



Fullerton Lux Fund - Flexible Credit Income - Class A (SGD Hedged) Dist

November 2024

Investment Objective

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

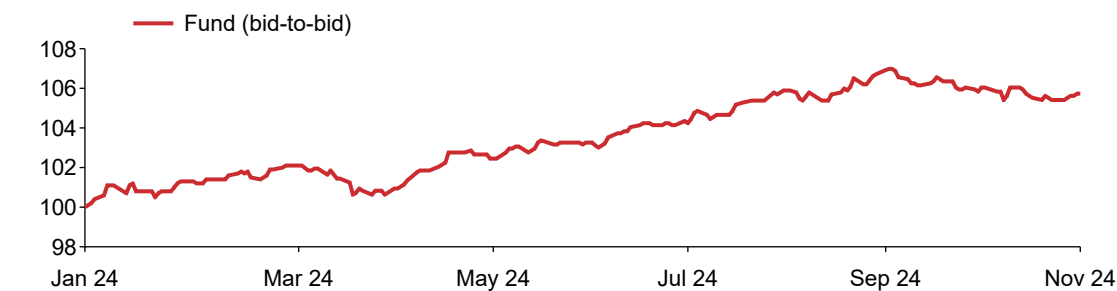
Investment Focus and Approach

The Investment Manager seeks to achieve the objective of the Fund by investing primarily in investment grade, unrated or rated non-investment grade fixed income or debt securities, including convertibles, denominated primarily in USD and Asian currencies and primarily 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 and Vietnam.

The Investment Manager seeks to achieve the investment objective of the Fund by a combination of top down macro-economic research for effective duration or interest rate management, country and sector allocation, alongside bottom-up analysis for credit selection and yield curve positioning. Additionally, the Investment Manager's approach incorporates currency flexibility to enhance the overall strategy, complementing both duration and credit management efforts. The Investment Manager believes that this combined top down and bottom-up investment approach provides the best opportunities for achieving superior risk-adjusted returns over the long term.

SFDR Classification:
Article 6 fund.

Performance (%)



	1 mth	3 mths	6 mths	Sl. Ann. Ret.
Fund (bid-to-bid)	-0.30	-0.15	3.19	5.73
Fund (offer-to-bid)	-5.04	-4.91	-1.72	0.69

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 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

23 Jan 2024

Fund size

SGD 69.75 million

Base Currency

USD

Pricing Date

30 Nov 2024

NAV*

SGD 10.11

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

Distributions paid per unit

Mar 2024: SGD 0.125

Jun 2024: SGD 0.165

Sep 2024: SGD 0.166

Preliminary Charge**

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

Dealing day

Daily

Bloomberg Code

AHYASHD LX

ISIN Code

LU2730773160

The Fund is available for SRS subscription.

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Investment Strategy

Some post-election volatility has emerged following the Republican sweep, with “Trump trades” primarily affecting global FX and rates markets while leaving our credit universe relatively stable. This marks a shift in focus, with macroeconomic themes poised to generate more risks and opportunities than idiosyncratic credit factors in 2025. Policy uncertainties during the transition to the new administration remain a wildcard, requiring close monitoring.

The U.S. economy continues to signal resilience, supported by strong employment and growth. The Fed’s gradual approach to rate cuts highlights its data dependency, although inflation surprises remain a risk. While the new administration’s fiscal stance is beginning to take shape, it is premature to assess the full impact of potential policy shifts, including those from Bessent and Musk’s influences on government finances.

The yield curve remains relatively flat, with limited steepness to offer compelling risk-reward in long-maturity duration. Anticipated growth-oriented policies and geopolitical tensions are expected to sustain USD strength. Our base case remains a measured pace of rate cuts, but an alternative scenario of fewer-than-expected cuts underscores the need for flexibility in portfolio positioning. China’s economic policies continue to prioritise stability and restoring confidence among households and corporates, offering tactical credit investment opportunities.

The portfolio remains structured to perform under multiple scenarios, balancing resilience with opportunistic plays. Current risk-reward dynamics in long-end duration remain unattractive, prompting us to focus on active duration management and tactical allocations. High-yield credit exposure remains a core component, supported by robust fundamentals and favourable market technicals. China’s policies, while supportive, are unlikely to benefit all sectors evenly. Our focus is on consumer and property exposures that directly align with government priorities, while the lack of new China credit issuance prompts us to explore opportunities in other markets.

We aim to uncover new alpha-generating themes across macro and credit markets. High-conviction trades include convertibles positioned to capture dislocated valuations, high-yield names supported by strong fundamentals and carry potential, select perpetuals offering attractive risk-reward profiles, and emerging market sovereigns as tactical plays in regions with improving fundamentals. In U.S. investment-grade credits, we expect limited alpha potential, framing them as more of a beta play.

Our approach for 2025 is centered on adaptability and active management. By aligning the portfolio with key macroeconomic themes and selectively targeting alpha opportunities, we aim to navigate uncertainties while capitalising on market dislocations and structural shifts.

* 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%
Bahrain	1.0%
China	12.1%
France	2.2%
Hong Kong	8.1%
India	15.5%
Indonesia	8.1%
Japan	8.5%
Korea	2.9%
Macau	5.1%
Mongolia	2.1%
Pakistan	1.2%
Philippines	2.0%
Spain	1.7%
Supranational	1.1%
Taiwan	1.5%
Thailand	2.1%
UAE	1.5%
UK	6.6%
US	3.7%
Others	3.5%
Cash and cash equivalents	1.8%

Rating Breakdown

AAA	2.0%
AA	4.8%
A	10.4%
BBB	32.6%
BB	31.1%
B	13.5%
CCC	2.6%
C	0.2%
D	1.0%
Cash and cash equivalents	1.8%

Sector Breakdown

Communication Services	4.6%
Consumer Discretionary	17.1%
Consumer Staples	1.7%
Energy	5.6%
Industrials	2.5%
Information Technology	1.5%
Materials	8.3%
Real Estate	5.7%
Sovereigns & Supranational	11.7%
Utilities	5.0%
Banks	18.1%
Financial Services	8.6%
Insurance	7.7%
Others	1.8%

Currency Breakdown

AUD	0.9%
IDR	1.8%
INR	1.2%
KRW	0.9%
SGD	0.8%
USD	94.4%

Held in Custody

Bank Of East Asia Ltd 5.825% PERP	1.9%
Treasury Bill 0% Dec 2024	1.9%
Greenko Solar Mauritius 5.55% Jan 2025	1.5%
Sekisui House Ltd 5.1% Oct 2034	1.5%
Aust & Nz Banking Group 5.204% Sep 2035	1.5%

Fund Characteristics

Average duration (years)	3.5
Yield to Worst	6.5%
Average credit rating	BBB
Issuer / Issues	104 / 135
IG / HY (%)	49.8 / 48.4

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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