



Fullerton Lux Funds – RMB Bonds – Class A (USD)

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 primarily in RMB denominated bonds (both onshore RMB (CNY) and offshore RMB (CNH)), money market instruments, certificates of deposits, term deposits, credit linked bonds and convertibles. The Fund's investments may also include, but are not limited to, USD denominated bonds, credit linked notes, currency forwards and cross currency swaps.

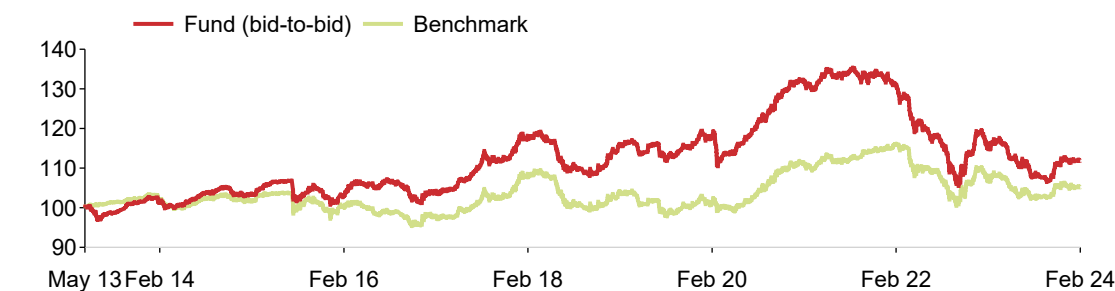
Investment in onshore RMB (CNY) bonds may include bonds traded in both the China interbank bond market and Stock Exchanges in the People's Republic of China ("PRC") and will be made through the Manager's qualified foreign institutional investor ("QFII") and/or Renminbi qualified foreign institutional investor ("RQFII") quota.

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.
Fund (bid-to-bid)	-0.15	0.67	3.37	-2.79	-5.28	-0.72	0.99	1.05	6.28
Fund (offer-to-bid)	-4.91	-4.12	-1.55	-7.42	-6.81	-1.69	0.50	0.59	NA
Benchmark	-0.12	-0.27	2.51	-1.49	-1.76	0.23	0.33	0.47	4.93

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.

Benchmark: CNH Overnight Deposit Rate

Source: Fullerton Fund Management Company Ltd and Bloomberg.

Market Review

The CNH credit markets saw modest gains, as indicated by the iBoxx ALBI China Offshore Index in CNH. Concurrently, China's 10-year government bond yield descended to its lowest point in two decades, driven by expectations of rate cuts amidst ongoing growth concerns. In terms of currency, the renminbi declined against the US dollar over the month.

On the monetary policy front, the PBOC kept the 1-year MLF rate unchanged at 2.5%, as widely expected, while the 5-year LPR which is the key benchmark rate for mortgage loan pricing, was cut by 25bps to 3.95%, larger than the market consensus. The central bank has also stepped up liquidity support substantially, including a 50bps RRR cut earlier in the month. Elsewhere, Chinese travel and spending during the Lunar New Year holiday period exceeded levels prior to the pandemic.

Elsewhere, Asian USD credits exhibited modest gains, as reflected in the JP Morgan Asian Credit Index in USD term. 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 action.

Inception date

07 May 2013

Fund size

USD 39.35 million

Base Currency

USD

Pricing Date

29 Feb 2024

NAV*

USD 11.19

Management fee**

Up to 0.8% p.a.

Expense Ratio**

1.16 % p.a. (For financial year ended 31 Mar 2023)

Preliminary Charge**

Up to 5% of the subscription amount (equivalent to a maximum of 5.26315% of the Net Asset Value per Share)

Dealing day

Every Business Day

Deadline

1pm (CET); 5pm (Singapore time) on each Business Day

Business Day

Business Day for this Fund is a week day on which banks are normally open for business in China, Hong Kong SAR, Luxembourg and Singapore.

Bloomberg Code

FRMBUAC LX

ISIN Code

LU0790903446

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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 incur other expenses. Please refer to the Prospectus/KIID for more information.

Investment Strategy

Looking ahead, our investment strategy at the outset of the year remains largely unaltered. We anticipate China's economic softness to keep a check on CNY sovereign bond yields, along with easing expectations. The recently concluded "Two Sessions" in China did not yield significant policy upside surprises. We maintain concerns about China's unbalanced policy support favouring production over consumption, which may perpetuate deflationary pressures. In the same vein, our outlook remains buoyant regarding CNY duration, which we are expressing through a blend of holdings in CNY sovereign and policy bank bonds—the latter offering a yield advantage over the sovereigns.

In crafting our portfolios, we maintain a preference for credit allocations as a strategy to enhance portfolio yield, tipping the scale more favourably toward CNH credits as opposed to USD credits. This is particularly due to the high hedging costs currently associated with USDCNH transactions. With an expected increase in primary market activities in the first quarter of 2024, our strategy is to increase credit beta, including exposure to the high yield sector. We would primarily be looking at 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.

Rating Breakdown

AAA	2.5%
AA	21.7%
A	37.7%
BBB	26.9%
BB	9.1%
B	0.7%
Cash and cash equivalents	1.3%

Top 5 Holdings

Export-Import Bank Korea 2.8% Mar 2024	3.8%
China Development Bank 3.39% Jul 2027	3.7%
Korea Development Bank 3.4% Jul 2025	3.2%
Hana Bank 3.01% Mar 2024	2.9%
National Australia Bank 3.62% Apr 2025	2.5%

Fund Characteristics

Average duration (years)	2.1
Yield to Worst	4.2%

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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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, "CNH Overnight Deposit Rate", 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. 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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