This is a Marketing Communication.

FULLERTON FUND MANAGEMENT

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

February 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 primarily issued by companies, governments, quasi governments, government agencies or supranationals in the Asian region.

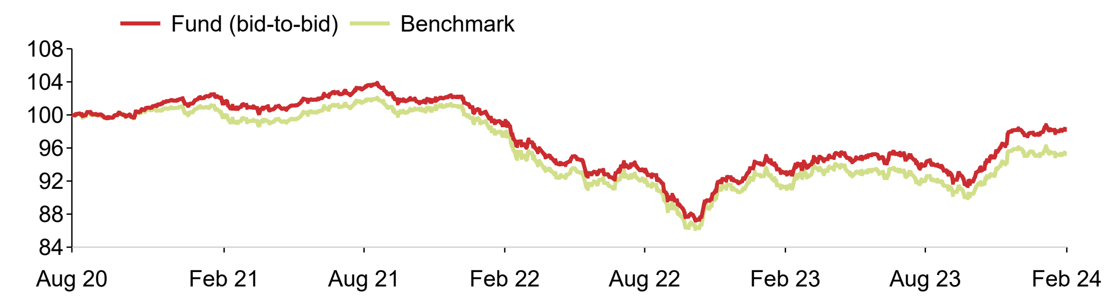
The fixed income or debt securities shall primarily be investment grade with a minimum issue credit rating of BBB- by Standard & Poor's, or Baa3 by Moody's or BBB- by Fitch (or their respective equivalents).

The Fund may also invest in unrated bonds. Unrated bonds will be subject to the Investment Manager's internal rating process and shall have credit quality similar to bonds that are rated minimum BBB- by Standard & Poor's, or Baa3 by Moody's or BBB- by Fitch. The Fund may also invest less than 20% of the Fund's Net Asset Value in contingent convertibles securities.

The Fund's investment in onshore RMB (CNY) bonds may include bonds traded in both the CIBM and PRC Stock Exchanges, made through QFII, RQFII, Bond Connect, direct CIBM program, and/or any other means as may be permitted by the relevant regulations from time to time, for up to 10% of the Fund's Net Asset Value. The Asian countries may 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 6 fund.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	-0.27	2.67	4.03	5.51	-1.07	-0.52	5.07
Fund (offer-to-bid)	-5.02	-2.22	-0.93	0.49	-2.66	-1.88	NA
Benchmark	-0.39	1.85	2.93	4.37	-1.50	-1.35	5.00

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

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

Inception date
14 Aug 2020

Fund size
SGD 134.51 million

Base Currency
USD

Pricing Date
29 Feb 2024

NAV*
SGD 9.82

Management fee**
Up to 0.35% p.a.

Expense Ratio**
0.49 % p.a. (For financial year ended 31 Mar 2023)

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
FUAIHSI LX

ISIN Code
LU2147385111

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* 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.

Market Review (Cont'd)

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.

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.

In terms of our investment strategy, we aim 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. Recently, we had reduced our underweight in duration, primarily through the acquisition of longer-dated new issues in the primary market. This includes off-benchmark investments in Japanese and Australian financial institutions, chosen for their robust credit fundamentals and attractive relative valuations.

In navigating the Chinese market, we have chosen to steer clear of vulnerable sectors such as real estate, Local Government Financing Vehicles (LGFV), and asset management companies, which we perceive as most susceptible to downgrade risks. Consequently, we maintain a substantial underweight in China, influenced by its sluggish activity indicators and the absence of significant policy surprises in the recently concluded "Two Sessions." Our China exposure predominantly lies in state-owned enterprises (SOEs) or government-linked issuers, as well as in Technology, Media, and Telecommunications (TMT), and selected consumer names within the Private-Owned Enterprise (POE) sector. Similarly, we maintain an underweight position in Hong Kong, including in the property sector. Despite encouraging recent property easing measures, which could stoke property transaction volumes in the near-term, these are unlikely to be structural game-changers for the sector. We anticipate that property prices could persistently remain subdued until the oversupply situation is addressed, and a general improvement in the wealth effect is observed.

FULLERTON FUND MANAGEMENT

Geographical Breakdown

Australia	5.3%
China	19.9%
France	2.8%
Hong Kong	1.9%
India	4.2%
Indonesia	5.2%
Japan	10.5%
Korea	15.4%
Malaysia	2.2%
Philippines	4.2%
Singapore	3.5%
Switzerland	3.1%
UK	5.9%
US	18.7%
Others	0.4%
Cash and cash equivalents	-3.1%

Rating Breakdown

AA	20.9%
A	31.9%
BBB	50.2%
*Cash and cash equivalents	-3.1%

Top 5 Holdings

Treasury Bill 0% Apr 2024	8.9%
Treasury Bill 0% Mar 2024	8.5%
Tencent Holdings Ltd 3.94% Apr 2061	3.0%
Standard Chartered Plc 6.296% Jul 2034	2.9%
Bnp Paribas 4.75% Feb 2034	2.8%

Fund Characteristics

Average duration (years)	4.5
Yield to Worst	5.8%

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.
*Negative balances are due to cross month buy trades.

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.

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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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