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FULLERTON FUND MANAGEMENT

Fullerton Lux Funds - Asian Currency Bonds - Class I (EUR)

March 2025

Investment Objective

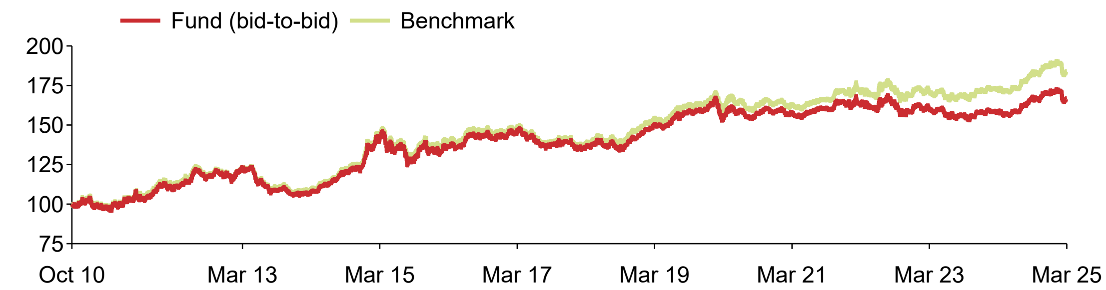
The investment objective of the Fund is to generate long term capital appreciation for investors.

Investment Focus and Approach

The Fund seeks to achieve its objective by investing in fixed income or debt securities, including convertibles, denominated primarily in Asian currencies and primarily issued by companies, governments, quasi-governments, government agencies or supranationals in the Asian region. These 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 generate alpha through interest rate, credit and currency strategies by evaluating the relative value across markets and the outlook for credit. These views form the basis for formulating their duration, bond market allocation, currency and credit strategies. The Fund will be permitted to invest in fixed income or debt securities which are unrated or rated non-investment grade.

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	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	-2.72	-1.69	-0.29	4.99	0.81	1.57	1.60	3.60	7.00
Fund (offer-to-bid)	-7.35	-6.37	-5.04	-0.01	-0.81	0.58	1.11	3.25	NA
Benchmark	-2.63	-1.67	0.60	6.27	2.60	2.75	2.45	4.30	6.83

Returns of more than 1 year are annualised.
Returns are calculated on a single pricing basis in EUR 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: Markit iBoxx ALBI Index
With effect from 1 May 2016, the benchmark has been changed to Markit iBoxx ALBI Index.
Prior to 1 May 2016, the index was HSBC Asian Local Bond Index.
Source: Fullerton Fund Management Company Ltd and Markit.

Market Review

The iBoxx Asian Local Bond Index (ALBI), which tracks Asian local currency bonds, gained 0.99% in unhedged USD terms during March. This increase was driven by decent gains in most local markets, along with favourable foreign exchange movements in most markets relative to the U.S. dollar.

In the local bond markets, China Onshore experienced a slight decline, marking another month of downturn. Indonesia and South Korea were the other two eligible markets that recorded declines. Among the top performers, India led, followed closely by Thailand. Currency-wise, most Asian currencies rallied against the US dollar - led by the Indian rupee and the Philippines peso while the Korean won and the Taiwanese dollar were the laggards.

Across the Atlantic, 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.

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

Inception date
06 Oct 2010

Fund size
EUR 44.09 million

Base Currency
USD

Pricing Date
31 Mar 2025

NAV*
EUR 16.69

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**
0.86% 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
ACBIEUA LX

ISIN Code
LU0543883226

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Market Review (Cont'd)

helped offset the impact of wider credit spreads.

Investment Strategy

The escalation of US tariffs poses a renewed risk to Asia's export-driven economies. Overall, the scale and structure of these 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. Notably, 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.

Notably, China faces one of the steepest tariff increases under the latest U.S. trade measures. Compared to 2018, the economic impact is likely to be more pronounced for two key reasons. Firstly, the current tariff escalation is rooted in broader U.S. strategic objectives—namely, protecting sensitive industries and reshoring domestic production. This marks a shift from cyclical to structural protectionism, raising the bar significantly for any future negotiations or tariff rollback. Secondly, trade diversion channels are narrower this time. In 2018, some Chinese exports were rerouted through third countries such as those in Asia, to bypass tariffs. With a broader application of tariffs across the region today, those reallocation mechanisms are far less effective.

Importantly, we see these trade-related risks intersecting with an increasingly accommodative policy environment in Asia. Across the region, inflation has largely normalised, giving central banks greater flexibility to shift their focus toward supporting growth. Institutions such as Bank of Korea (BOK), Bank Indonesia (BI), the Monetary Authority of Singapore (MAS), Bank of Thailand (BOT) and the Reserve Bank of India (RBI) have already begun to ease or signalled openness to doing so. In addition, the higher US tariffs on China could result in more trade diversion to the region. That could add to disinflation pressures in some Asian countries.

Reflecting this, we now expect deeper and broader rate cuts across the region than previously anticipated. Markets such as Korea, the Philippines, and India are at the forefront of this easing cycle, and we have revised up our expectations for policy easing in economies like Thailand, where macro conditions justify more proactive support. Even as nominal rates decline, real yields are expected to remain elevated relative to historical norms, preserving the relative attractiveness of Asian bonds.

Turning to China, we expect Chinese authorities to intensify both monetary and fiscal easing to cushion the economy and contain downside risks. On the fiscal front, Beijing is likely to accelerate the implementation of the previously announced stimulus package outlined at the National People's Congress (NPC). This includes increased funding for trade-in subsidies, corporate equipment upgrades, and broader infrastructure investment. Other areas of focus include strengthening household income, improving the social safety net, and encouraging more diverse and sustainable consumption activity.

On the monetary side, we anticipate a combination of reserve requirement ratio (RRR) cuts and modest policy rate reductions. Front-end Chinese Government Bond (CGB) yields are expected to remain anchored by monetary easing, while the long end may remain steep due to fiscal expansion and increased bond issuance. Should macro conditions deteriorate more sharply, or trade tensions escalate further, we expect Beijing to deploy targeted, incremental stimulus to further buffer growth. Unlike in 2018, we do not foresee a sharp devaluation of the renminbi. However, we do not rule out a managed depreciation of the CNY as part of the broader policy toolkit to absorb external shocks and support competitiveness, especially as export momentum slows.

In terms of portfolio strategies, we have been running with an overweight to duration given our more constructive view on duration vis-à-vis FX. We continue to look for opportunities to extend our duration overweight further particularly where policy easing is gaining momentum and inflation remains contained, such as in Korea, Singapore, and China. In contrast, we have lower conviction calls on Asian currencies, with the focus now more on relative valuation plays rather than outright directional bets. We are selectively positioning across regional currencies where macroeconomic fundamentals and policy trajectories are most supportive. Currently, we favour long positions in INR and PHP against short exposures in the SGD, THB, and RMB. These positions reflect our constructive view on growth differentials, monetary policy stance, and external balances across the region.

Looking over the medium term, we hold a higher-conviction view that the U.S. dollar will resume a weakening trend, driven by narrowing interest rate differentials and a softer U.S. growth outlook. In addition, renewed focus on U.S. fiscal sustainability may exert further downward pressure on the dollar, reinforcing the case for selective exposure to higher-yielding or undervalued currencies.

* 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.

Geographical Breakdown

China	13.4%
Hong Kong	3.9%
India	9.3%
Indonesia	10.7%
Korea	14.0%
Malaysia	9.0%
Philippines	9.4%
Singapore	10.5%
Supranational	8.4%
Thailand	7.5%
US	1.0%
Others	2.1%
Cash and cash equivalents	0.6%

Rating Breakdown

AAA	17.0%
AA	18.2%
A	16.6%
BBB	46.3%
BB	1.3%
Cash and cash equivalents	0.6%

Top 5 Holdings

IBRD 6.5% Apr 2030	4.1%
Inter-American Development Bank 7.05% Apr 2029	3.3%
Republic Of Philippines 6.25% Jan 2036	3.3%
China Development Bank 1.85% Jul 2029	3.2%
China Government Bond 2.88% Feb 2033	2.6%

Fund Characteristics

Average duration (years)	7.9
Yield to Worst	4.7%

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.