



# FAM Global Income Strategy

31 December 2024

## Our Strategy

Bond markets experienced a massive reset in 2022 when the US Federal Reserve embarked on the fastest interest rate hiking cycle in modern history, bringing great opportunities for long-term fixed income investors. The FAM Global Income (FGI) strategy is designed as a choice for investors who want to **receive regular income** but also recognize that the opportunity comes with a more unpredictable landscape going forward. **Beyond traditional markets and asset classes**, FGI aims to generate **multiple streams of truly diversified and solid income**, with potential capital appreciation to prepare for the uncertain world.



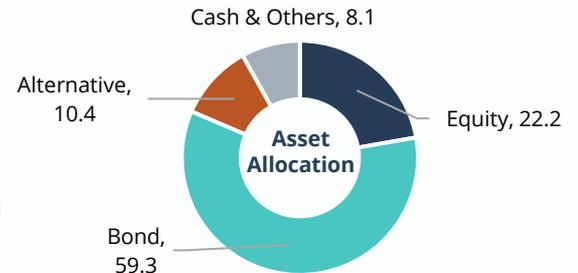
Multi asset holding **beyond traditional** fixed income and equity



Generate solid income targeted at **6% per annum**

### FVT

Focus on **undervalued opportunities** with **good fundamentals** in sustainable trends

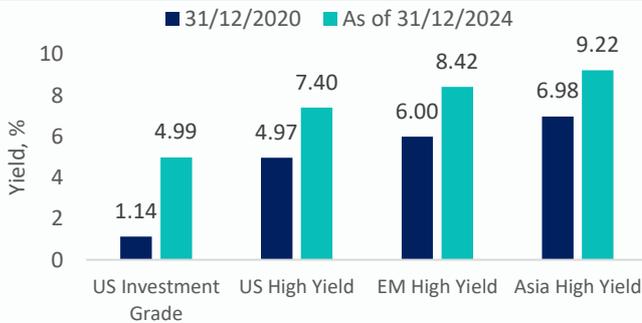


## Enhanced Income Solution

Since July 2023, FGI has focused its strategy on taking advantage of the higher interest rate environment. By going beyond common Developed Markets into underappreciated Emerging Markets and Alternative assets, the strategy captures attractive solid income from diversified sources across global markets.

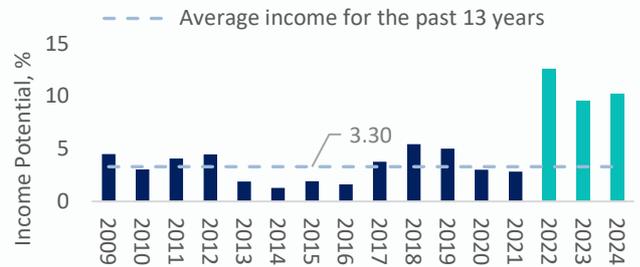
### Embrace higher yields in underappreciated markets

Compared to more common Developed Market bonds, Emerging Market and Asia High Yield bonds are higher yielding options, providing solid income with potential upside.



### Income potential from Alternative Assets

Non-market related (-0.01 correlation) investment is giving around 10% income in years 2022 and 2023 compared to the average 3.3% average income over the past 13 years.

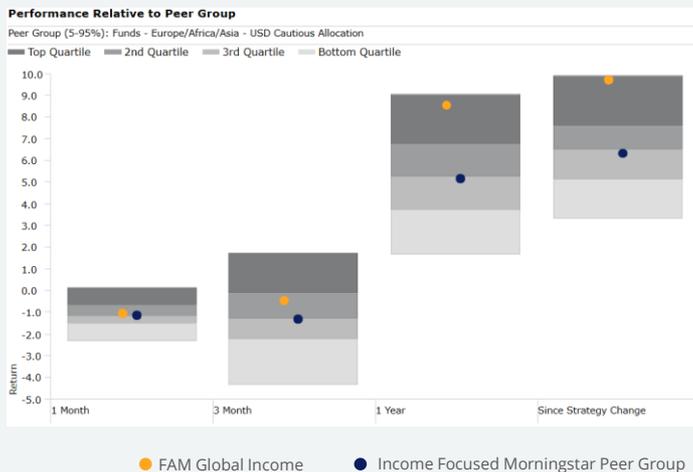


\*Data as of 31 December 2024. Yield figures are updated semiannually.

## Performance Overview

### Peer group comparison<sup>1</sup>

As of Date: 31 Dec 2024



### Calendar performance

Class	1Month	YTD	Jul - Dec 23	Total Return <sup>2</sup>
A SGD	-1.17	6.44	4.77	11.51
A USD	-1.02	8.56	5.95	15.01
Yield To Maturity	8.41	-	-	-

Since strategy launched in July 2023, the performance of FGI has been doing much better than the top quartile in Morningstar Peers comparison (refer to chart on the left), make the top 1% in ranking.

### Dividend information

Distribution Date <sup>3</sup>	A SGD	A USD	Distribution Frequency
08 Jan 2025	\$0.47	\$0.51	Monthly
06 Dec 2024	\$0.47	\$0.51	Monthly
07 Nov 2024	\$0.47	\$0.51	Monthly
07 Oct 2024	\$0.45	\$0.48	Monthly
06 Sep 2024	\$0.45	\$0.48	Monthly
07 Aug 2024	\$0.45	\$0.48	Monthly
05 Jun 2024	\$2.70	\$2.90	Semi-annual
08 Jan 2024	\$2.60	\$2.80	Semi-annual

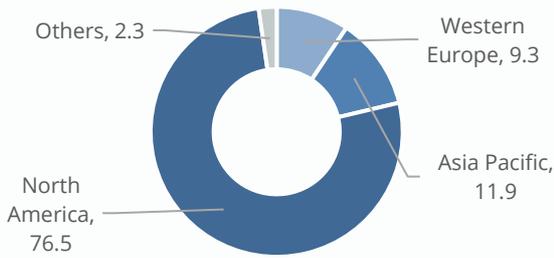
Source: Finexis Asset Management. Share class performance is calculated using NAV of the share class with income reinvested and including ongoing charges, excluding any entry and exit fees. <sup>1</sup>Peer group comparison data is updated on the last month of each quarter. <sup>2</sup>Total return since shift of strategy focus to an income strategy starting July 2023 onwards. <sup>3</sup>Distribution date refers to the payable date for cash dividends.

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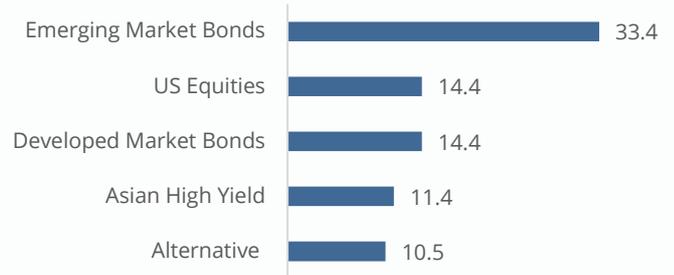


## Strategy Characteristics

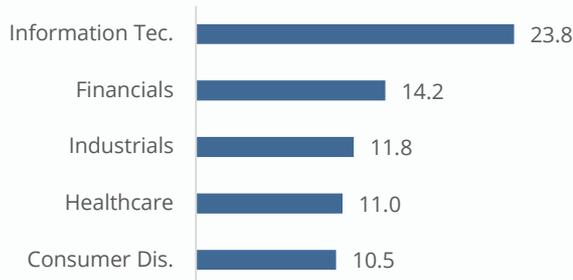
### Equity Geographical Allocation, %



### Top 5 Market Allocation, %



### Top 5 Equity Sector Allocation, %



### Top 5 Fund Holdings, %



Source: Finexis Asset Management. Top 5 market allocation and fund holdings are at fund level. Geographical allocation and top 5 sector allocation are at portfolio look-through level. For illustrative purposes only and does not constitute to any recommendations to invest in the above-mentioned country/sector/security.

## Discerning The Signals From The Noise

A three-pronged research process to identify signals that point us to **sustainable trends** which are underappreciated by the market, which come with **good fundamentals** and **attractive valuation**, with a higher likelihood of outperforming over the long term.



### Fundamental

Study financial and economic data (e.g. GDP, unemployment rate, and inflation rate etc.) that may drive market movement to find opportunities with **good fundamentals** that are underappreciated.



### Valuation

Picking the right valuation metrics (e.g. price-to-earnings, price-to-book, EV/EBITDA etc.) to spot **undervalued opportunities** and avoid overpaying for any investment with only good stories.



### Trend

Seek inflection points in **sustainable trends** to capture overlooked opportunities and avoid less recognised risks (such as the end of a bond supercycle).

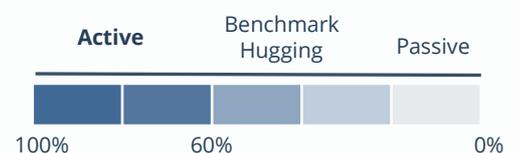
## High Level of Active Management

Many actively managed funds underperform because they have a low active share. This happens when a portfolio's holdings are very similar to the referenced benchmark, a practice commonly referred to as 'benchmark hugging'. In contrast, **funds with a high level of active management may have greater potential for outperformance in the long run**, as there is no way any fund can outperform the market if they are investing like the market.

By investing in areas where we have the greatest conviction and applying it to our whole portfolio, we aim to provide better returns over risk through a full market cycle.



Target active share > 80%



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Finexis Asset Management

## Market & Portfolio Developments

### Commentary

#### Income markets were underwhelming in 2024

2024 was not great for the typical income investor. Common income strategies did not fare well relative to even money market funds (cash). The popular global investment grade market returned 3.4% while a generic 30/70 equity/fixed income strategy returned 4.3% before fees.

#### FGI outperformed by capturing opportunities in traditional and alternative income

In such a challenging environment for income investors, FGI outperformed from its **active allocation to high yield markets**, specifically in Emerging Market and Asia High Yield which were the standout performers for the year. For many, these were also surprise performers as investors were generally pessimistic at the beginning of 2024 (probably extrapolating the lacklustre performance in 2023).

While FGI is largely harvesting opportunities from traditional markets, it **benefits from exposure to alternative income** as well. This also contributed in 2024 as alternative income provided not just high income but that which is uncorrelated to traditional markets, in a year where fixed income market return and volatility frustrated many investors.

To be fair FGI is not alone in its outperformance; there are high yield strategies that have also done well. Will those who outperformed in 2024 continue to do so in 2025?

#### Shifting gears on income

At the risk of dampening enthusiasm, the outlook for high-yield in 2025 leans toward cautious optimism.

Major high yield markets globally are now yielding less than 8%. Which means less return potential compared to at the start of 2024. Tight credit spreads (higher valuations) and potential refinancing wall in 2025 mean that traditional income investors should expect rougher waters going forward. Less upside potential, while being exposed to more volatility; not a good recipe.

Hence our focus shifts to securing profits and re-allocating towards select higher-quality segments that can still offer our investors good income. This may look like a profit taking exercise which tends to resonate with many, but the adjustment is driven more by assessment of the forward looking risk-reward across income markets than simply taking profit. If only investing was so easy!

### Key Position Highlights

We highlight positions that reflect the strategy's tactical asset allocation view, backed by our study of market patterns and trends over time. As a result, our strategies can be highly differentiated from conventional benchmarks, with the aim of long-term investment success.

#### Alternative Assets To Provide An Attractive And Differentiated Source of Income

- Alternatives are an essential part of any income strategy going forward. FGI's alternative income provides stable and uncorrelated returns for investors.
- Traditional income investments experienced large price swings and declines in 2022 as the Fed embarked on one of the fastest interest rate increases in recent memory.
- Differentiated alternative income assets such as music royalties and assets with 'toll-booth' investment qualities (that offer significant recurring revenue for their investors) offer the potential to generate stable income independent of traditional equity and bond performance.
- FGI's current focus is on insurance-linked alternative assets due to the high-income potential offered (~10%) while being highly differentiated from market risks.

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Principles for  
Responsible  
Investment



## Fund Details

Item	Class A
Currency	SGD, USD
ISIN (SGD Class)	SG9999019384 (Distribution Class)
ISIN (USD Class)	SGXZ71589303 (Distribution Class)
Min. Subscription	SGD 1,500,000 USD 1,000,000
Account Opening Fee (One-time)	N/A
Min. Subsequent Subscription	SGD 15,000 USD 10,000
Max Sales Charge	5%
Management Fee	1.5%
Targeted Distribution <sup>1</sup>	6% p.a.
Distribution Frequency	Monthly
Fund Name	Global Income Fund
Dealing Frequency	Daily
Base Currency	USD
Inception Date*	16 Aug 2018 (SGD) 18 Jul 2018 (USD)
Fund Focus	Global Multi-Asset
Fund Domicile	Singapore
Investment Manager	Finexis Asset Management
Fund Administrator	Standard Chartered Bank
Custodian	Standard Chartered Bank
Auditor	PricewaterhouseCoopers LLP
Trustee	Perpetual (Asia) Limited

<sup>1</sup>Please note that the distributions at 6% p.a. (if any) may be declared semi-annually based on the Investment Manager's discretion. Distributions are not a forecast, indication, or projection of the future performance of the Fund.\*Income strategy is implemented from July 2023.

**About FAM:** Finexis Asset Management is a Capital Markets Services (CMS) licensed fund management company established in Singapore, focusing on bringing institutional capabilities to private clients. The boutique set-up ensures that we are flexible, responsive and proactive. We embrace the latest technology and constantly improve our processes to complement our investment solutions. Constant evolution to fulfil our investor's needs is ingrained in our beliefs.

For professional and accredited investors only. For fund and sales related enquires please reach out to your finexis financial advisor representative or email us at [customer.service@finexisam.com](mailto:customer.service@finexisam.com)

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Finexis Asset Management Pte. Ltd. (Company Registration No. 201525241K) [www.finexisam.com](http://www.finexisam.com)

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## Highlights of Sub-Fund Managers

### Lombard Odier Asian High Yield

Lombard Odier Investment Managers is part of the Lombard Odier Group, a global private bank managing \$300+ billion in assets across its wealth and asset management expertise. With a dedicated team of 180 professionals, it manages \$70 billion of assets across diverse strategies in equity, fixed income, multi-asset, convertible bond, alternatives, and private markets.

The Lombard Odier Asia Value Bond is one of the largest Asia credit fund today. Managed by a team of five investment experts as part of a 22-strong global fixed income team, the strategy has seen a long track record of outperformance against its peer group.

The strategy is underpinned by a 'value-biased strategy that leverages on rigorous top-down and bottom-up analysis to uncover value and fundamentally strong opportunities through market cycles; maintaining close interaction with companies and management. The strategy was awarded the Platinum award at the Fund Selector Asia Awards in 2020, in addition to Lipper awards for "Best Asia Credit Strategy in Hard Currency".



**50 years**  
investment  
experience



**70 billion**  
AUM Worldwide



**22 Global FI**  
professionals



Fund Selector Asia  
Awards 2020