



Fullerton Lux Funds - Global Macro Fixed Income Class A (USD) Acc

September 2024

Investment Objective

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

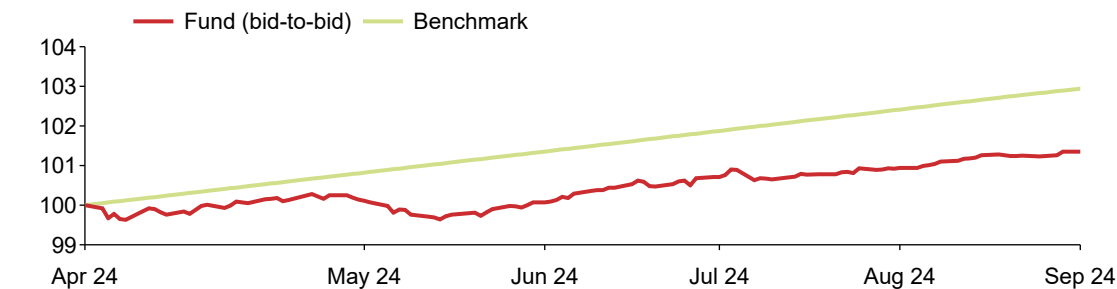
Investment Focus and Approach

The Investment Manager seeks to achieve the objective of the Fund by investing across the following fixed income asset classes: (1) government bonds, (2) currencies, (3) credit, and (4) emerging market bonds (the "Fixed Income Asset Classes"). The Fund may hold net long or net short positions in the different Fixed Income Asset Classes. The Investment Manager will seek to invest in the most liquid segments of the Fixed Income Asset Classes, i.e. developed market government bonds and currencies. The Investment Manager will also invest across various strategies that span across different investment time horizons. The investment approach is based on macroeconomic analysis and integrates a multi scenario approach.

The Investment Manager seeks to achieve the investment objective of the fund through an unconstrained top-down fundamental-driven macroeconomic approach. The Investment Manager employs long and short positions across interest rates, currencies, credit, and emerging markets within a defined risk budgeting framework. This approach emphasises risk contribution to drive asset allocation decisions, ensuring a balanced and optimised portfolio.

SFDR Classification:
Article 6 fund.

Performance (%)



	1 mth	3 mths	6 mths	Sl. Ret.
Fund (bid-to-bid)	0.40	1.28	-	1.35
Benchmark	0.50	1.57	-	2.94

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 5% which may or may not be charged to investors. Past performance is not indicative of future returns.

Benchmark: SOFR + 1% p.a.

Source: Fullerton Fund Management Company Ltd and Bloomberg.

Market Review

September 2024 was a pivotal month for global markets, driven largely by central bank actions and evolving economic data. The Federal Reserve's decision to cut the Fed Funds target range by 50 basis points to 4.75-5.00% was a significant move, reflecting concerns over a cooling labour market and inflation risks. This rate cut, coupled with dovish comments from Fed Chair Powell, led to a notable dis-inversion of the US yield curve, with the 10Y-2Y segment steepening by over 20 basis points. Similarly, the European Central Bank (ECB) cut its deposit facility rate by 25 basis points to 3.50%, with President Lagarde hinting at further cuts as inflation neared the ECB's 2% target. The Bank of England (BoE) maintained its Bank Rate at 5.00%, emphasising a gradual approach to monetary easing, while the Bank of Canada (BoC) cut its policy rate by 25 basis points to 4.25%, signalling readiness for more aggressive cuts if growth continues to falter.

Global bond yields responded to these central bank actions and economic data releases. In the US, the yield curve dis-inversion was a key development, driven by shifting market narratives from inflation risks to a cooling labor market. German yields also saw a dis-inversion, with the 2Y yield falling to its lowest level in two years amid rising expectations for an October rate cut. In China, yields continued their downward trajectory as weak economic data prompted a surprise stimulus package, including planned cuts to key policy rates and the issuance of RMB2 trillion in special sovereign bonds. Emerging market bonds generally saw falling yields, except for Brazil, where the 10Y yield reached a yearly high of 12.5% following a rate hike by the central bank.

In the currency markets, the US Dollar Index (DXY) fell by 0.9% in September, pressured by the Fed's

Inception date

12 Apr 2024

Fund size

USD 101.49 million

Base Currency

USD

Pricing Date

30 Sep 2024

NAV*

USD 10.13

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

Minimum Initial Investment

USD 25,000

Minimum Subsequent Investment

None

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

FUGFINA LX

ISIN Code

LU2750333168

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Market Review (Cont'd)

rate cut and improved risk sentiment. The Euro gained 0.9% against the USD but fell 1.2% against the GBP, which ended the month 2.1% higher against the USD. The British Pound benefited from sticky services inflation and the BoE's decision to maintain rates, while the Chinese Yuan strengthened following a raft of stimulus measures announced by the PBoC and the Politburo. The Japanese Yen, acting as a safe-haven currency, appreciated by 2.1% against the USD, driven by hawkish remarks from BoJ Governor Ueda and ongoing political developments. The Canadian Dollar edged out the USD slightly, despite mixed economic data and dovish signals from the BoC. The Australian and New Zealand Dollars also outperformed, buoyed by strong local data and China's stimulus package.

Investment Strategy

The Fed's recent 50bps cut marks a strategic "recalibration" in policy, signalling a move from inflation control to safeguarding a soft landing. With progress on inflation and ample policy space, this recalibration is instrumental in supporting the US economy. Markets are now looking to upcoming labour reports for more direction on the interest rate outlook. This shift should also provide tailwinds for Emerging markets as USD pressure eases and rate differentials narrow.

In the Eurozone, growth risks are building following a sharper-than-expected decline in September's PMI and growing concerns around German labour market resilience. The ECB may need to respond more aggressively, and we see room for a faster pace of easing in the coming months. Likewise, in the UK, we believe the BoE could cut rates earlier than what markets are currently pricing. Encouragingly, China's recent policy actions have exceeded market expectations, signalling a clear commitment to address persistent growth concerns. The larger-than-anticipated Fed rate cut, alongside a weaker USD, has supported the RMB, easing FX constraints and giving China more room for domestic monetary easing. We anticipate sequential growth improvement in China in Q4, as the policy support gains traction. Looking ahead, we will continue to closely monitor policy developments in China and evaluate the effectiveness of the implementation of monetary, fiscal, and housing easing measures. The upcoming US election is another key event, with potential implications for tariffs on Chinese goods, which could lead to further stimulus measures if needed.

In terms of investment strategy, we remain overweight in duration, with a focus on Developed markets such as German Bunds, and UK Gilts. In US Treasuries - we are positioned for a 5-30 year curve steepener. Conversely, we remain underweight in Japanese duration as the BoJ proceeds with its normalisation path. Our currency positioning remains net short USD, primarily expressed through long positions in selected Asian currencies such as the KRW, TWD, SGD, and INR, where we see better relative valuations and constructive fundamentals. We have recently reduced our short in CNH but are prepared to reestablish our short if China's policy support fails to materialise meaningfully, or if portfolio inflows reverse. In developed markets, we favour relative value trades that capture growth and policy divergence. These include long EUR vs GBP, and long NOK vs SEK, driven by a hawkish Norges Bank stance against a weaker Swedish growth backdrop. We also hold tactical exposures such as long TRY, where extreme valuations and high carry remain attractive despite geopolitical risks.

As central banks recalibrate policies to navigate the complex growth-inflation dynamics, we maintain a selective approach to risk, focused on high-conviction relative value trades. While policy expectations are becoming more aligned, we are prepared to adjust positioning quickly if unexpected developments such as a sharper US slowdown or geopolitical events shifts market dynamics. Our overall strategy remains anchored on capturing macro divergence and carry opportunities, with a continued focus on building resilience amid evolving global conditions.

* 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.

Currency Breakdown

Commodity Bloc	0.0%
Emerging Market Bloc	12.0%
EUR Bloc	-0.5%
JPY	0.0%
USD	-11.6%

Contribution to duration (years)

0.10	0.0%	0.0%
0.12	12.0%	1.44%
0.09	-0.5%	-0.05%
0.00	0.0%	0.00%
-0.12	-11.6%	-1.39%

Fund Characteristics

Average duration (years)	-0.2
Yield to Worst	4.5%
Average credit rating	AA
Aggregate gross exposure	156

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.

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For EU investors:

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