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FULLERTON FUND MANAGEMENT

Fullerton Lux Funds - Asian Currency Bonds - Class I (EUR)

November 2024

Investment Objective

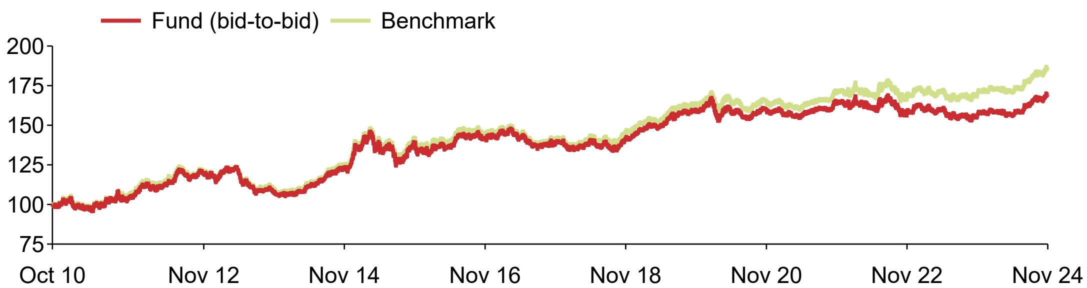
The investment objective of the Fund is to generate long term capital appreciation for investors.

Investment Focus and Approach

The Fund seeks to achieve its objective by investing in fixed income or debt securities, including convertibles, denominated primarily in Asian currencies and primarily issued by companies, governments, quasi-governments, government agencies or supranationals in the Asian region. These countries may include, but are not limited to China (including Hong Kong SAR and Taiwan), South Korea, India, Thailand, Malaysia, Singapore, Indonesia, the Philippines and Vietnam. The Investment Manager seeks to generate alpha through interest rate, credit and currency strategies by evaluating the relative value across markets and the outlook for credit. These views form the basis for formulating their duration, bond market allocation, currency and credit strategies. The Fund will be permitted to invest in fixed income or debt securities which are unrated or rated non-investment grade.

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	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	2.41	3.63	8.97	8.60	1.27	1.21	3.26	3.81	7.03
Fund (offer-to-bid)	-2.46	-1.30	3.78	3.43	-0.37	0.22	2.76	3.45	NA
Benchmark	2.31	4.12	9.38	9.70	3.10	2.62	4.07	4.50	6.86

Returns of more than 1 year are annualised.
Returns are calculated on a single pricing basis in EUR 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: Markit iBoxx ALBI Index
With effect from 1 May 2016, the benchmark has been changed to Markit iBoxx ALBI Index.
Prior to 1 May 2016, the index was HSBC Asian Local Bond Index.
Source: Fullerton Fund Management Company Ltd and Markit.

Market Review

In November 2024, the global macro environment was significantly influenced by central bank actions and political developments - particularly in the United States. The Fed's decision to cut the Fed funds target range by another 25 basis points to 4.50-4.75% was notable, although it was accompanied by a cautious tone from the Fed Chair, who emphasised a gradual path to future rate cuts. This decision came amidst a backdrop of a Republican sweep in the US elections, which bolstered the US dollar and led to an initial rise in US treasury yields. The 10-year treasury yield ended the month lower but remains elevated, reflecting market concerns over potential inflationary pressures from anticipated policy shifts under the new administration. In Europe, the ECB faced increased expectations for aggressive rate cuts following disappointing economic data, particularly weaker-than-expected PMI figures. This led to a significant drop in the 2-year Bund yield, highlighting the market's expectation of further monetary easing. The Bank of England also lowered its base interest rate by 25 bps.

Meanwhile, in the Asia Pacific region, the Bank of Korea also announced a 25 bps reduction toward the end of November, while the Reserve Bank of New Zealand remained committed to lowering its policy rate by implementing a 50 bps rate cut for the second month in a row to 4.25%.

Most Asian local currency bond markets registered positive gains in November when calculated in local currency terms. South Korea was the standout performer (with the Markit iBoxx ALBI South Korea index appreciating 3.3% in local currency terms) - the majority of gains were noted at the longer-end of the

Inception date
06 Oct 2010

Fund size
EUR 44.93 million

Base Currency
USD

Pricing Date
30 Nov 2024

NAV*
EUR 16.98

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**
0.86% p.a. (For financial year ended 31 Mar 2024)

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
ACBIEUA LX

ISIN Code
LU0543883226

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FULLERTON FUND MANAGEMENT

Market Review (Cont'd)

yield curve. This was followed by Thailand (+1.4% in THB), and thereafter China onshore and Malaysia bonds (both up 0.9% in local currency terms). On the flipside, Taiwan recorded loses (at -0.2%) and China offshore also recorded declines (at -0.1%).

The overall Markit iBoxx Asian Local Bond Index however, declined by 0.2% in November (in USD unhedged terms), due mainly to broad dollar strength against most Asian local currencies. In particular, the Chinese Renminbi underperformed on concerns of increased US tariffs under the incoming Trump administration.

Investment Strategy

The 2025 outlook is built on a narrative of a resilient global economy, supported by a still-exceptional U.S. growth engine, offset by a slowdown in China. While European growth may benefit from strong U.S. demand, this boost is likely to be tempered by weaker growth across Asia and a broader hit to sentiment. Sticky inflation will constrain central banks' ability to ease meaningfully, as goods-price disinflation has likely run its course and service price inflation remains persistent, driven by tight global labor markets.

The U.S. dollar is expected to remain strong, underpinned by superior U.S. growth prospects, attractive yield differentials, and its defensive appeal. No other currency currently matches these attributes, further reinforcing USD strength into 2025. Regional divergences in growth and inflation will drive greater diversity in central bank actions, resulting in less synchronized monetary policy. Substantial easing is anticipated across much of Europe, in contrast to more limited action by the Fed and many EM central banks, including those in Asia. Elevated uncertainty and the strong dollar are likely to slow the pace of monetary easing in Asia, leading us to raise our expectations for terminal rates for both the Fed and several Asian central banks.

With monetary policy constraints limiting flexibility, fiscal policy is expected to take on a more prominent role, particularly as the anticipated trade war and associated sentiment shocks weigh on growth. While policy direction under President-elect Trump remains uncertain, an increase in tariffs on China appears likely, introducing risks to trade and investment across Asia. Any escalation in trade tensions would significantly impact regional growth, particularly in economies closely tied to global supply chains.

China's policy efforts remain focused on stabilizing growth and mitigating downside risks. As stimulus measures continue, policymakers may allow for measured CNY depreciation to complement monetary and fiscal expansion. The combination of a strong USD and a weaker RMB will weigh on Asian currencies throughout 2025, likely keeping them range-bound for much of the year.

Despite these challenges, solid underlying fundamentals provide a degree of resilience. Elevated corporate profit margins, balanced income growth, and healthy balance sheets will support the global economy, even in a high-for-long monetary policy environment. Balance sheets remain healthy and credit and financial conditions remain favorable, offering a buffer against potential economic shocks.

* 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 incurs 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	10.9%
Hong Kong	5.1%
India	8.4%
Indonesia	12.6%
Korea	15.4%
Malaysia	11.1%
Philippines	6.8%
Singapore	11.2%
Supranational	8.3%
Thailand	7.3%
Others	2.3%
Cash and cash equivalents	0.6%

Rating Breakdown

AAA	17.5%
AA	19.9%
A	14.0%
BBB	47.4%
BB	0.5%
Cash and cash equivalents	0.6%

Top 5 Holdings

IBRD 6.5% Apr 2030	4.1%
Republic Of Philippines 6.25% Jan 2036	3.3%
Inter-American Development Bank 7.05% Apr 2029	3.3%
Korea Treasury Bond 3.5% Sep 2028	2.8%
Indonesia Government 6.875% Apr 2029	2.7%

Fund Characteristics

Average duration (years)	7.6
Yield to Worst	4.7%

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.