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FULLERTON FUND MANAGEMENT

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

November 2024

Investment Objective

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

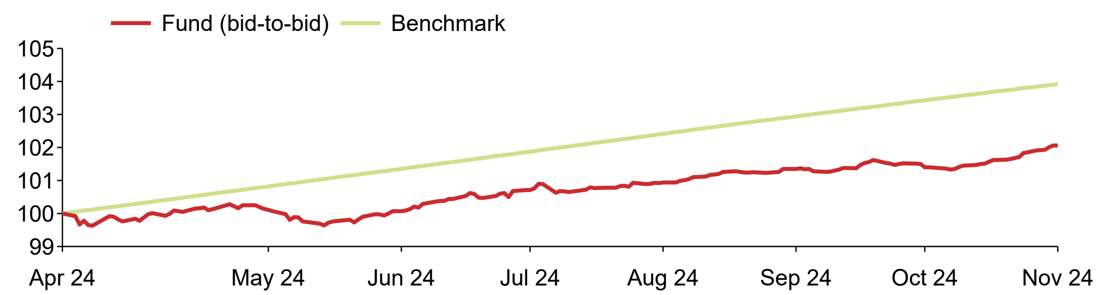
Investment Focus and Approach

The Investment Manager seeks to achieve the objective of the Fund by investing 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	SI. Ret.
Fund (bid-to-bid)	0.66	1.11	2.00	2.06
Benchmark	0.46	1.45	3.06	3.92

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

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 a notable event, 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 UK bond market experienced volatility in the wake of the Autumn Budget, with fiscal concerns pushing yields higher. The 10-year gilt yield reached a year-high post Budget, driven by hotter-than-expected inflation data which dampened expectations for a December rate cut. The 10-year gilt yield ended the month 20 basis lower on strong demand for duration. In China, long-term bond yields continued to decline following the previous month's stimulus measures. However, foreign holdings of Chinese bonds exhibited a decline, indicating cautious sentiment still towards China among international investors. Overall, the bond markets were characterised by heightened sensitivity to political developments and central bank communications, as investors navigated a complex landscape of economic indicators and policy signals.

Inception date
12 Apr 2024

Fund size
USD 101.52 million

Base Currency
USD

Pricing Date
30 Nov 2024

NAV*
USD 10.21

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)

In currency markets, the US dollar index (DXY) saw substantial gains, ending the month 1.7% higher, driven by the Republican electoral victory and geopolitical tensions. The euro struggled against the dollar, falling 2.6% amid political turmoil in Germany and France, as well as poor economic data. The Sterling also faced downward pressure, ending the month 1.0% lower against the dollar, influenced by disappointing UK economic data and broader USD strength. In Asia, the Chinese yuan weakened against the dollar, impacted by US election results and the announcement of potential new tariffs by President-elect Trump. The Japanese yen, however, managed to end the month stronger against the dollar, despite initial upward pressure from US election-related movements. Overall, in the currency markets, the US dollar emerged as a key beneficiary amidst global uncertainties.

Investment Strategy

The 2025 outlook presents a challenging environment for the global economy. 2025 will be characterised by a still-exceptional U.S. growth engine and offset by challenges in the Euro area and China. While European growth may benefit from strong U.S. demand, this boost is likely to be tempered by weaker growth in China and a broader hit to growth and sentiment due to expected US trade policy changes. We are likely to see further inflation divergence, with some likely mild undershoot in Europe, a modest rebound in China and a slow disinflation in the US. In this environment, we retain an overweight in developed market duration, particularly in the Eurozone, where policy easing is expected to accelerate and create favourable conditions for rates. In the U.S., we are tactically positioned for a gradual easing cycle, while remaining nimble to adapt to any policy shifts under the new administration.

Identifying relative value opportunities in currencies with favourable growth and interest rate differentials remain a focus. The U.S. dollar is poised to remain strong, bolstered by superior U.S. growth, wide yield differentials, and defensive appeal. No other currency currently matches these attributes, reinforcing USD strength expectations into 2025. Against this backdrop, we remain long USD, leveraging its structural advantages. China's policy efforts continue to center on stabilising growth and mitigating downside risks, with fiscal and monetary support likely to be complemented by measured Chinese Renminbi depreciation. Consequently, we maintain short positions in the RMB currency, as well as in some selected Asian currencies that are vulnerable to RMB weakness and trade-related pressures. On the other hand, we see value in tactical longs in high-yielding currencies like the Indian Rupee and Turkish Lira, which offer attractive carry and relative resilience in this environment.

Despite these challenges, solid underlying fundamentals provide a degree of resilience. Balance sheets remain healthy and credit and financial conditions remain favourable, providing a cushion against potential economic shocks, even amid a prolonged high interest rate environment. In summary, while the path forward may be uneven, the combination of resilient fundamentals, targeted policy support, and disciplined portfolio positioning sets the stage for navigating a dynamic macro environment in 2025.

* 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.

Currency Breakdown

Commodity Bloc	0.0%
Emerging Market Bloc	7.2%
EUR Bloc	-1.9%
JPY	0.0%
USD	-5.2%

Contribution to duration (years)

Australia	0.2
Germany	0.4
Italy	0.3
UK	0.3
US	0.5

Fund Characteristics

Average duration (years)	0.8
Yield to Worst	4.4%
Average credit rating	AA
Aggregate gross exposure	200

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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