

Fullerton Lux Funds - Asian Bonds - Class I (USD) Dis

November 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.

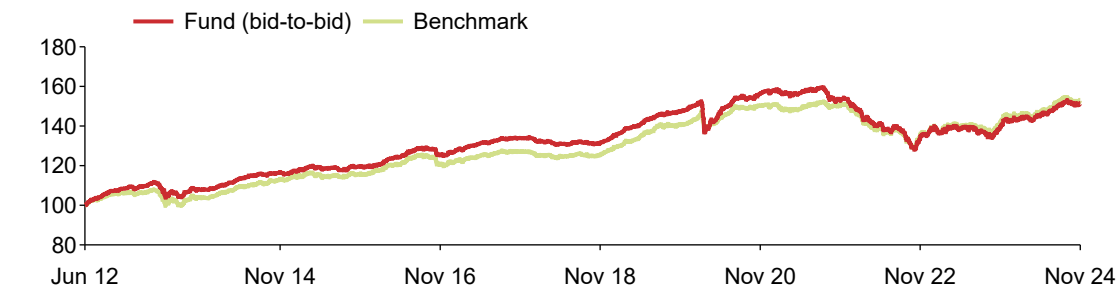
The Asian countries include but are not limited to China (including Hong Kong SAR and Taiwan), South Korea, India, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Pakistan and Vietnam.

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)	0.15	0.56	4.52	8.59	-0.39	0.54	2.64	3.39	4.84
Fund (offer-to-bid)	-4.62	-4.23	-0.46	3.42	-2.00	-0.44	2.14	2.99	NA
Benchmark	0.56	0.31	4.71	7.93	0.51	1.70	3.08	3.48	4.26

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: JACI Investment Grade Total Return Index.

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

Market Review

Asian credit markets had a mixed performance in November. The Investment Grade (IG) segment performed well, driven by duration-related gains. However, returns in the non-Investment Grade (non-IG) segment underperformed due to headwinds arising from widening credit spread action.

On a country level, in November, Sri Lanka emerged again as a strong performer delivering substantial positive returns as the country's debt restructuring efforts seemed to have made further progress. Taiwan and Malaysia also performed positively supported by favourable US treasury returns. On the flipside, Pakistan was the weakest performer, while India was dragged down by Adani's bribery allegation charges by the US SEC.

Sector wise, the Oil & Gas, Industrial and Diversified sectors all registered strong performance, supported by a combination of favourable US treasury returns and spread tightening actions. Conversely, the Real Estate sector underperformed the most, due to idiosyncratic events around Hong Kong credit. The Infrastructure and Utilities sectors also faced challenges, directly in reflection to the sell-off in bond prices within the Adani complex.

Inception date

22 Jun 2012

Fund size

USD 138.52 million

Base Currency

USD

Pricing Date

30 Nov 2024

NAV*

USD 9.63

Management fee**

Up to 0.6% 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**

0.75% p.a. (For financial year ended 31 Mar 2024)

Distributions paid per unit

Jun 2023: USD 0.119

Sep 2023: USD 0.115

Dec 2023: USD 0.117

Mar 2024: USD 0.119

Jun 2024: USD 0.119

Sep 2024: USD 0.121

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

FASBIUD LX

ISIN Code

LU0790902471

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Investment Strategy

As we approach President-elect Donald Trump's inauguration, markets are seeking clarity on his administration's policies, particularly regarding tariffs, tax cuts, and fiscal strategies.

The specifics of proposed tariffs and tax cuts remain uncertain in terms of timing, scale, and implementation. However, the U.S. economy continues to exhibit resilience, with a resilient labour market and steady consumption supported by wage growth. This economic strength, coupled with potential inflationary pressures from tariffs and expansionary policies, may lead the Federal Reserve (Fed) to adopt a more gradual rate-cutting cycle than previously expected. In China, stabilisation efforts are ongoing, although their impact on growth appears modest. The property sector operates under a "put option" framework, with additional measures likely only if conditions deteriorate significantly.

As year-end approaches, market technicals are expected to quiet down, despite some new issuances. Looking ahead to 2025, the outlook for duration plays remains more uncertain compared to the clearer opportunities presented by credit spread and carry strategies.

In this environment, the portfolio strategy remains modestly underweight in duration, acknowledging the uncertainties in predicting rate movements. We maintain an overweight in the high-yield sector, driven by stable fundamentals, favourable technicals, and attractive carry potential. This segment continues to provide compelling income opportunities, supported by relatively low downgrade and default rates. Within the investment-grade segment, non-China investment-grade (IG) debt presents better relative value compared to China IG, reflecting more attractive risk-reward dynamics. Sectorally, we have modest overweight to Technology, Media, and Telecommunications, metals and mining, and consumer-related credits, leveraging their growth potential and structural resilience, while underweighting sovereigns and quasi-sovereigns, which are more vulnerable to rate volatility. Geographically, we are overweight Japan and Australia, where stable macroeconomic fundamentals and attractive yield spreads create appealing investment opportunities, aligning with our strategy to balance resilience with income generation.

* 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	7.6%
China	20.3%
Hong Kong	9.0%
India	9.0%
Indonesia	14.2%
Japan	4.6%
Korea	11.5%
Macau	3.7%
Malaysia	2.4%
Philippines	4.0%
Singapore	1.8%
Taiwan	1.6%
Thailand	2.2%
UK	5.3%
Others	2.1%
Cash and cash equivalents	0.8%

Top 5 Holdings

Macquarie Bank Ltd 3.052% Mar 2036	1.5%
Gohl Capital Ltd 4.25% Jan 2027	1.3%
Lendlease US Capital Inc 4.5% May 2026	1.3%
Hyundai Capital Services 2.125% Apr 2025	1.3%
CDB Financial Leasing 2.875% Sep 2030	1.3%

Rating Breakdown

AA	0.6%
A	17.0%
BBB	61.8%
BB	13.6%
B	5.9%
CCC	0.2%
Cash and cash equivalents	0.8%

Fund Characteristics

Average duration (years)	4.5
Yield to Worst	5.8%

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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