



Fullerton Lux Funds – Asian Short Duration Bonds - Class A (SGD-Hedged)

May 2024

Investment Objective

The investment objective of the Fund is to generate long term capital appreciation and/or income returns for investors.

Investment Focus and Approach

The Investment Manager seeks to achieve the objective of the Fund by investing in short duration fixed income or debt securities issued by companies, governments, quasi-governments, government agencies or supranationals in the Asian region.

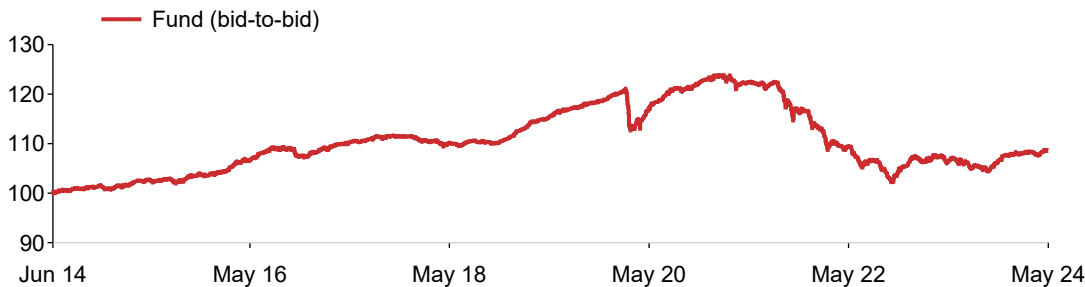
The Asian countries may include but are not limited to China, (including Hong Kong SAR and Taiwan), South Korea, India, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Pakistan and Vietnam.

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	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	0.70	0.52	1.89	1.95	-3.94	-1.21	0.83	3.35
Fund (offer-to-bid)	-4.10	-4.27	-2.96	-2.90	-5.49	-2.17	0.33	NA

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.

Source: Fullerton Fund Management Company Ltd.

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

10 Jun 2014

Fund size

SGD 77.24 million

Base Currency

USD

Pricing Date

31 May 2024

NAV*

SGD 10.86

Management fee**

Up to 0.7% 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**

0.91 % p.a. (For financial year ended 31 Mar 2023)

Preliminary Charge**

Up to 5% of 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

FASDASH LX

ISIN Code

LU1015492678

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 policy stance as restrictive, 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 keep duration around 2 years on average. Within the credit sector, we maintain a robust allocation to high-yield securities, 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 enhance our portfolio's performance. We have also reduced our modest exposure to Asian local currency bonds, specifically those denominated in IDR, such as Indonesian government bonds. This decision was made in light of the risk of currency weakness and the anticipated delay in Bank Indonesia's policy easing to later in the year.

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

**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

China	24.8%
Hong Kong	6.6%
India	13.7%
Indonesia	15.6%
Japan	4.2%
Korea	12.0%
Macau	2.4%
Malaysia	1.9%
Philippines	2.7%
Singapore	3.2%
Supranational	1.8%
UK	2.0%
Others	3.8%
Cash and cash equivalents	5.5%

Top 5 Holdings

REC Limited 2.75% Jan 2027	2.1%
Lenovo Group Ltd 5.875% Apr 2025	1.9%
Nanyang Commercial Bank 3.8% Nov 2029	1.7%
Metropolitan Bank & Trust 5.375% Mar 2029	1.2%
PT Indonesia Asahan Aluminium 4.75% May 2025	1.2%

Rating Breakdown

AAA	1.8%
AA	1.5%
A	17.4%
BBB	56.3%
BB	12.6%
B	4.9%
Cash and cash equivalents	5.5%

Fund Characteristics

Average credit rating	BBB
Average duration (years)	2.1
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: Important Information: This publication is for information only and does not constitute legal or tax advice, nor is it an offer for shares or invitation to apply for shares of the Fund. The information in this publication pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient.

The value of shares in the Fund and any accruing income from the shares 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. When investing in a fund denominated in a foreign currency, your performance may also be affected by currency fluctuations. The Fund may use or invest in financial derivative instruments. An investment in the Fund entails risks which are described in the Fund's prospectus and Key Investor Information Document.

Distributions (if any) may be declared at the absolute discretion of the investment manager 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.

No shares of the Fund may be directly or indirectly offered or sold to residents of the United States of America.

Subscriptions to shares of the Fund may only be made on the basis of the current Key Investor Information Document (KIID), the full prospectus of the Fund, accompanied by the latest available audited annual report and the latest semi-annual report, if published thereafter. The representative and paying agent in Switzerland is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. The prospectus, the KIID, the articles of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

Applications must be made on the application form accompanying the prospectus, which can be obtained from the investment manager, the representative in Switzerland, and 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.

Issued by Fullerton Fund Management Company Ltd. (UEN: 200312672W), 3 Fraser Street #09-28 DUO Tower Singapore 189352.

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.

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 without reference to a benchmark. 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.