

Fullerton Asian Bond Fund - Class A (USD)

February 2024

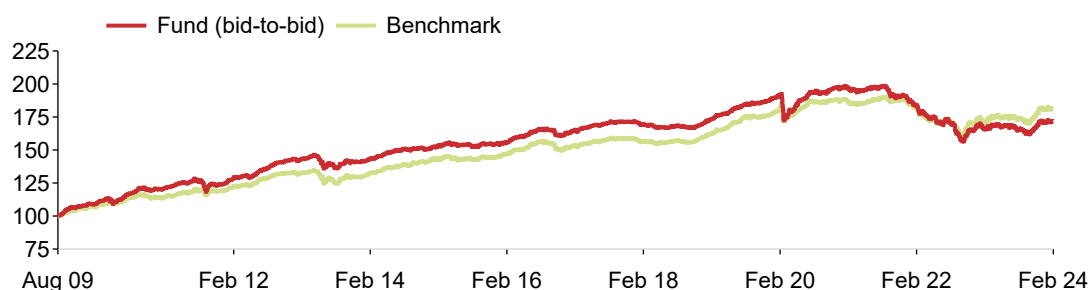
Investment Objective

The investment objective of the Fund is to generate long term capital appreciation for investors by investing all or substantially all of its assets in Fullerton Lux Funds – Asian Bonds (the “Underlying Fund”), a sub-fund of Fullerton Lux Funds.

Investment Focus and Approach

The Managers intend to invest in the Class I - USD share class of the Underlying Fund, which is denominated in USD. The investment objective of the Underlying Fund is to generate long term capital appreciation for investors. The Managers, who also act as the investment manager of the Underlying Fund, seek to achieve the objective of the Underlying 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.

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)	-0.16	2.22	3.49	3.31	-4.40	-0.21	1.80	3.77	5.15
Fund (offer-to-bid)	-3.07	-0.76	0.48	0.30	-5.34	-0.80	1.50	3.56	NA
Benchmark	-0.25	2.31	3.91	6.07	-0.85	2.22	3.17	4.16	4.19

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 3% which may or may not be charged to investors.
 Benchmark: JACI Investment Grade Total Return Index.

Note: The Fund will accrue management fee rebates on a daily basis with effect from 4 September 2012.
 Source: Fullerton Fund Management Company Ltd, J.P. Morgan Securities LLC and Bloomberg.

Market Review

Global bond yields ground higher in February, amid pushback from central bank speakers over near-term rate cuts and ongoing strength in activity and labour market data in the US. January's nonfarm payrolls in the US surpassed expectations, complemented by the US ISM Services index showing further expansion. The minutes of the January FOMC meeting revealed some officials' concern about cutting rates too soon. Expectations for Fed rate cuts diminished, briefly aligning with the Fed's December projection of three quarter-point cuts for the year. Any anticipation of a March move was abandoned. Against such a backdrop, US Treasury yields climbed, with the yield on the 10-year Treasury reaching 4.3%, 34 basis points higher than the previous month. Concurrently, the 2-year US Treasury yield rose by 41 basis points, closing the month at 4.6%.

Asian USD credits exhibited modest gains, as reflected in the JP Morgan Asian Credit Index in USD. This uptick was underpinned by tighter credit spreads, although there were some setbacks attributable to duration-related losses. Notably, the high-yield sector recorded strong gains, propelled by the tightening of credit spreads, even though losses associated with duration somewhat dampened the overall performance. On the flip side, the investment-grade sector faced modest losses, attributed to higher US Treasury yields which overshadowed the tighter credit spreads.

Performance differentials were evident within sectors, with longer-duration segments such as sovereigns and quasi-sovereigns lagging. In contrast, sectors characterised by high-yield issuers, including real estate, consumer, and metals and mining, witnessed a rally over the course of the month. Likewise, high-yield sovereign markets, exemplified by the likes of Sri Lanka and Pakistan, outpaced counterparts such as Malaysia and Indonesia, which faced a comparatively subdued performance.

Inception date

03 Aug 2009

Fund size

USD 7.17 million

Base Currency

USD

Pricing Date

29 Feb 2024

NAV*

USD 103.65

Management fee

Currently 0.9% p.a.

Expense Ratio

0.98% p.a. (For financial year ended 31 Mar 2023)

Distributions paid per unit

Sep 2022: USD 1.090

Dec 2022: USD 1.050

Mar 2023: USD 1.060

Jun 2023: USD 1.320

Sep 2023: USD 1.280

Dec 2023: USD 1.310

Minimum Initial Investment

USD 10,000

Minimum Subsequent Investment

USD 10,000

Preliminary Charge

Up to 3%

Dealing day

Daily, up to 5pm (Singapore time)

Bloomberg Code

FULLABA SP

ISIN Code

SG9999006100

For additional information on Fullerton and its funds, please contact:

Fullerton Fund Management Company Ltd

3 Fraser Street
 #09-28 DUO Tower
 Singapore 189352

T +65 6808 4688

F +65 6820 6878

www.fullertonfund.com

UEN: 200312672W

* 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.

Investment Strategy

Developed market (DM) central banks have generally put easing on the agenda for 2024 while pushing back on expectations for imminent cuts. Simultaneously, markets have recently priced out early DM policy rate cuts as the inflation data remain sticky, with growth momentum showing resilience, and central bankers responding by guiding towards more policy easing patience. Nevertheless, the consensus remains that a significant easing cycle may commence around mid-2024. Likewise, current market pricing of rate cuts in the US is aligned with the mid-year easing commencement that we think is most likely. We believe the Fed sees the risk of cutting too early as outweighing the risk of cutting too late. The notable deflation in core goods prices observed in the latter part of 2023 was a major contributor to the decline in core inflation. The "last-mile" of disinflation, especially in the service sector, may prove to be more persistent.

Our positive stance on the Asian credit market is underpinned by positive risk sentiment, a favourable yield advantage over US credits, stable fundamentals, and normalising default rates. The market's expectation of Federal Reserve rate cuts in 2024 has further amplified market optimism. At the same time, the recent upswing in US treasury yields has created attractive entry points for discerning investors but the supply situation in Asia remains manageable, providing technical support which stands in contrast with the record bond supply observed in the US so far this year. We believe that unless the macroeconomic backdrop shifts materially negative, valuations on Asian credits should remain well-supported. We have also been extending our high yield exposure selectively, in names where our analysts have a positive view, and concentrating on segments that present attractive all-in yields - recognising that a potential technical squeeze could further bolster valuations in the near term. Regarding duration management, our strategy is to capitalise on opportunities emerging from higher bond yields, to extend duration, which may potentially contribute to a more favourable risk-reward outcome going forward. To this end, our portfolio has been extending duration and is running with a modest duration overweight versus the benchmark currently.

Geographical Breakdown

Australia	4.3%
China	22.2%
Hong Kong	6.8%
India	11.7%
Indonesia	14.1%
Japan	4.5%
Korea	11.0%
Macau	2.6%
Malaysia	2.3%
Philippines	6.4%
Singapore	3.8%
Taiwan	1.0%
Thailand	2.3%
UK	3.4%
Others	2.7%
Cash and cash equivalents	1.0%

Top 5 Holdings

Lendlease US Capital Inc 4.5% May 2026	1.0%
Republic Of Philippines 3.7% Mar 2041	1.0%
Gohl Capital Ltd 4.25% Jan 2027	1.0%
CDB Financial Leasing 2.875% Sep 2030	1.0%
Freeport Indonesia Pt 6.2% Apr 2052	0.9%

Rating Breakdown

AA	1.5%
A	19.1%
BBB	63.7%
BB	11.5%
B	3.3%
Cash and cash equivalents	1.0%

Fund Characteristics

Average duration (years)	5.0
Yield to Worst	5.9%

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. Data is based on the Underlying Fund.

Disclaimer: This publication is for information only and your specific investment objectives, financial situation and needs are not considered here. The value of units in the Fund and any accruing income from the units may fall or rise. Any past performance, prediction or forecast is not indicative of future or likely performance. Any past payout yields and payments are not indicative of future payout yields and payments. Distributions (if any) may be declared at the absolute discretion of Fullerton Fund Management Company Ltd (UEN: 200312672W) ("Fullerton") and are not guaranteed. Distribution may be declared out of income and/or capital of the Fund, in accordance with the prospectus. Where distributions (if any) are declared in accordance with the prospectus, this may result in an immediate reduction of the net asset value per unit in the Fund. Applications must be made on the application form accompanying the prospectus, which can be obtained from Fullerton or its approved distributors. You should read the prospectus and seek advice from a financial adviser before investing. If you choose not to seek advice, you should consider whether the Fund is suitable for you. The Fund may use or invest in financial derivative instruments. Please refer to the prospectus of the Fund for more information.

All information provided herein regarding JPMorgan Chase & Co. ("JPMorgan") index products (referred to herein as "Index" or "Indices"), is provided for informational purposes only and does not constitute, or form part of, an offer or solicitation for the purchase or sale of any financial instrument, or an official confirmation of any transaction, or a valuation or price for any product referencing the Indices (the "Product"). Nor should anything herein be construed as a recommendation to adopt any investment strategy or as legal, tax or accounting advice. All market prices, data and other information contained herein is believed to be reliable but JPMorgan does not warrant its completeness or accuracy. The information contained herein is subject to change without notice. Past performance is not indicative of future returns, which will vary. No one may reproduce or disseminate the information, whether in whole or in part, relating to the Indices contained herein without the prior written consent of JPMorgan.

J.P. Morgan Securities LLC (the "Index Sponsor") does not sponsor, endorse or otherwise promote any Product referencing any of the Indices. The Index Sponsor makes no representation or warranty, express or implied, regarding the advisability of investing in securities or financial products generally, or in the Product particularly, or the advisability of any of the Indices to track investment opportunities in the financial markets or otherwise achieve their objective. The Index Sponsor has no obligation or liability in connection with the administration, marketing or trading of any Product. The Index Sponsor does not warrant the completeness or accuracy or any other information furnished in connection with the Index. The Index is the exclusive property of the Index Sponsor and the Index Sponsor retains all property rights therein.

This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.