

## Fullerton Lux Funds - Asian Bonds - Class A (SGD) Dis

March 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.

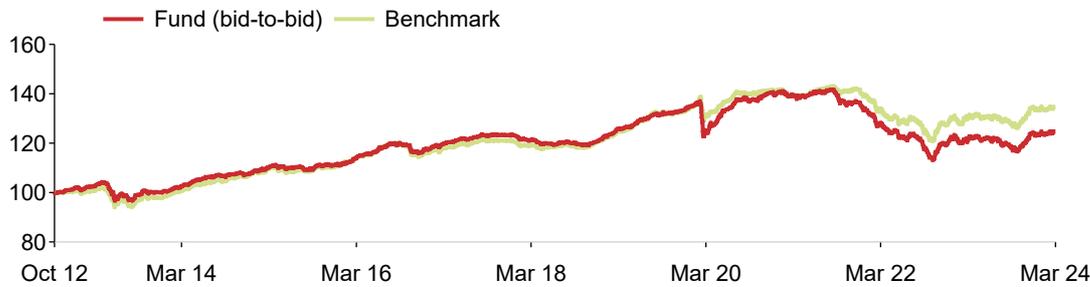
The Asian countries include but are not limited to China (including Hong Kong SAR and Taiwan), South Korea, India, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Pakistan and Vietnam.

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.
<b>Fund (bid-to-bid)</b>	0.85	0.52	5.38	2.88	-3.56	-0.15	1.99	1.95	4.91
<b>Fund (offer-to-bid)</b>	-3.95	-4.27	0.36	-2.02	-5.12	-1.12	1.50	1.52	NA
<b>Benchmark</b>	0.82	0.15	5.22	3.75	-1.08	1.50	2.95	2.63	4.29

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.

Benchmark: JACI Investment Grade Total Return – SGD Hedged Index. With effect from 8 May 2010.

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

### Market Review

March witnessed a flurry of key central bank meetings. The Bank of Japan (BoJ) delivered a widely telegraphed policy tightening, abandoning its yield-curve control and raising its short-term interest rate from “-0.1%” to “0% to -0.1%”. Meanwhile, the Swiss National Bank surprised markets with a rate cut, diverging from the stance of other major developed market central banks like the Federal Reserve, which stayed on hold. Despite speculation fuelled by persistent inflation readings, the Fed held steady, retaining its projection of three quarter-point interest-rate cuts for the year.

Amidst these developments, Asian USD credits demonstrated broad gains, with both investment grade and high yield sectors advancing, with high yield bonds particularly benefiting from a compression in credit spreads. The Asian investment grade sector also rose, benefitting from tighter credit spreads alongside duration-related gains. On the latter, US Treasuries saw their first monthly gain of the year, with the yield on the 10-year Treasury dropping by 5 basis points to close at 4.2%. In terms of sectors, industries dominated by high-yield issuers such as commodities and real estate have excelled, while sectors like financials, industrials, and infrastructure were amongst the laggards in March. In terms of countries, sovereigns from Asian high-yield countries such as Pakistan, Sri Lanka, and Mongolia have led the charge in the rally, contrasting with the relatively weaker performance of countries like India, Korea, and China.

### Inception date

16 Oct 2012

### Fund size

SGD 228.78 million

### Base Currency

USD

### Pricing Date

31 Mar 2024

### NAV\*

SGD 8.16

### Management fee\*\*

Up to 1.0% p.a.

### Expense Ratio\*\*

1.17 % p.a. (For financial year ended 31 Mar 2023)

### Distributions paid per unit #

Dec 2022: SGD 0.070

Mar 2023: SGD 0.054

Jun 2023: SGD 0.103

Sep 2023: SGD 0.100

Dec 2023: SGD 0.100

Mar 2024: SGD 0.101

### 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

FASASHD LX

### ISIN Code

LU0830378575

The Fund is available for SRS

subscription.

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\* 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. PGM556524228e/1

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## Investment Strategy

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Looking ahead, resilient US growth and easing financial conditions raises the likelihood of a soft-landing. The recent economic performance in China during January and February has also been a source of optimism, as it has largely surpassed expectations. This uptick is driven by robust manufacturing investment and recovering exports, which have compensated for the downturn in real estate investment. Looking ahead, we anticipate that both fiscal and monetary policies in China will maintain a growth-friendly stance, even though the likelihood of a massive stimulus package remains low, especially amidst the improving growth momentum. It is also reassuring to note that idiosyncratic credit events confined to China's property sector have thus far not had spill-over effects into the broader Asian high yield credit market.

Regarding portfolio strategies, we have been leveraging the active primary market to strategically extend duration, seizing opportunities as they arise. Currently, we maintain a modest overweight position in duration compared to the benchmark, a stance with which we are comfortable with. Additionally, we have selectively increased our exposure to high yield assets in companies where our analysts have a positive outlook. Looking ahead, we believe the technical aspects of Asian credit markets remain supportive, underpinned by the ongoing search for yield amid a sluggish rebound in supply. Projections indicate that net issuance is anticipated to register a decline this year. We believe that the allure of attractive carry will remain a significant catalyst for the Asian credit market, helping to maintain spreads at stable levels. This pursuit of yield is expected to intensify, particularly if the Fed initiates interest rate reductions around mid-year, further enhancing the appeal of carry trades. With macroeconomic concerns on the decline, we anticipate that credit spreads in Asia will persist at narrow levels for an extended period. Moreover, the more favourable financing conditions are poised to bolster credit fundamentals.

Elsewhere, the Asian high yield market has outperformed sharply in recent months, supported by technical squeeze and the ongoing search for yield. Our outlook remains optimistic. While Asian high yield valuations are not as compelling as they were a few months ago, there is still scope for spreads to tighten further, especially given the robust technicals, notably among issuers from India and Macau, where bond valuations are expected to stay firm.

**Geographical Breakdown**

Australia	4.6%
China	21.3%
Hong Kong	6.2%
India	11.4%
Indonesia	14.2%
Japan	4.6%
Korea	11.7%
Macau	3.0%
Malaysia	2.3%
Philippines	5.6%
Singapore	3.4%
Thailand	2.3%
UK	3.2%
Others	2.8%
Cash and cash equivalents	3.3%

**Top 5 Holdings**

Lendlease US Capital Inc 4.5% May 2026	1.1%
Gohl Capital Ltd 4.25% Jan 2027	1.1%
Hyundai Capital Services 2.125% Apr 2025	1.0%
CDB Financial Leasing 2.875% Sep 2030	1.0%
Freeport Indonesia Pt 6.2% Apr 2052	1.0%

**Rating Breakdown**

AA	1.0%
A	16.8%
BBB	63.9%
BB	11.1%
B	3.8%
Cash and cash equivalents	3.3%

**Fund Characteristics**

Average duration (years)	4.8
Yield to Worst	5.7%

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.

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The source of the JACI Investment Grade Total Return – SGD Hedged Index is J.P. Morgan Securities LLC, the Index Sponsor. Prior to 1 October 2012, the benchmark was computed by the Managers derived from JACI Investment Grade Total Return Index. The source was changed retrospectively from 8 May 2010.

For EU investors:

This is a marketing communication. The investment which is promoted concerns the acquisition of shares in a fund. The Fund is actively managed with reference to the benchmark, "JACI Investment Grade Total Return – SGD Hedged Index", for performance comparison purpose. You should read the prospectus and the key investor information before making any final investment decision. A summary of investor rights can be found in English at <https://www.lemanikgroup.com/governance-asset-management/>. A copy of the prospectus and the key investor information is available in English and other languages (as applicable), and can be obtained from the registered office of the Fund or at [www.fullertonfund.com](http://www.fullertonfund.com). Please also refer to [https://www.fullertonfund.com/literature/fullerton-lux-funds/?\\_sft\\_registered=luxembourg](https://www.fullertonfund.com/literature/fullerton-lux-funds/?_sft_registered=luxembourg) for the sustainability-related disclosures of the Fund. The Management Company of the Fund is Lemanik Asset Management S.A. ("Lemanik"). Please note that Lemanik may terminate the marketing arrangements of the Fund in accordance with Article 93a of Directive 2009/65/EC.

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