

Fullerton Asian Bond Fund Class A (USD)

November 2019

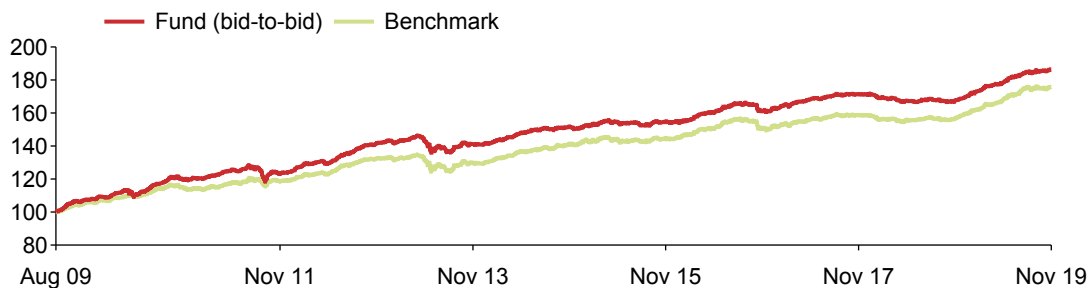
Investment Objective

The investment objective of the Fund is to generate long term capital appreciation for investors by investing all or substantially all of its assets in Fullerton Lux Funds – Asian Bonds (the “Underlying Fund”), a sub-fund of Fullerton Lux Funds.

Investment Focus and Approach

The Managers intend to invest in the Class I - USD share class of the Underlying Fund, which is denominated in USD. The investment objective of the Underlying Fund is to generate long term capital appreciation for investors. The Managers, who also act as the investment manager of the Underlying Fund, seek to achieve the objective of the Underlying Fund by investing in fixed income or debt securities denominated primarily in USD and Asian currencies, issued by companies, governments, quasi-governments, government agencies or supranationals in the Asian region. The Asian countries include but are not limited to China (including Hong Kong SAR and Taiwan), South Korea, India, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Pakistan and Vietnam.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	10 yrs	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	0.34	0.86	4.49	11.27	4.92	4.19	5.68	6.21	4.10
Fund (offer-to-bid)	-2.59	-2.07	1.45	8.03	3.89	3.58	5.37	5.91	NA
Benchmark	0.28	0.16	4.62	12.20	5.19	4.49	5.19	5.61	3.56

Returns of more than 1 year are annualised.

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

Benchmark: JACI Investment Grade Total Return Index.

Note: The Fund will accrue management fee rebates on a daily basis with effect from 4 September 2012. Source: Fullerton Fund Management Company Ltd, J.P. Morgan Securities LLC and Bloomberg.

Market Review

Risk assets rose in November, supported by increased optimism that the US and China are progressing towards the signing of a Phase One trade deal, and better US economic data releases. Against this backdrop, US Treasuries sold off during the month, with the benchmark 10-year US Treasury yield ending November 9bps higher at 1.78%. Asian credits extended last month's gains and delivered a positive return in November, driven mainly by spread returns.

In Asia, the People's Bank of China introduced a series of modest rate cuts to support growth. Specifically, the loan prime rates were lowered by 5bps after the Chinese authorities lowered two of its market rates early in the month and added liquidity to the financial system. Elsewhere, central banks in the Philippines and Malaysia kept benchmark rates unchanged.

Within Asian credit, both the investment grade sector (as measured by the JACI Investment Grade Index) and the high yield sector (as measured by the JACI Non-Investment Grade index) returned 0.3% in USD terms, respectively, driven mainly by tighter spreads. From a country standpoint, Pakistan outperformed while Sri Lanka was the notable laggard in the region. By sector, real estate and consumer continued last month's outperformance, while metals & mining lagged.

Dollar bond issuance remained robust in November. China also saw strong demand for its third offering of dollar sovereign bonds amounting to US\$6 billion, which will help to build out a benchmark yield curve for Chinese issuers.

Inception date

03 Aug 2009

Fund size

USD 20.52 million

Base Currency

USD

Pricing Date

30 Nov 2019

NAV*

USD 134.32

Management fee

Currently 0.9% p.a.

Expense Ratio

1.24% p.a. (For financial year ended 31 Mar 2019)

Distributions paid per unit

Jun 2018: USD 1.280

Sep 2018: USD 1.270

Dec 2018: USD 1.260

Mar 2019: USD 1.290

Jun 2019: USD 1.320

Sep 2019: USD 1.340

Minimum Initial Investment

USD 10,000

Minimum Subsequent Investment

USD 10,000

Preliminary Charge

Up to 3%

Dealing day

Daily, up to 5pm (Singapore time)

Bloomberg Code

FULLABA SP

ISIN Code

SG9999006100

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* Figures have been truncated to 2 decimal places. The official price is published on Fullerton's website.

Please refer to our website for more details.

Investment Strategy

Asian credit markets recorded one of their best calendar year performances in 2019, supported mostly by the rally in US Treasuries and tighter spreads. Looking ahead into 2020, we expect a continuation of the global growth stabilization theme which will be supportive of corporate earnings and risk assets. The likelihood of a US-China “phase one” trade deal and accompanying lift in global business sentiments and capex spending should also underpin risk assets, including the credit markets. Interest rate cuts will be more modest as most Asian central banks have been early in the easing cycle, with much of the easing front-loaded this year.

We remain constructive on risk assets amidst this backdrop. Overall duration risk is well-calibrated, keeping to a neutral to modest underweight duration stance as we head into the year-end. Allocation to the high yield sector remains a key investment theme, selectively favouring the BB-rated bloc as an expression of our positive risk stance.

Country Breakdown

Australia	3.9%
China	32.5%
France	1.2%
Hong Kong	10.4%
India	7.7%
Indonesia	11.9%
Japan	3.8%
Korea	3.5%
Macau	1.7%
Malaysia	2.0%
Singapore	13.1%
Thailand	1.2%
UK	2.5%
Others	4.4%
Cash and cash equivalents	0.0%

Top 5 Holdings

PCCW Capital No 4 Ltd 5.75% Apr 2022	1.7%
Sands China Ltd 5.4% Aug 2028	1.5%
Dai-ichi Life Insurance 5.1% Oct 2049	1.4%
Parkway Pantai 4.25% PERP	1.3%
PT Pelabuhan Indonesia II 5.375% May 2045	1.3%

Rating Breakdown

AAA	0.5%
AA	0.1%
A	17.6%
BBB	58.4%
BB	14.6%
B	8.8%
C	0.1%
Cash and cash equivalents	0.0%

Fund Characteristics

Average duration (years)	4.7
Yield to Worst	4.1%

Credit Rating : Where the security is not rated by external rating agencies, Fullerton's internal rating methodology will apply.

Yield to Worst (YTW): Refers to YTW in base currency. Not guaranteed. Past performance is not necessarily indicative of future performance. Data is based on the Underlying Fund.

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