

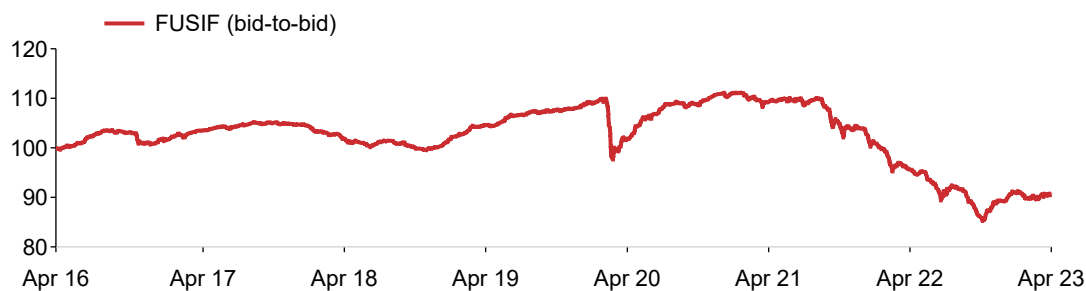
Investment Objective

The investment objective of the Fund is to generate long term capital appreciation and/or income for investors by investing primarily in fixed income or debt securities.

Investment Focus and Approach

The Fund will invest in a diversified portfolio of primarily investment grade fixed income securities having a minimum long-term credit rating of BBB- by Fitch, Baa3 by Moody's or BBB- by Standard & Poor's (or their respective equivalents) and cash. The Fund may also invest in non-investment grade bonds of up to 30% of its Net Asset Value. Non-rated bonds are permitted if they meet the Managers' internal equivalent rating of investment grade. The Fund aims to invest at least 50% of its Net Asset Value in USD denominated bonds. The Fund will be broadly diversified with no specific geographical or sectoral emphasis.

The Managers may use Financial Derivative Instruments for hedging and efficient portfolio management purposes.

Performance (%)


	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	0.72	-0.23	5.65	-5.12	-3.79	-2.29	-1.37	5.40
Fund (offer-to-bid)	-2.21	-3.13	2.58	-7.88	-4.74	-2.87	-1.79	NA

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 3% which may or may not be charged to investors.

Source: Fullerton Fund Management Company Ltd

Market Review

Across the Atlantic, US Treasury yields have traded at a tighter range over April following the large moves in March. Risk sentiment remains skittish amid fears of a tightening in US regional bank lending. Key US data prints have been mixed. Inflation and wage data remain reflective of sticky inflation while the US labour market remains tight. The US Treasury 10-year yield ended the month at 3.4%, 4bps below the prior month. The US Treasury 2-year yield was mostly flat at 4% as of end April, around the same level as a month earlier.

The rally in bonds was also evident in the Asian credit market, which advanced in April, according to the JP Morgan Asian Credit indices. The investment grade sector gained and outperformed the high yield sector. Both sectors benefitted from US duration gains. In contrast, the relative outperformance was driven by tighter spreads in investment grade and wider spreads in the high yield market. From a sector standpoint, Chinese property bonds were the worst performer and fell, reversing some of the earlier gains made after the government announced easing COVID-19 restrictions in November. Otherwise, the rest of the sectors delivered gains, led by the metal and mining, consumer, as well as the oil and gas sectors. Among countries, China, Singapore, and Korea were among the laggards, while Mongolia, Thailand, India, and Macau led the gains.

Inception date

15 Apr 2016

Fund size

EUR 359.90 million

Base Currency

USD

Pricing Date

30 Apr 2023

NAV*

EUR 0.79

Management fee

Currently 0.8% p.a., Maximum 1% p.a.

Expense Ratio

0.88% p.a. (For financial year ended 31 Mar 2022)

Distributions paid per unit #

Dec 2021: EUR 0.007

Mar 2022: EUR 0.005

Jun 2022: EUR 0.003

Sep 2022: EUR 0.003

Dec 2022: EUR 0.003

Mar 2023: EUR 0.004

Minimum Initial Investment

None

Minimum Subsequent Investment

None

Preliminary Charge

Up to 3%

Dealing day

Daily, up to 5pm (Singapore time)

Deadline

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

Bloomberg Code

FULUSID SP

ISIN Code

SG9999015192

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* 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.

Investment Strategy

The beginning of the year has been more positive for the global economy than many had feared, with first-quarter GDP reports validating this view. The resurgence of China's economy has also contributed to the strong growth in Q1 2023. Consumption spending, service sector and construction activities continued to recover, amid an ongoing post-COVID demand bounce and front-loading of policy support. Looking ahead, we believe that the risk of an early policy exit in China is low, based on our readings of the recent Politburo meeting. As a result, we expect policy support and economic recovery to continue in the current quarter.

China's pro-growth policy stance should have positive spillover effects for the rest of the Asian region, supporting continued economic expansion and providing new opportunities for investors. Elsewhere, we believe the banking sector in Asia is relatively well-placed and less vulnerable than its DM peers. Asian banks tend to have more traditional balance sheets, focusing on plain vanilla lending and fee income. Many regional banks also have good access to cheap onshore funding due to the implicit support from government ownership. Asian banks have strong liquidity positions and capital buffers due to stringent regulations and a sticky customer deposit base, which mitigates financial stability risks, and ensures they are well-positioned to weather potential storms in the global economy.

Our portfolio strategy maintains a favourable medium-term outlook on duration, given the rising downside risks to growth and inflation, and anticipated end of the US rate hike cycle. However, in the short term, US Treasuries may appear overbought due to the flight to quality stemming from banking sector stress and potential credit tightening. Therefore, we plan to take advantage of any back-up in bond yields to extend duration to a target duration of 4 years on average, anticipating our positive medium-term duration view. Broadly, we favour investment-grade exposure but maintain selective allocation in the high yield sector. Within the investment grade sector, the overweight continues to be in the BBB bloc rated segment. For the high yield sectors, we favour Macau gaming and renewables, while being taking a credit selective approach to Chinese property credits.

Geographical Breakdown

Australia	2.3%
China	26.0%
France	1.6%
Hong Kong	7.5%
India	13.1%
Indonesia	13.8%
Japan	2.3%
Korea	7.6%
Macau	2.0%
Malaysia	1.4%
Philippines	1.8%
Singapore	7.9%
Supranational	1.7%
Switzerland	1.0%
Taiwan	1.1%
UK	2.0%
Others	2.9%
Cash and cash equivalents	4.1%

Top 5 Holdings

Nanyang Commercial Bank 3.8% Nov 2029	1.9%
Listrindo Capital Bv 4.95% Sep 2026	1.7%
Sarana Multi Infrastruktur 2.05% May 2026	1.4%
CCCI Treasure Ltd 3.425% PERP	1.3%
Minejesa Capital Bv 4.625% Aug 2030	1.0%

Rating Breakdown

AAA	1.7%
AA	3.6%
A	10.8%
BBB	60.4%
BB	14.2%
B	5.0%
CCC	0.2%
Cash and cash equivalents	4.1%

Fund Characteristics

Average coupon	4.1%
Average credit rating	BBB
Number of holdings	323
Average duration (years)	3.7
Yield to Worst	6.7%

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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