

## Fullerton Asian Bond Fund - Class B (SGD)

July 2016

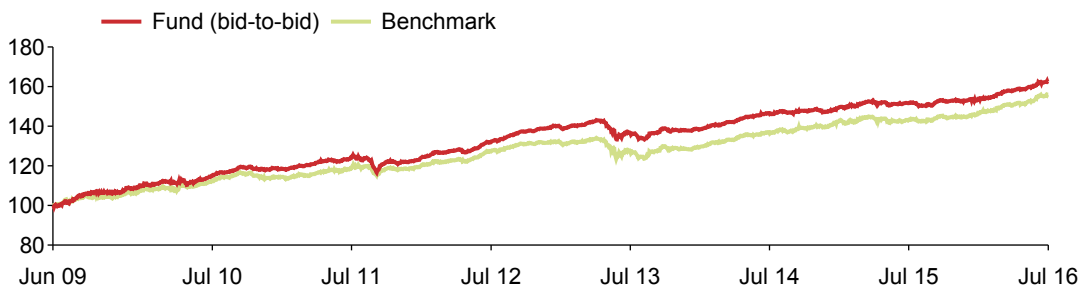
### Investment Objective

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 US\$. 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	Sl. Ann. Ret.	Sl. Ann. Vol.
<b>Fund (bid-to-bid)</b>	0.89	2.67	5.47	7.04	5.97	5.49	7.00	3.97
<b>Fund (offer-to-bid)</b>	-2.05	-0.32	2.39	3.92	4.93	4.88	6.56	NA
<b>Benchmark</b>	1.27	3.40	6.25	8.99	7.06	5.59	6.41	3.79

Returns of more than 1 year are annualised. Returns are calculated on a single pricing basis in SGD 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 – SGD Hedged Index\*, with effect from 8 May 2010.

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

Risk appetite rebounded in July as markets shrugged off the impact of the Brexit vote. Investors took comfort that policymakers globally pledged to stay proactive and contain downside risks to the global economy. Bond markets rallied over the month as investors continued the chase for yield.

On economic data, US 2Q16 GDP came in weaker than expected at 1.2%, as softer business spending weighed on growth. More positively, US jobs data was stronger than expected at 287,000 in June. Macroeconomic news from Asia was mostly positive. Indonesia’s cabinet reshuffle and the appointment of veteran Sri Mulyani Indrawati as the new Finance Minister was received positively by the markets. China’s FX reserves rose US\$13.5 billion in June to reach US\$3.21 trillion. The monthly increase was above market expectations of US\$3.2 billion and suggested that capital outflow was largely contained in June. This is beneficial for China credit as continued capital outflow could put a constraint on monetary policy.

US Treasuries (USTs) had another volatile month. USTs rallied at the start of July as yields tumbled by 5-13 bps, with 10-year yields falling to a record low of 1.36% as investors fled to safe haven assets post Brexit. USTs subsequently gave up some gains in the latter half of the month as the post Brexit rally waned, but closed the month higher with 10-year yields at 1.45%, following the disappointing US 2Q16 print. Asian credits initially rallied on the back of lower UST yields and the rally continued into the month, driven by tightening in spreads as investors continued the yield chase. Overall, the JACI Composite Index gained 1.4% as credit spreads tightened by around 20bps and the yield to maturity for the JACI dropped to a historical low of 3.9%.

### Inception date

08 Jun 2009

### Fund size

SGD 55.75 million

### Base Currency

USD

### Pricing Date

31 Jul 2016

### NAV\*

SGD 1.62

### Management fee

0.9% p.a.

### Expense Ratio

1.14% p.a. (For financial year ended 31 Mar 2016)

### Minimum Initial Investment

None (effective 1 Apr 2010)

### Minimum Subsequent Investment

None (effective 1 Apr 2010)

### Preliminary Charge

Up to 3%

### Dealing day

Daily, up to 5pm (Singapore time)

### Bloomberg Code

FULLABB SP

### ISIN Code

SG9999006118

The Fund is available for SRS subscription.

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

## Market Review (Cont'd)

High yield sovereigns saw a strong rally of 5.2% as spreads tightened significantly to 428bps. Investment grade sovereigns also outperformed with a gain of 2.6% as spreads tightened by 23bps. Sector wise, industrial and metals & mining names outperformed. Oil & gas names mostly lagged as crude oil prices fell towards US\$40/barrel and entered into bear market territory.

## Investment Strategy

Over the month the fund participated in the new bond issues of Export-Import Bank India, Adani Transmission, PCCW, Shenzhen Expressway, Olam, and Sri Lanka. Given the continued weakness in the global economic environment particularly in manufacturing and exports, we remained cautious in our credit selection. With central banks in developed countries and in Asia maintaining loose monetary policy for liquidity support, the low interest rate environment continued to provide support for credit markets. In view of the recent strength of the credit market, we would maintain a shorter duration stance for the fund with respect to its benchmark. We continue to focus on opportunities in corporate bonds with better fundamentals and commensurate valuations while staying selective in the high yield sector.

### Country Breakdown

Australia	4.5%
China	20.1%
Hong Kong	18.5%
India	9.8%
Indonesia	12.7%
Japan	2.2%
Kazakhstan	1.5%
Korea	3.1%
Malaysia	2.4%
Philippines	1.6%
Singapore	12.4%
Sri Lanka	1.8%
Thailand	3.8%
UK	1.5%
Others	1.9%
Cash	2.1%

### Top 5 Holdings

India Government Bond 7.28% Jun 2019	1.9%
Pertamina Persero PT 4.875% May 2022	1.7%
PCCW Capital No 4 Ltd 5.75% Apr 2022	1.6%
China Taiping Capital 4.125% Nov 2022	1.3%
Pertamina Persero Pt 5.25% May 2021	1.1%

### Rating Breakdown

AA	0.7%
A	15.4%
BBB	54.1%
BB	19.9%
B	7.8%
CCC	0.1%
Cash	2.1%

### Fund Characteristics

Average duration (years)	4.5
Yield to maturity	3.6%

Credit Rating : Where the security is not rated by external rating agencies, Fullerton's internal rating methodology will apply.

Yield to Maturity (YTM): Refers to YTM in base currency. Not guaranteed. Past performance is not necessarily indicative of future performance.

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