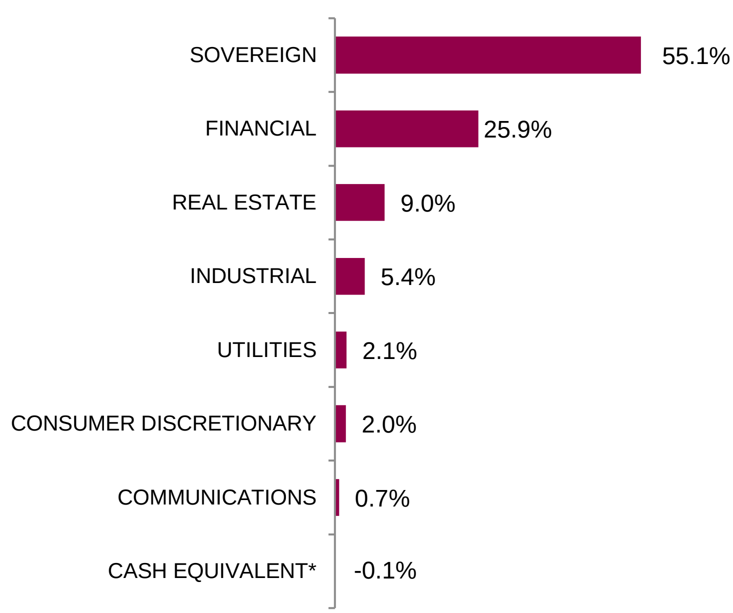
		1-year	3-years p.a.	5-years p.a.	10-years p.a.	Since Inception p.a.
SGD Class A[1]	NAV	3.6	1.9	1.7	1.3	1.3
	Benchmark[#]	3.8	1.8	1.5	1.0	1.0
SGD Class L[1]	NAV	3.7	NA	NA	NA	2.5
	Benchmark[#]	3.8	NA	NA	NA	2.5

Past performance is not necessarily indicative of future performance
Source: Lion Global Investors Ltd / Morningstar

Country Allocation (% of NAV)



Sector Allocation (% of NAV)



Fund Facts

Fund Inception Date:	
SGD Class A	1 November 1999
SGD Class L	2 November 2021
Subscription Mode:	Cash, SRS[5]
Minimum Investment:	
SGD Class A	S$ 1,000
SGD Class L	S$ 100
Initial Charge:	Currently NIL Maximum 5%
Management Fee:	
SGD Class A	Currently 0.25% p.a. Maximum 2.0% p.a.
SGD Class L	Currently 0.125% p.a. Maximum 2.0% p.a.
Valuation Dealing:	Every dealing day
NAV Price:	
SGD Class A	S$1.408
SGD Class L	S$1.056
Fund Size:	S$ 536.2 million
Weighted Yield to Maturity[2]:	4.05 %
Weighted Duration[3]:	0.19 years
Weighted Credit Rating[4]:	AA-

Codes

SGD Class A	SG9999002760 OCBSGDM SP
SGD Class L	SGXZ84554112 OCBSGDL SP

Currency Exposure (% of NAV)

SGD	99.7
USD	0.2
Others	0.1
	100.0

Credit Rating[4] (% of NAV)

Investment Grade	100.0
	100.0

Top 10 Holdings (% of NAV)

SINGAPORE GOVERNMENT 2% 01/02/2024	7.8
MAS BILL (SER 28) ZCP 01/03/2024	4.7
MAS BILL (SER 84) ZCP 26/04/2024	4.6
MAS BILL (SER 84) ZCP 08/03/2024	3.3
MAS BILL (SER 28) ZCP 16/02/2024	3.3
MAS BILL (SER 84) ZCP 12/04/2024	3.2
MAS BILL (SER 84) ZCP 09/02/2024	3.2
CCT MTN PTE LTD (SER MTN) (REG S) 3.17% 05/03/2024	2.8
MAS BILL (SER 28) ZCP 09/02/2024	2.8
MAS BILL (SER 84) ZCP 02/02/2024	2.8

[#] Benchmark:
From 23 Jan 2003: 1 Month SGD Interbank Bid Rate.
From 1 May 2014: 1 Month SGD Interbank Offered Rate -0.25%.

[1] Returns are based on a single pricing basis. Return periods longer than 1 year are annualized. Dividends are reinvested net of all charges payable upon reinvestment and in respective share class currency terms.

[2] Amortised cost basis. Hedged back to Singapore dollar basis. Inclusive of cash & equivalents at a yield of 0%.

[3] Inclusive of cash & equivalents which are assumed to be zero duration.

[4] Includes cash & equivalents @ AA, takes the worst of S&P, Moody’s, Fitch or Internal ratings and based on a straight-line model.

[5] Supplementary Retirement Scheme (“SRS”) monies may be used to purchase SGD Class Units only.

*Negative cash equivalent is contributed by various factors such as cash balances, expenses, forward/spot FX, payables and receivables.

The above is based on information available as of 31 January 2024, unless otherwise stated. The bonds referenced are not intended as recommendations to buy or sell. Opinions and estimates constitute our judgment and along with other portfolio data, are subject to change without notice. For explanation of additional technical terms, please visit www.lionglobalinvestors.com

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