FULLERTON FUND MANAGEMENT

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

May 2025

Investment Objective

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

Investment Focus and Approach

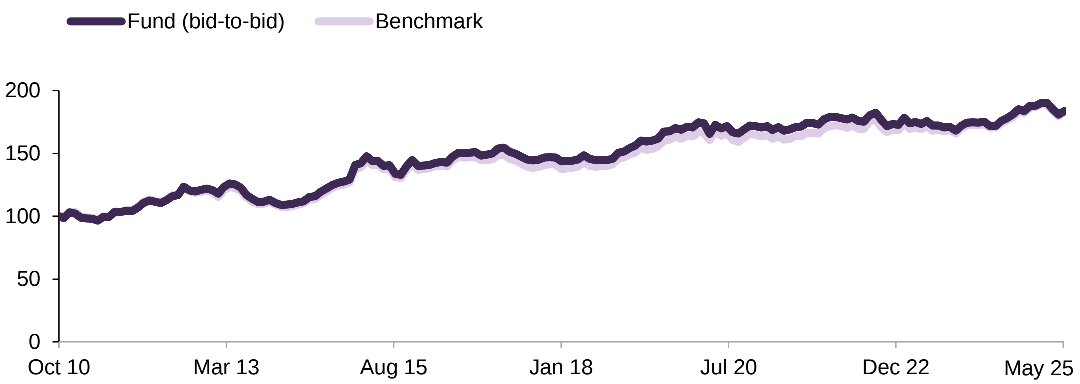
The Fund seeks to achieve its objective by investing in fixed income or debt securities, including convertibles, denominated primarily in Asian currencies and primarily issued by companies, governments, quasi-governments, government agencies or supranationals in the Asian region. These countries may 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)	1.52	-3.70	-2.71	6.02	0.77	0.88	1.77	3.48	7.01
Fund (offer-to-bid)	-3.32	-8.28	-7.34	0.97	-0.85	-0.10	1.27	3.14	NA
Benchmark	1.88	-3.19	-1.88	7.33	2.57	2.21	2.64	4.21	6.84

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.

Inception date
06 Oct 2010

Fund size
EUR 43.66 million

Base Currency
USD

Pricing Date
31 May 2025

NAV*
EUR 16.52

Management fee**
Up to 0.60% 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% 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
ACBIEUA LX

ISIN Code
LU0543883226

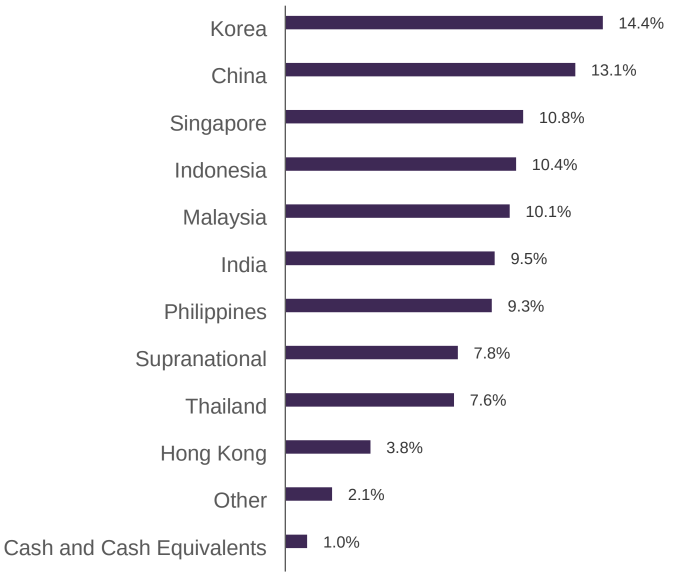
* Figures have been truncated to 2 decimal places. The official price is published on Fullerton's website.

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

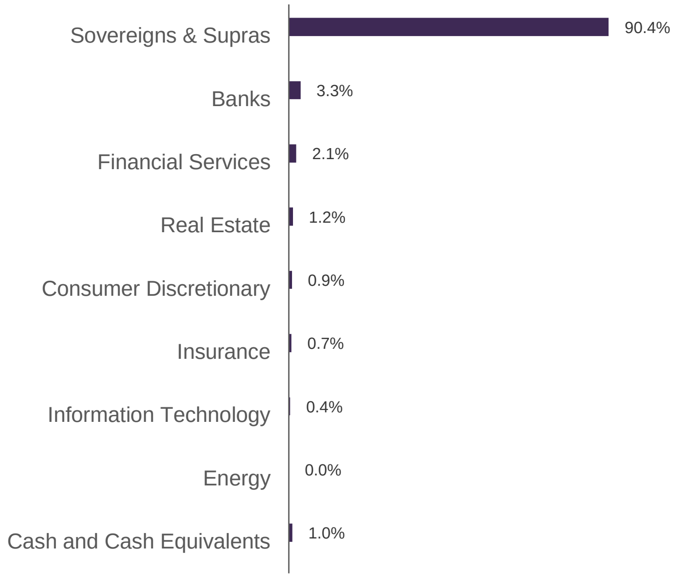
^ Management Company of the Fund is Lemanik Asset Management S.A.

■ Portfolio

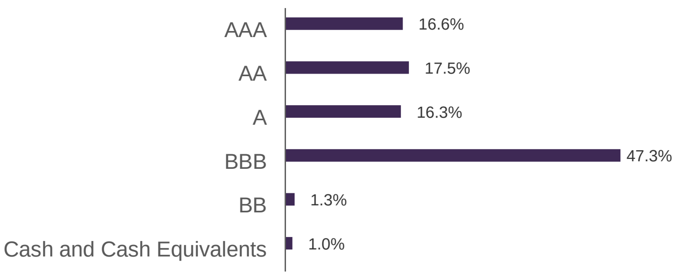
Geographical Breakdown



Sector Breakdown



Rating Breakdown



Fund Characteristics

Average duration (years)	8.1
Yield to Worst	4.4%

Top 5 Holdings

International Bank for Reconstruction & Developmen 6.500 Apr 2030	3.8%
Philippine Government International Bond 6.250 Jan 2036	3.3%
China Development Bank 1.850 Jul 2029	3.1%
Inter-American Development Bank 7.050 Apr 2029	3.0%
Korea Treasury Bond 3.500 Sep 2028	2.7%

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.

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Market Review

Global fixed income markets in May were heavily shaped by developments in the United States. Hopes of easing trade tensions lifted sentiment after the U.S. reached a trade framework with the UK and made significant concessions to China to advance negotiations. Meanwhile, political attention remained centered on the proposed "One Big Beautiful Bill," a broad fiscal package with implications for U.S. budget deficits. The Federal Reserve left its policy rate unchanged at 4.25–4.50%, with Chair Powell maintaining a hawkish tone despite acknowledging employment risks. U.S. Treasury yields rose across the curve on strong early-month activity data, with the 10-year yield peaking above 4.50% before retreating to close May at 4.4%, due to softer macroeconomic prints.

In Asia, local currency bond markets performed well, as reflected by a 1.5% gain in the iBoxx Asian Local Bond Index (ALBI) in unhedged USD terms. The gain was supported by both local duration performance and broad currency appreciation against the U.S. dollar. Most Asian local currency bond markets posted positive returns, led by Hong Kong, while onshore Chinese RMB and Korean bonds were notable outliers and declined in value. Regional monetary policy remained supportive, with several central banks continuing to ease policy in response to softening growth and persistent trade-related uncertainty. The People's Bank of China announced a comprehensive stimulus package, including a RRR cut and targeted rate reductions. The Bank of Korea lowered rates by 25bps and downgraded its GDP outlook, while Bank Indonesia also cut rates amid a second consecutive downward revision to 2025 growth expectations. In contrast, Bank Negara Malaysia held policy rates steady, citing resilient domestic demand. In FX markets, most Asian currencies appreciated against the U.S. dollar—led by the Korean won, Thai baht, and Indonesian rupiah—while the Indian rupee was the primary laggard and depreciated versus the US dollar.

Asian credit markets delivered modestly positive returns in May despite upward pressure on U.S. yields. Credit spreads broadly tightened, supported by improved risk sentiment following signs of a temporary tariff truce. High yield outperformed investment-grade credits, driven by stronger spread compression, particularly in higher-beta names.

Investment Strategy

The global macro environment in 2025 is set to be shaped by the spillover effects of U.S. trade policy. The economic drag from U.S. tariff uncertainty is expected to become more visible in the hard data from mid-year onwards. The initial production front-loading by firms ahead of tariff implementation is likely to reverse, leading to softness in global industrial activity further out. The depth of the downturn will hinge on how the trade conflict unfolds and whether policy responses can buffer the fallout.

In the U.S., this evolving macro backdrop presents a particularly complex inflation-growth mix. Inflation is expected to rise due to tariff-related cost pass-throughs, while growth is expected to slow as business investment and consumer sentiment weaken. The Federal Reserve is likely to remain data dependent, awaiting clearer evidence of economic strain before initiating rate cuts. That said, its reaction function appears asymmetrical—more attuned to labour market weakness than to inflation overshoots. Meanwhile, other developed and emerging markets are likely to pursue more aggressive monetary easing, given their relative insulation from tariff-induced inflation and exposure to disinflationary forces – such as soft energy prices and China's export-driven price compression.

Likewise, we expect Asia's policy landscape to remain accommodative in 2025, with most central banks continuing to ease amid benign inflation, and growing downside risks to growth. The extent of rate cuts will vary, with Malaysia likely delivering fewer due to a shallower tightening cycle earlier. Further easing remains possible, especially if global trade tensions escalate or a weak USD keeps financial conditions supportive.

China retains significant policy room to manage downside risks. Should external demand falter further, authorities are expected to deploy targeted fiscal stimulus (focused on consumption and infrastructure), as well as monetary easing, including RRR cuts and modest rate reductions.

In the FX space, the U.S. dollar could remain on a weakening path, driven by fiscal sustainability concerns, and de-dollarisation trends as global investors seek diversification. Critically, the USD is behaving less consistently as a haven asset. Market reactions to geopolitical and macro shocks no longer uniformly translate to USD strength, reflecting a structural shift in investor behaviour. Asia stands to benefit from a weaker USD. We focus on relative valuations– within the region, with selective positioning in high-yielding or undervalued currencies—such as the INR, PHP and MYR—versus low-beta currencies like the RMB, THB and SGD.

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