



## Fullerton Lux Funds – Asian Short Duration Bonds - Class A (USD) Dis

February 2024

### Investment Objective

The investment objective of the Fund is to generate long term capital appreciation and/or income returns for investors.

### Investment Focus and Approach

The Investment Manager seeks to achieve the objective of the Fund by investing in short duration fixed income or debt securities issued by companies, governments, quasi-governments, government agencies or supranationals in the Asian region.

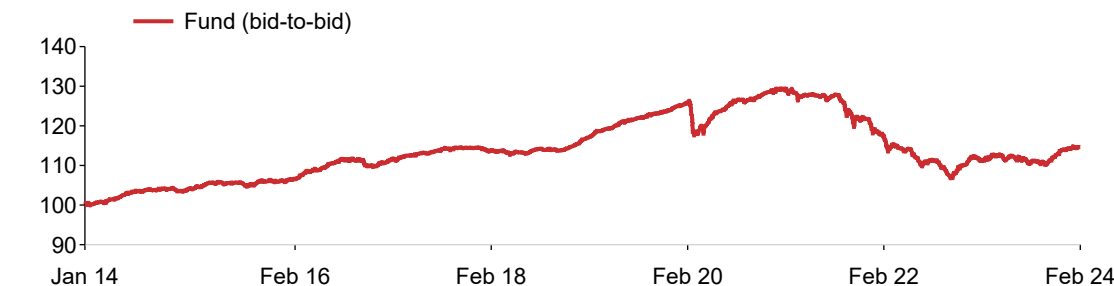
The Asian countries may include but are not limited to China, (including Hong Kong SAR and Taiwan), South Korea, India, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Pakistan and Vietnam.

SFDR Classification:

Article 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>   | 0.09  | 1.79   | 3.27   | 3.05  | -3.83 | -0.44 | 1.30   | 1.35          | 3.37          |
| <b>Fund (offer-to-bid)</b> | -4.68 | -3.06  | -1.65  | -1.86 | -5.39 | -1.41 | 0.81   | 0.87          | NA            |

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 5% which may or may not be charged to investors. Past performance is not indicative of future returns.

Source: Fullerton Fund Management Company Ltd.

### 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

08 Jan 2014

### Fund size

USD 58.42 million

### Base Currency

USD

### Pricing Date

29 Feb 2024

### NAV\*

USD 8.95

### Management fee\*\*

Up to 0.7% p.a.

### Expense Ratio\*\*

0.91 % p.a. (For financial year ended 31 Mar 2023)

### Distributions paid per unit #

Sep 2022: USD 0.068

Dec 2022: USD 0.067

Mar 2023: USD 0.067

Jun 2023: USD 0.090

Sep 2023: USD 0.088

Dec 2023: USD 0.088

### Preliminary Charge\*\*

Up to 5% of 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

FASAUD LX

### ISIN Code

LU0991972695

### 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.

\*\*The list of cost is not exhaustive and the fund may incur other expenses. Please refer to the Prospectus/KIID for more information.

## 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 have been increasing our high yield allocation selectively, focusing on segments that offer relatively attractive all-in yields because of the potential of a technical squeeze, which could further reinforce valuations. The upswing in US treasury yields has created attractive entry points for discerning investors, while at the same time supply headwinds are manageable. The consensus surrounding anticipated Federal Reserve rate cuts in 2024 has further bolstered market optimism, with technical indicators holding firm. Duration-wise, we aim to capitalise on opportunities emerging from higher bond yields, to extend duration modestly, potentially contributing to a more favourable risk-reward outcome.

In navigating the Chinese market, we have chosen to be cautious in vulnerable sectors such as real estate, and Local Government Financing Vehicles (LGFV) - which we perceive as most susceptible to distress risks, given the ongoing weakness in the country's property sector and the absence of significant policy surprises in the recently concluded "Two Sessions." An additional aspect of our strategy involves investments in Japanese and Australian financial institutions, chosen for their robust credit fundamentals and attractive relative valuations. Our attention is also directed towards primary market activities, where we diligently scout for new issues offering attractive premiums. Our focus in this area has intensified at the beginning of the year, a period traditionally characterised by increased primary market activity.

### Geographical Breakdown

|                           |       |
|---------------------------|-------|
| China                     | 24.6% |
| Hong Kong                 | 6.1%  |
| India                     | 13.4% |
| Indonesia                 | 14.9% |
| Japan                     | 3.6%  |
| Korea                     | 13.0% |
| Macau                     | 2.4%  |
| Malaysia                  | 2.6%  |
| Philippines               | 3.0%  |
| Singapore                 | 5.0%  |
| Supranational             | 1.7%  |
| Thailand                  | 1.3%  |
| UK                        | 2.6%  |
| Others                    | 2.3%  |
| Cash and cash equivalents | 3.6%  |

### Rating Breakdown

|                           |       |
|---------------------------|-------|
| AAA                       | 1.7%  |
| AA                        | 3.2%  |
| A                         | 18.4% |
| BBB                       | 58.4% |
| BB                        | 10.7% |
| B                         | 3.9%  |
| Cash and cash equivalents | 3.6%  |

### Top 5 Holdings

|  |      |
|--|------|
| Rec Limited 2.75% Jan 2027             | 2.1% |
| Lenovo Group Ltd 5.875% Apr 2025       | 1.9% |
| Nanyang Commercial Bank 3.8% Nov 2029  | 1.7% |
| Far East Horizon Ltd 2.625% Mar 2024   | 1.2% |
| Indo Asahan/Mineral Ind 4.75% May 2025 | 1.2% |

### Fund Characteristics

|                          |      |
|--------------------------|------|
| Average credit rating    | BBB  |
| Average duration (years) | 2.1  |
| 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.

**Disclaimer:** Important Information: This publication is for information only and does not constitute legal or tax advice, nor is it an offer for shares or invitation to apply for shares of the Fund. The information in this publication pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient.

The value of shares in the Fund and any accruing income from the shares 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. When investing in a fund denominated in a foreign currency, your performance may also be affected by currency fluctuations. The Fund may use or invest in financial derivative instruments. An investment in the Fund entails risks which are described in the Fund's prospectus and Key Investor Information Document.

Distributions (if any) may be declared at the absolute discretion of the investment manager 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.

No shares of the Fund may be directly or indirectly offered or sold to residents of the United States of America.

Subscriptions to shares of the Fund may only be made on the basis of the current Key Investor Information Document (KIID), the full prospectus of the Fund, accompanied by the latest available audited annual report and the latest semi-annual report, if published thereafter. The representative and paying agent in Switzerland is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. The prospectus, the KIID, the articles of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

Applications must be made on the application form accompanying the prospectus, which can be obtained from the investment manager, the representative in Switzerland, and 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.

Issued by Fullerton Fund Management Company Ltd. (UEN: 200312672W), 3 Fraser Street #09-28 DUO Tower Singapore 189352.

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.

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 without reference to a benchmark. 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). 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.

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