FULLERTON FUND MANAGEMENT

Fullerton Asian Bond Fund - Class A (USD)

January 2018

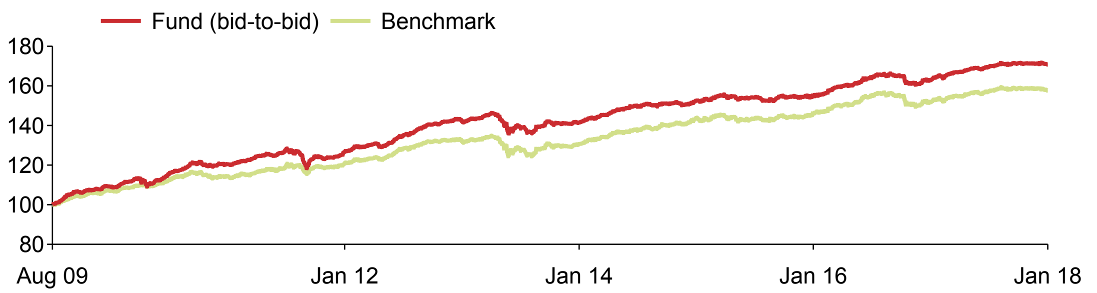
Investment Objective

The investment objective of the Fund is to generate long term capital appreciation for investors by investing all or substantially all of its assets in Fullerton Lux Funds – Asian Bonds (the "Underlying Fund"), a sub-fund of Fullerton Lux Funds.

Investment Focus and Approach

The Managers intend to invest in the Class I - USD share class of the Underlying Fund, which is denominated in USD. The investment objective of the Underlying Fund is to generate long term capital appreciation for investors. The Managers, who also act as the investment manager of the Underlying Fund, seek to achieve the objective of the Underlying Fund by investing in fixed income or debt securities denominated primarily in USD and Asian currencies, issued by companies, governments, quasi-governments, government agencies or supranationals in the Asian region. The Asian countries 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.`

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	-0.39	-0.44	0.68	4.82	3.82	3.74	6.49	4.35
Fund (offer-to-bid)	-3.29	-3.34	-2.26	1.77	2.81	3.13	6.12	NA
Benchmark	-0.74	-0.77	0.29	3.88	3.12	3.59	5.50	3.69

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 3% which may or may not be charged to investors.
Benchmark: JACI Investment Grade Total Return Index*.

Note: The Fund will accrue management fee rebates on a daily basis with effect from 4 September 2012.
Source: Fullerton Fund Management Company Ltd, J.P. Morgan Securities LLC and Bloomberg.

Market Review

Developed bond markets saw a sell-off end January with bond yields rising sharply in the US and the Eurozone.On the policy front, the US Federal Reserve left interest rates unchanged at its January meeting as widely expected. The post-meeting statement provided an upbeat assessment of the economy and indicated that rate increases lay ahead, paving the way for a potential rate hike in March. Over in Europe, the minutes of the European Central Bank's December meeting were interpreted with a hawkish tilt by market participants.

US economic data released during the month was mostly upbeat. The ISM Manufacturing index accelerated to 59.3 in December and remained firmly in expansion territory. US nonfarm payrolls disappointed and only rose by 148,000 in December, below expectations of 190,000. Unemployment rate held steady at 4.1% for the third straight month.On the inflation front, core PCE inflation edged up to 1.52%yoy in December.

In Asia, leading indicators for manufacturing eased in December. Purchasing managers' indices broadly decelerated from November, with the exception of Taiwan and Thailand. New export orders painted a similar picture, as only China and India saw improvement from the previous month. China's economic data moderated during the month. Fixed asset investment (FAI) grew at the same pace of 6.3%yoy in December, unchanged from the previous month. Real estate FAI decelerated significantly to 1.9%yoy in December and infrastructure FAI also slowed to 9.3%yoy. Manufacturing activity showed signs of moderation as the official manufacturing purchasing managers' index (PMI) came in below expectations at 51.3 in January. Elsewhere, China's money and credit data decelerated in December. Tighter

Inception date
03 Aug 2009

Fund size
USD 39.61 million

Base Currency
USD

Pricing Date
31 Jan 2018

NAV*
USD 131.92

Management fee
Currently 0.9% p.a.

Expense Ratio
1.20% p.a. (For financial year ended 31 Mar 2017)

Distributions paid per unit
Sep 2016: USD 1.350
Dec 2016: USD 1.300
Mar 2017: USD 1.330
Jun 2017: USD 1.340
Sep 2017: USD 1.350
Dec 2017: USD 1.350

Minimum Initial Investment
USD 10,000

Minimum Subsequent Investment
USD 10,000

Preliminary Charge
Up to 3%

Dealing day
Daily, up to 5pm (Singapore time)

Bloomberg Code
FULLABA SP

ISIN Code
SG9999006100

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.

Market Review (Cont'd)

mortgage policies and higher funding cost were the likely contributors to weaker credit growth. Total Social Financing (TSF) printed below expectations at CNY 1.14 trillion while new CNY loans were similarly lacklustre at CNY584 billion. On the policy front, it was reported that the People's Bank of China (PBoC) suspended the use of the "Counter-Cyclical Factor" (CCF) in the CNY daily fixing mechanism. Inflationary pressures remained contained as Consumer Price Index (CPI) inflation rose by 1.8%yoy in December, while Producer Price Index inflation moderated further to 4.9%yoy during the month, from 5.8%yoy in November.

The US Treasury market was volatile and the Treasury yield curve flattened further in January. Treasury yields mainly rose in response to central bank rhetoric and improving US economic data. Concerns over China slowing down its purchases of USTs also sent yields higher but yields subsequently retraced after the Chinese authorities denied such reports. The Federal Open Market Committee statement was taken by market participants to be on the hawkish side, which raised the probability of a March rate hike to 90%. The trend of rising US yields was further intensified by improving US core CPI inflation and retail sales revisions, but this was tempered by weaker than expected US nonfarm payroll figures for December. Core European bond yields also rose after the ECB's December meeting minutes were interpreted with a hawkish bias by market participants. Overall, the benchmark US 10-year yield ended the month around 30bps higher at 2.7%.

Asian credits, as represented by the JACI Composite Index, started the year in negative territory and returned -0.52% on the back of rising US Treasury yields. The JACI Investment Grade Index returned -0.74% even as credit spreads tightened by 7.4bps. . Investment grade sovereigns (-0.68%) and quasi sovereigns (-0.68%) were the most affected due to their longer duration. By country, notable laggards were Indonesia (-0.63%) and China (-0.54%).

The JACI High Yield Index posted a small positive gain of 0.25% as the impact from higher US Treasury yields was offset by tighter spreads (+18.8bps). By country, Mongolia posted a strong return of 1.66% after Moody's raised the country's sovereign rating from Caa1 to B3, citing an alleviation in liquidity and external pressures.

The primary market was busy in January although activity slowed at the end of the month due to the volatility in the US Treasury market.

Investment Strategy

Over the month, the fund participated in newly issued bonds of Sunny Optical, Longfor Properties and Times Property. We remain vigilant of central bank normalisation effects in the developed markets and expect US Treasury market to be more volatile in 2018. We would stay defensive in duration and maintain underweight duration stance as the flat yield and spread curves do not offer much incentive to extend duration. As for credit strategy, we continue to favour investment grade over high yield due to little credit differentiation implied in the spread differential. We would maintain select exposure to high yield credits which provide some buffer in rising interest rate environment. We would also maintain a lower or underweight exposure to sectors with higher correlation to USTs.

Country Breakdown

Australia	4.9%
China	22.5%
Hong Kong	14.4%
India	10.8%
Indonesia	11.4%
Japan	4.0%
Kazakhstan	2.0%
Korea	4.5%
Malaysia	2.0%
Netherlands	1.0%
Philippines	1.5%
Singapore	14.1%
Sri Lanka	1.2%
Thailand	1.1%
UK	2.0%
Others	1.6%
Cash	1.0%

Rating Breakdown

AA	0.7%
A	12.0%
BBB	63.1%
BB	13.8%
B	9.3%
CC	0.1%
Cash	1.0%

Top 5 Holdings

India Government Bond 7.28% Jun 2019	2.2%
PCCW Capital No 4 Ltd 5.75% Apr 2022	2.1%
Parkway Pantai Ltd 4.25% Jan 2166	1.6%
Power Finance Corp Ltd 3.75% Dec 2027	1.5%
China Taiping Capital 4.125% Nov 2022	1.4%

Fund Characteristics

Average duration (years)	4.4
Yield to Worst	4.1%

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.