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FULLERTON FUND MANAGEMENT

Fullerton Lux Funds - Asian Bonds - Class I (SGD-Hedged) Acc

March 2025

Investment Objective

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

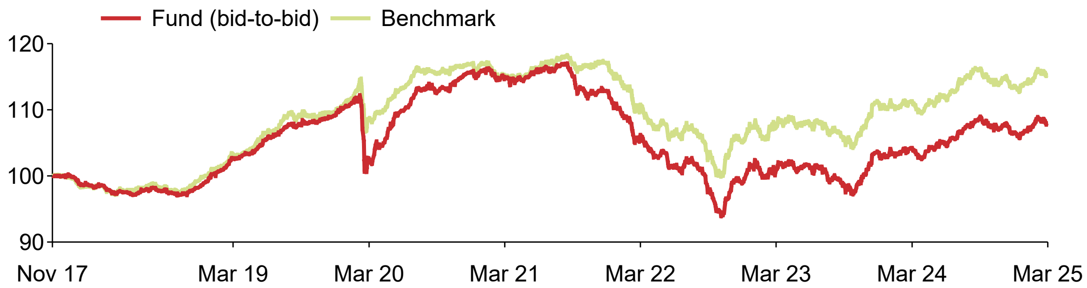
Investment Focus and Approach

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	SI. Ann.Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	-0.58	1.29	-0.95	3.57	0.55	1.04	1.05	5.54
Fund (offer-to-bid)	-5.31	-3.54	-5.66	-1.36	-1.08	0.06	0.38	NA
Benchmark	-0.48	1.38	-0.77	3.51	1.31	1.18	1.95	4.56

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

Market Review

Asian credit markets delivered modestly positive returns in March, as measured by the J.P. Morgan Asia Credit Index (USD). Gains were primarily supported by U.S. Treasury duration performance, which helped offset the impact of wider credit spreads.

U.S. Treasury yields were volatile over the month, driven by shifting Fed rate expectations, tariff-related concerns, and broader global bond market dynamics. The yield curve steepened, with front-end yields rallying more significantly as markets priced in a higher likelihood of Fed rate cuts in 2025. The 10-year U.S. Treasury yield was essentially unchanged, slipping just 0.3 basis points (bps)—reflecting the ongoing tug-of-war between recession fears and lingering inflation uncertainty.

Across credit segments, returns on Asian investment Grade credits were flat over the month, as the uplift from Treasury-related duration returns were largely eroded by spread widening. In contrast, Non-Investment Grade credits fared better, as their more resilient spread performance helped them outperform their investment grade counterparts. From a country perspective, South Korea, Hong Kong, and China were the top performers. On the weaker end, Sri Lanka, Pakistan, and Indonesia lagged. Indonesia, which is heavily represented by sovereign and quasi-sovereign issuers, was a notable underperformer. This reflected growing concerns over the country's fiscal trajectory following a series of policy announcements under the Prabowo administration. These include budget reallocations, plans for a sovereign wealth fund, expanded low-income housing initiatives, and revisions to export repatriation rules—all of which contributed to rising fiscal risk perceptions and expectations of increased bond supply.

At the sector level, real estate—particularly Chinese and Hong Kong names—led performance, benefiting from meaningful spread tightening. Financials and transport sectors also performed well. In contrast, oil & gas, commodities, and diversified sectors underperformed, with wider spreads outweighing any duration-related gains from Treasury movements.

Inception date
30 Nov 2017

Fund size
SGD 164.65 million

Base Currency
USD

Pricing Date
31 Mar 2025

NAV*
SGD 10.80

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**
0.75% 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
FASBISA LX

ISIN Code
LU1717046855

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Investment Strategy

The scale and structure of the new US tariffs appear more aggressive than initially anticipated—particularly for Asian economies, many of which run sizable trade surpluses with the U.S. and therefore face steeper reciprocal tariffs. Given the starting point on the reciprocal tariffs for several countries, including key Asian markets are very high, there could be some room for potential negotiations—through dialogue, carve-outs, or phased implementation which remains important to monitor. While this may mitigate the immediate impact on regional trade, we do not expect Asian trading partners to be entirely shielded from ongoing tariff pressures.

From a systemic risk perspective, the current environment differs meaningfully from past cycles. The recent market weakness reflects a technical recalibration driven by higher risk premia across risk assets. Unlike previous episodes, the current sell-off is primarily a response to elevated macroeconomic uncertainty rather than a deterioration in Asian credit fundamentals. While equity markets have corrected, there is no clear evidence of contagion from the banking or property sectors. Credit fundamentals remain relatively healthy, and financial institutions are well-capitalised.

Financials and quasi-sovereigns are among the major sectors in Asia credit, and both are predominantly domestically focused with limited direct exposure to U.S. trade flows. As such, the impact of tariffs is expected to be more indirect—likely materialising through a broader slowdown in regional economic activity rather than through direct export disruptions. In a trade-driven downturn, softer domestic demand and tighter funding conditions could weigh on credit fundamentals, particularly for more leveraged issuers in the property sector.

Other key sectors like utilities, transport, infrastructure, and TMT (technology, media, and telecommunications) also have limited direct exposure to US tariffs. These industries are largely domestic in nature, although there may be some secondary effects: for instance, transport and infrastructure could experience reduced travel and port volumes, and utilities may face higher input costs. TMT issuers, which in Asia credit are primarily telecom and internet companies, remain relatively insulated due to the domestic orientation of their operations.

In contrast, sectors such as oil & gas, industrials, and metals & mining are more directly exposed. Oil prices tend to be highly sensitive to global growth and trade sentiment, which can create challenges for smaller, independent exploration and production (E&P) companies. Metals & mining issuers are vulnerable to declining commodity prices that typically accompany trade-related slowdowns. Similarly, industrial names—particularly those integrated into global manufacturing supply chains—face higher exposure to both demand-side and supply-side trade disruptions. That said, these risks are somewhat mitigated by ongoing and planned capacity expansion in the U.S. (as seen among Korean automakers and tech firms), as well as by the generally strong balance sheets across much of the sector.

In summary, the direct impact of US tariffs on Asia credit is likely more manageable, as most of the larger sectors in the region's credit universe do not have material direct exposure to US trade flows. Instead, we continue to focus on the indirect effects, including the potential for weaker macroeconomic growth, softer consumer and business sentiment, and a slowdown in domestic activity. Additionally, volatility and sell-offs in U.S. credit markets could spill over into Asia, amplifying risk aversion and driving spread widening. The extent to which these pressures are offset by domestic policy responses aimed at supporting growth will be a key factor to monitor.

In terms of portfolio strategies, we have been gradually extending duration and running a modest overweight to duration. Some of the duration extension has been added selectively through participation in new issues. Our bias remains toward further extending the overweight, although this will be valuation-dependent—particularly in light of the sharp, knee-jerk rally in U.S. Treasuries. Elsewhere, we have taken profits and reduced our high yield allocation and we will continue to reduce our high yield exposure further. That said, we continue to maintain positions in high yield issuers where their business profile is more domestically focused and may be less vulnerable to global trade flows, and where their credit profile is expected to remain stable.

* 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.

FULLERTON FUND MANAGEMENT

Geographical Breakdown

Australia	7.2%
China	15.7%
Hong Kong	8.8%
India	8.1%
Indonesia	12.4%
Japan	6.5%
Korea	8.7%
Macau	3.7%
Malaysia	2.9%
Philippines	7.2%
Singapore	2.1%
Taiwan	1.7%
Thailand	3.1%
UK	5.5%
Others	2.3%
Cash and cash equivalents	4.2%

Rating Breakdown

AA	2.1%
A	16.7%
BBB	58.2%
BB	12.9%
B	5.7%
CCC	0.2%
Cash and cash equivalents	4.2%

Top 5 Holdings

Lendlease US Capital Inc 4.5% May 2026	1.6%
Gohl Capital Ltd 4.25% Jan 2027	1.5%
Republic Of Philippines 5.9% Feb 2050	1.5%
Kyobo Life Insurance Co 5.9% Jun 2052	1.3%
United Overseas Bank Ltd Float Apr 2028	1.2%

Fund Characteristics

Average duration (years)	4.9
Yield to Worst	5.5%

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. Please also refer to 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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