Fullerton Asian Bond Fund Class D (RMB - Hedged)

February 2020

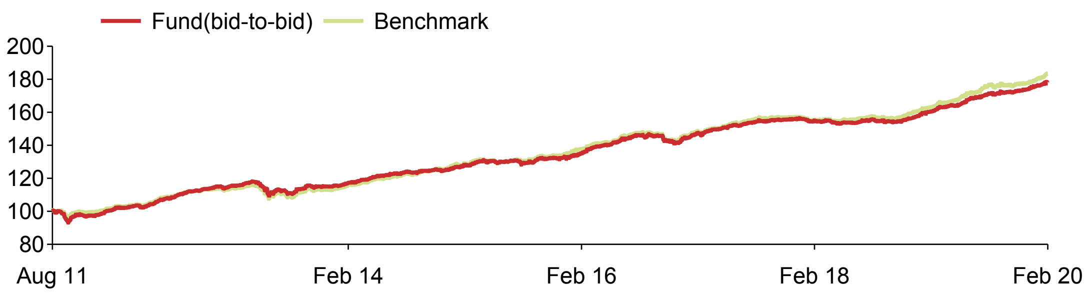
Investment Objective

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 US$. 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	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	0.78	2.52	3.64	10.60	6.34	6.78	6.95	4.14
Fund (offer-to-bid)	-2.16	-0.47	0.62	7.38	5.30	6.16	6.58	NA
Benchmark	1.45	3.39	3.85	12.41	7.25	7.32	7.35	3.71

Returns of more than 1 year are annualised.
Returns are calculated on a single pricing basis in CNH 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 - CNH Hedged.

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 sold off sharply in February as the COVID-19 outbreak spread beyond China, disrupting global supply chains and impacting economic activity.

Federal Reserve Chair Jerome Powell said in a statement that COVID-19 posed "evolving risks" to the US economy and that the Fed was "prepared to act as needed". Against this backdrop, US Treasuries rallied on the back of a flight to safe haven assets and the 10-year and 30-year yields declined sharply. Asian credit extended gains in February, with the positive performance driven mainly by Treasury gains while credit spreads widened out.

Within Asian credit, the investment grade sector (as measured by the JACI Investment Grade Index) outperformed with a return of 1.34% in USD terms, while the high yield sector (as measured by the JACI Non-Investment Grade index) delivered a marginally negative return in USD terms. From a country standpoint, Thailand and Taiwan outperformed the rest of the region. By sector, oil & gas and TMT were the standout performers. Metals & mining and transport were the laggards.

Inception date
16 Aug 2011

Fund size
CNH 150.41 million

Base Currency
USD

Pricing Date
29 Feb 2020

NAV*
CNH 177.50

Management fee
0.9% p.a.

Expense Ratio
1.23% p.a. (For financial year ended 31 Mar 2019)

Minimum Initial Investment
None (effective 1 Apr 2010)

Minimum Subsequent Investment
None (effective 1 Apr 2010)

Preliminary Charge
Up to 3%

Dealing day
Daily, up to 5pm (Singapore time)

Bloomberg Code
FULLABD SP

ISIN Code
SG9999007934

For additional information on Fullerton and its funds, please contact:
Fullerton Fund Management Company Ltd
3 Fraser Street
#09-28 DUO Tower
Singapore 189352

T +65 6808 4688
F +65 6820 6878
www.fullertonfund.com

UEN: 200312672W

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

Investment Strategy

The economic impact of a virus outbreak such as COVID-19 would depend on how long it takes to bring the virus under control, and it is still difficult to gauge with certainty. There are typically three stages surrounding adverse economic shocks – an initial period of uncertainty, followed by a period of stabilisation and thereafter, a period of sharp market rebound. We share the view the global economic impact of the coronavirus outbreak will be felt most deeply in the first half of this year, followed by a normalisation of business activities, and a rebound in the second half.

Within Asia, policy responses to date have been strong and swift. Asian policymakers have focused on ensuring there is adequate liquidity to avoid stress and in maintaining the flow of credit, particularly to the SMEs. While we have seen some preemptive monetary easing in Asia (in the likes of Thailand, Malaysia, Indonesia), fiscal policy will also play a prominent role, especially for nations with the fiscal flexibility (such as Singapore, Korea and China). Core inflation is likely to remain benign, reflecting weak domestic demand. Supply factors may result in higher food prices but this is likely to be transitory.

On the investment strategy, our investment thesis to keep duration close to neutral has helped to mitigate against the widening of credit spreads. US Treasury yields could remain rich in the near-term given growth headwinds and potentially further rate cuts. The high yield exposure, which is concentrated in the shorter-dated tenors, may come under some pressure but the attractive carry will potentially underpin performance. Looking ahead, we expect increasing credit differentiation to reward fundamental-based investors, as corporates go through the downturn due to the virus outbreak. Hence, default risks will potentially remain largely idiosyncratic.

Country Breakdown

Australia	3.2%
China	35.1%
France	1.6%
Hong Kong	9.1%
India	7.8%
Indonesia	13.5%
Japan	3.5%
Korea	3.3%
Macau	1.6%
Singapore	12.1%
Thailand	1.9%
UK	2.0%
Others	4.9%
Cash and cash equivalents	0.4%

Rating Breakdown

AAA	0.4%
AA	0.1%
A	15.7%
BBB	58.5%
BB	13.7%
B	11.0%
C	0.1%
Cash and cash equivalents	0.4%

Top 5 Holdings

Dai-Ichi Life Insurance 5.1% Oct 2049	1.4%
Sands China Ltd 5.4% Aug 2028	1.4%
Pertamina Persero Pt 6.5% May 2041	1.3%
PT Pelabuhan Indonesia II 5.375% May 2045	1.3%
Parkway Pantai 4.25% PERP	1.2%

Fund Characteristics

Average duration (years)	5.0
Yield to Worst	4.0%

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.