

Fullerton Lux Funds - Asian Bonds - Class A (SGD) Dis

May 2024

Investment Objective

The investment objective of the Fund is to generate long term capital appreciation for investors.

Investment Focus and Approach

The Investment Manager seeks to achieve the objective of the 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.

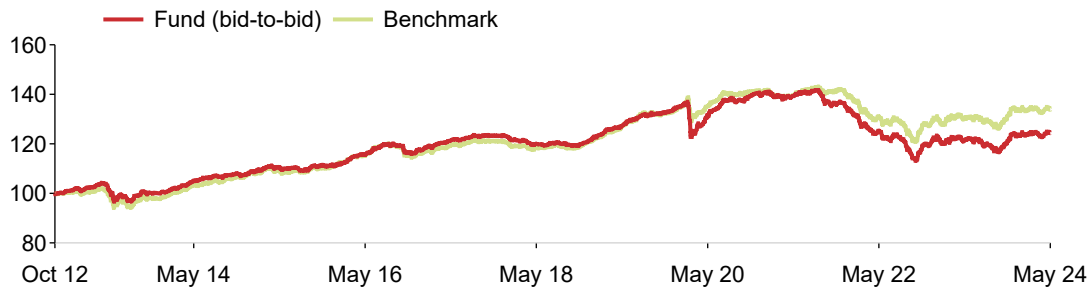
The Asian countries include but are not limited to China (including Hong Kong SAR and Taiwan), South Korea, India, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Pakistan and Vietnam.

SFDR Classification:

Article 8 fund.

In line with its ESG methodology, the fund promotes environmental characteristics but does not commit to make environmentally sustainable investments as defined in the taxonomy regulation.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	10 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	1.13	0.55	2.80	2.31	-3.70	-0.44	1.70	1.90	4.90
Fund (offer-to-bid)	-3.68	-4.24	-2.09	-2.56	-5.25	-1.40	1.20	1.47	NA
Benchmark	0.92	0.31	2.16	2.64	-1.32	1.09	2.61	2.55	4.29

Returns of more than 1 year are annualised. Returns are calculated on a single pricing basis in SGD with net dividends and distributions (if any) reinvested. Offer-to-bid returns include an assumed preliminary charge of 5% which may or may not be charged to investors. Past performance is not indicative of future returns.

Benchmark: JACI Investment Grade Total Return – SGD Hedged Index. With effect from 8 May 2010.

Source: Fullerton Fund Management Company Ltd, J.P. Morgan Securities LLC and Bloomberg.

Market Review

Asian USD credits posted positive returns, according to the JPM Asian Credit Index (in USD), driven mainly by tighter credit spreads in the high yield sector and duration-related gains in the investment grade sector, where credit spreads also tightened.

Across the Atlantic, US Treasury bond yields remain near the upper end of their year-to-date ranges, despite moving lower from a month ago. The month began with a soft US payrolls report, followed by a mix of strong US flash PMIs and weak Treasury bond auctions pushing yields higher. However, US Treasury yields edged lower at month-end due to a US CPI report that came in within expectations. Market pricing now reflects around 36bps of Fed rate cuts by December, up slightly from 30bps at the start of the month. Elsewhere, the Riksbank became the second developed market central bank to cut rates, following the Swiss National Bank.

Within the Asian USD credit market, the high yield sector, particularly the China property market, outperformed. In May, a package of housing policy relaxations was announced, including mortgage policy easing, and a 300 billion yuan re-lending facility from the PBOC. Financials, infrastructure, and industrials were among the lagging sectors. At the country level, high yield-heavy countries like Sri Lanka and Pakistan led the rally, while Korea and Taiwan saw slower gains. Nearing the end of the month, S&P Global Ratings revised India's outlook from stable to positive while maintaining the BBB- rating. This revision is attributed to "robust economic growth, pronounced improvement in the quality of government spending, and political commitment to fiscal consolidation".

Inception date

16 Oct 2012

Fund size

SGD 203.46 million

Base Currency

USD

Pricing Date

31 May 2024

NAV*

SGD 8.03

Management fee**

Up to 1.0% p.a.

Management company^ fee**

Up to 0.04% p.a. subject to a minimum monthly fee of EUR 750.00 per Fund per month applied at the Company level

Expense Ratio**

1.17 % p.a. (For financial year ended 31 Mar 2023)

Distributions paid per unit

Dec 2022: SGD 0.070

Mar 2023: SGD 0.054

Jun 2023: SGD 0.103

Sep 2023: SGD 0.100

Dec 2023: SGD 0.100

Mar 2024: SGD 0.101

Preliminary Charge**

Up to 5% subscription amount (equivalent to a max of 5.26315% of the Net Asset Value per share)

Dealing day

Daily

Deadline

1pm (CET); 5pm (Singapore time) on each Business Day

Bloomberg Code

FASASHD LX

ISIN Code

LU0830378575

The Fund is available for SRS subscription.

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

Investment Strategy

The credit market remains heavily influenced by macroeconomic headlines, with spreads expected to persist at low levels unless a significant shift occurs in the macro backdrop. Growth and inflation rates seem to be on a path of moderation—albeit at a slower pace than initially predicted at the year's outset. Nonetheless, concerns over a sharp decline in growth or a rapid upsurge in inflation are not at the forefront of investors' minds. Overall, the U.S. economy remains robust. The Federal Reserve's cautious approach, considering the current restrictive policy stance, indicates a reluctance to hastily resume rate hikes unless warranted by economic indicators. A scenario of Fed easing triggered by diminishing inflation rather than a growth shock, could create a favourable environment for markets. In response to the risk of an economic slowdown, Chinese authorities have also adjusted their policies since the April Politburo meeting, which has bolstered positive sentiment.

Recent policies aimed at supporting the Chinese property sector represent a positive step, highlighting the authorities' determination to address housing issues. The scale and implementation of these policies will be critical. The effectiveness of any new measures will depend on their swift and efficient enactment. Overall, we anticipate that recent policy easing will mitigate downside risks, though the housing market may take time to fully stabilize. Currently, our strategy prioritises issuer selection, favouring developers with investment properties or strengthening fundamentals. We are also exploring investment opportunities in related sectors, such as the Hong Kong property market, Hong Kong banks, and Chinese financial entities. This approach aims to ensure resilience in case the sector's recovery unfolds more gradually than anticipated.

In other areas of our portfolio, we are comfortable with our modest underweight in relative duration. Within the credit sector, we maintain an overweight to the high yield segment, leveraging the strong technical underpinnings of the market. The current environment of attractive all-in yields, when compared to historical averages, continues to mitigate the impact of narrow spreads. The search for yield, coupled with a low volume of new bond issuances, is providing essential support to our strategy. This scarcity of new issues creates a favourable supply-demand dynamic, further enhancing the appeal of our high-yield positions. Furthermore, we are actively sourcing interesting opportunities in the new issue markets. This proactive approach helps us stay ahead of the curve and capitalise on emerging prospects that can potentially enhance our portfolio's performance.

* 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.

**The list of cost is not exhaustive and the fund may incur other expenses. Please refer to the Prospectus/KIID for more information.

^Management Company of the Fund is Lemanik Asset Management S.A.

Geographical Breakdown

Australia	5.3%
China	22.5%
Hong Kong	6.7%
India	13.5%
Indonesia	14.1%
Japan	3.7%
Korea	10.8%
Macau	3.3%
Malaysia	2.3%
Philippines	3.5%
Singapore	3.4%
Thailand	2.3%
UK	3.8%
Others	2.8%
Cash and cash equivalents	1.9%

Top 5 Holdings

Gohl Capital Ltd 4.25% Jan 2027	1.2%
Lendlease US Capital Inc 4.5% May 2026	1.2%
Hyundai Capital Services 2.125% Apr 2025	1.2%
CDB Financial Leasing 2.875% Sep 2030	1.2%
Freeport Indonesia Pt 6.2% Apr 2052	1.0%

Rating Breakdown

AA	0.9%
A	16.4%
BBB	61.2%
BB	14.6%
B	5.0%
Cash and cash equivalents	1.9%

Fund Characteristics

Average duration (years)	1.5
Yield to Worst	5.9%

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.

Disclaimer: This publication is for information only and your specific investment objectives, financial situation and needs are not considered here. The value of units in the Fund and any accruing income from the units may fall or rise. Any past performance, prediction or forecast is not indicative of future or likely performance. Any past payout yields and payments are not indicative of future payout yields and payments. Distributions (if any) may be declared at the absolute discretion of Fullerton Fund Management Company Ltd (UEN: 200312672W) ("Fullerton") and are not guaranteed. Distribution may be declared out of income and/or capital of the Fund, in accordance with the prospectus. Where distributions (if any) are declared in accordance with the prospectus, this may result in an immediate reduction of the net asset value per unit in the Fund. Applications must be made on the application form accompanying the prospectus, which can be obtained from Fullerton or its approved distributors. You should read the prospectus and seek advice from a financial adviser before investing. If you choose not to seek advice, you should consider whether the Fund is suitable for you. The Fund may use or invest in financial derivative instruments. Please refer to the prospectus of the Fund for more information.

This document may contain information from third parties, including ratings from credit ratings agencies such as Standard & Poor's. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including lost income or profits and opportunity costs or losses caused by negligence) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities for investment purposes, and should not be relied on as investment advice.

All information provided herein regarding JPMorgan Chase & Co. ("JPMorgan") index products (referred to herein as "Index" or "Indices"), is provided for informational purposes only and does not constitute, or form part of, an offer or solicitation for the purchase or sale of any financial instrument, or an official confirmation of any transaction, or a valuation or price for any product referencing the Indices (the "Product"). Nor should anything herein be construed as a recommendation to adopt any investment strategy or as legal, tax or accounting advice. All market prices, data and other information contained herein is believed to be reliable but JPMorgan does not warrant its completeness or accuracy. The information contained herein is subject to change without notice. Past performance is not indicative of future returns, which will vary. No one may reproduce or disseminate the information, whether in whole or in part, relating to the Indices contained herein without the prior written consent of JPMorgan.

J.P. Morgan Securities LLC (the "Index Sponsor") does not sponsor, endorse or otherwise promote any Product referencing any of the Indices. The Index Sponsor makes no representation or warranty, express or implied, regarding the advisability of investing in securities or financial products generally, or in the Product particularly, or the advisability of any of the Indices to track investment opportunities in the financial markets or otherwise achieve their objective. The Index Sponsor has no obligation or liability in connection with the administration, marketing or trading of any Product. The Index Sponsor does not warrant the completeness or accuracy or any other information furnished in connection with the Index. The Index is the exclusive property of the Index Sponsor and the Index Sponsor retains all property rights therein.

The source of the JACI Investment Grade Total Return – SGD Hedged Index is J.P. Morgan Securities LLC, the Index Sponsor. Prior to 1 October 2012, the benchmark was computed by the Managers derived from JACI Investment Grade Total Return Index. The source was changed retrospectively from 8 May 2010.

For EU investors:

This is a marketing communication. The investment which is promoted concerns the acquisition of shares in a fund. The Fund is actively managed with reference to the benchmark, "JACI Investment Grade Total Return – SGD Hedged Index", for performance comparison purpose. You should read the prospectus and the key investor information before making any final investment decision. A summary of investor rights can be found in English at <https://www.lemanikgroup.com/governance-asset-management/>. A copy of the prospectus and the key investor information is available in English and other languages (as applicable), and can be obtained from the registered office of the Fund or at www.fullertonfund.com. Please also refer to https://www.fullertonfund.com/literature/fullerton-lux-funds/?_sft_registered=luxembourg for the sustainability-related disclosures of the Fund. The Management Company of the Fund is Lemanik Asset Management S.A. ("Lemanik"). Please note that Lemanik may terminate the marketing arrangements of the Fund in accordance with Article 93a of Directive 2009/65/EC.

This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.