# LionGlobal SGD Money Market Fund Class A



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**

Following Federal Open Market Committee's (FOMC) first 25 basis points (bps) Fed Funds Rate (FFR) liftoff in March 2022, FOMC minutes released in early April 2022 revealed further insights, with members highlighting the potential for a 50bps FFR hike in March 2022, if not for the Ukraine war. FOMC minutes also laid out a plan for Quantitative Tightening ("QT"), with monthly caps set at USD60 billion (bn) and USD35bn for US Treasury (USTs) and agency Mortgage-Backed Securities respectively, bringing the annual reduction of balance sheet close to USD1bn on an annual basis. While the QT monthly caps announced are slightly higher than previous QT cycle and market consensus expectations, the Federal Reserve (Fed) is expected to rely on the redemption of Treasury bills to reach the monthly cap if the redemption of notes and bonds are below USD60bn, instead of an outright sale. Furthermore, hawkish Fedspeak through April 2022 have also affirmed Fed's inflation focused agenda and hawkish central bank rhetoric, with the continued sell-off in USTs in April 2022 signaled market's expectations for Fed to be more aggressive in curbing inflation. The Consumer Price Index (CPI) data print was the highlight of the month, with the March 2022 print revealing that inflationary pressures accelerated at the headline level, led by food and energy prices, while core price pressures softened, undermined by declines in used car prices. Risks to higher price pressures remained skewed to the upside, as higher food and energy prices continue to feed through, alongside the persisting supply bottlenecks as a result of the Ukraine war, supporting the inexorable expectations for UST yields to climb higher. The UST curve bear steepened in April 2022, with yields on 2-year and 10-year USTs added another 38bps and 60bps month-on-month (M-o-M) to 2.71% and 2.93% respectively, with heightened corporate USD mega bond supply from the likes of Amazon and US banks also acting as a key catalyst driving UST yields higher in April 2022.

Over in Singapore, the Monetary Authority of Singapore (MAS) tightened its monetary policy framework further in April 2022, building on the tightening moves in October 2021 and January 2022, via an upward re-centering of the midpoint of the policy band at the prevailing level, and an increase in the steepness of the slope. Separately, Singapore's quarter one 2022 advanced Gross Domestic Product (GDP) printed at 3.4% year-on-year, below consensus estimates of 3.8% expansion, and below the 6.1% expansion registered in the 4th quarter of 2021, in spite of the recovering services sector. The relatively aggressive tightening had been in line with market's expectations, with GDP growth projections for 2022 kept unchanged at 3.0-5.0%, in spite of the Ukraine war and potential setbacks from the pandemic. MAS's 2022 CPI projects were however revised higher from 2.0-3.0% to 2.5-3.5%, owing to external price pressures from higher global commodity prices and renewed supply chain disruptions, as well as domestic price pressures from tight labour market and strong pent-up demand for discretionary spending. MAS's monetary policy tightening move in April 2022, coupled with expectations for further tightening penned in the October 2022 Monetary Policy Statement meeting drove a comparatively moderate climb in Singapore Government Securities (SGS) yields in April 2022, with yields on 2-year and 10-year SGS climbing by 16bps and 19bps M-o-M to 2.01% and 2.53%, registering a slower upward yield climb vis-à-vis the USTs.

On the very short end of the curve, the 3 -month London Inter-Bank Offered Rate tracked the general market higher by 37bps to 1.33% in April 2022, foreshadowing the FFR hikes penned over the short term horizon. The 3-month Swap Offer Rate and 3m Singapore Inter-Bank Offered Rate registered a similar uptick of +31bps and +30bps M-o-M to 1.27% and 1.09%, amid tightening domestic liquidity as MAS continues to drain SGD liquidity via bill issuances.

In spite of the rising UST yields seen through April 2022 on the back of aggressive expectations for Fed to managing the persisting inflationary pressures, investors have been slow to re-engage the UST market at current levels, even as current UST yields have pierced through many market participants and strategists' initial targets. The hesitancy appears to stem from lingering expectations that Fed continues to be behind the curve, which could drive more FFR hikes to the current crowded schedule, and more importantly, the steady US economic prints that assures investors that the Fed can afford to focus on taming inflation as the economy coasts along. Over the coming quarters, while the FFR have appeared to be locked into a hiking schedule towards Fed's prescribed neutral rate expeditiously, the aggressive one-sided view of the markets would continue to fuel the volatility in the rates market, especially if the actual tightening schedule and forward guidance differs, against the backdrop of tightening financial conditions.

## LionGlobal SGD Money Market Fund

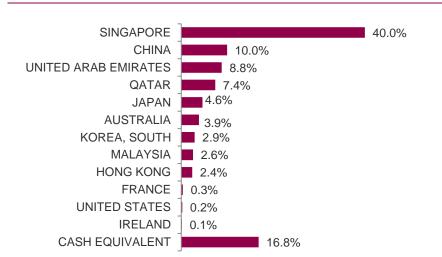


#### Performance (%)

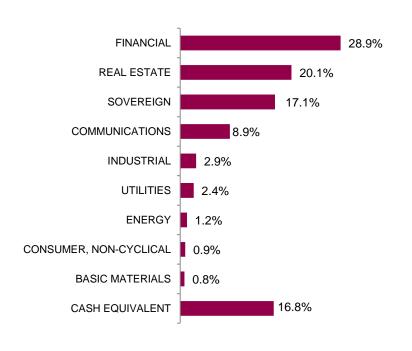
		1- year	3- years p.a.	5-years p.a.	10- years p.a.	Since Inception p.a.
SGD Class A <sup>1</sup>	NAV	0.6	1.0	1.1	0.9	1.2
	Benchmark#	0.1	0.5	0.7	0.5	0.8

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:	1 November 1999
Subscription Mode:	Cash, SRS <sup>5</sup>
Minimum Investment:	S\$ 1,000
Initial Charge:	Currently NIL Maximum 5%
Management Fee:	Currently 0.25%
	p.a. Maximum 2.0% p.a.
Valuation Dealing:	Every dealing day
NAV Price:	S\$1.3416
Fund Size:	S\$ 827.3million
Weighted Yield to Maturity <sup>2</sup> :	1.02 %
Weighted Duration <sup>3</sup> :	0.33 years
Weighted Credit Rating <sup>4</sup> :	Α

#### Codes

SGD Class	SG9999002760	
	OCBSGDM	

## **Currency Exposure**

(% of NAV)

<u> </u>	
SGD	99.4
USD	0.5
Others	0.1
	100.0

### Credit Rating<sup>4</sup> (% of NAV)

Investment Grade	100.0
	100.0

## LionGlobal SGD Money Market Fund



### Top 10 Holdings (% of NAV)

QIIB SENIOR SUKUK LTD (SER EMTN) (R EG) (REG S) FRI 30/09/2022	N 3.4
KEPPEL LAND LTD (SER MTN) 3.8% 08/06/2022	3.3
DIB SUKUK LTD (REG) (REG S) 3.625% 06/02/2023	3.2
CAPITAMALLS ASIA TREASUR SER EMTN (REG S) 3.7% 29/08/2022	2.6
OPTUS FINANCE PTY LTD (SER EMTN) (R EG) (REG S) 3.24% 29/09/2022	2.6
CERAH CAPITAL LTD (REG S) (REG) CONV 0% 08/08/2024	2.5
CITY DEVELOPMENTS LTD SER MTN 3.75% 06/07/2022	2.4
STARHUB LTD (SER MTN) 3.08% 12/09/2 022	2.2
ADCB FINANCE CAYMAN LTD (SER MTN) ( REG) FRN 25/10/2022	2.0
BAIDU INC (REG) 3.5% 28/11/2022	1.9

# Benchmark:

From 23 Jan 2003: 1 Month SGD Interbank Bid Rate

From 1 May 2014: 1 Month SGD Interbank Offered Rate -0.25%.

- <sup>1</sup>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.
- <sup>2</sup> Amortised cost basis. Hedged back to Singapore dollar basis. Inclusive of cash & equivalents at a yield of 0%.
- <sup>3</sup> Inclusive of cash & equivalents which are assumed to be zero duration.
- <sup>4</sup> Includes cash & equivalents @ AA, takes the worst of S&P, Moody's, Fitch or Internal ratings and based on a straight-line model.
- <sup>5</sup> Supplementary Retirement Scheme ("SRS")

The above is based on information available as of 30 April 2022 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 further information or to obtain a copy of the prospectus:

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