

Fullerton Lux Funds – Asia Focus Equities - Class A (SGD)

April 2024

Investment Objective

The investment objective of the Fund is to achieve competitive risk adjusted returns on a relative basis.

Investment Focus and Approach

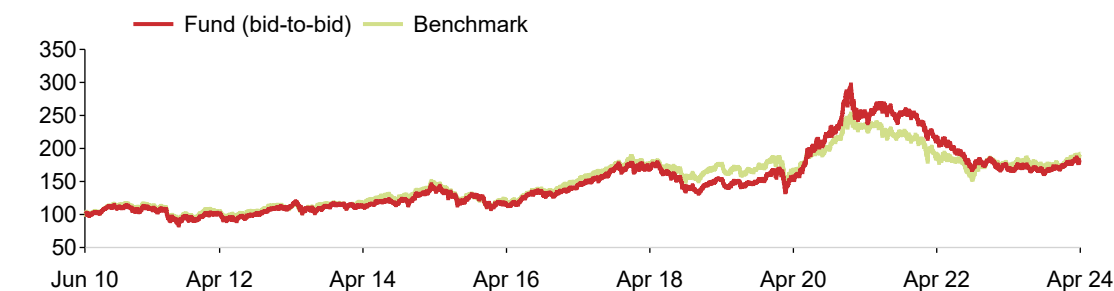
The Fund invests primarily in equities, index futures, cash and cash equivalents. Typically, the Fund will concentrate the investments in a limited number of holdings. The investment universe will include equities listed on exchanges in Asia, as well as equities of companies or institutions which have operations in, exposure to, or derive part of their revenue from Asia, wherever they may be listed. Indirect investments in equities may be via P-Notes where the underlying assets would comprise equities defined above. With effect from 17 July 2019, up to 35% of the Fund's NAV may be invested in China "A" Shares via the Stock Connects and/or any other means as may be permitted by the relevant regulations from time to time.

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)	0.50	6.08	13.13	7.50	-10.39	3.70	5.00	4.42	14.14
Fund (offer-to-bid)	-4.28	1.03	7.74	2.38	-11.84	2.69	4.50	4.06	NA
Benchmark	2.02	11.35	14.37	9.42	-6.44	1.81	5.06	4.79	13.56

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 5% which may or may not be charged to investors. Past performance is not indicative of future returns.

Benchmark: MSCI AC Asia ex Japan Net Index.

Source : Fullerton Fund Management Company Ltd, MSCI Inc. and Bloomberg.

Market Review

Global equity rally took a breather in April with all major equity markets registering negative returns during the month. China was the only exception as the market staged a counter cyclical rally. Sell-off in markets was triggered mainly by recent employment and inflation data which translated to rate cut expectations getting pushed back and thus triggered a sharp increase in bond yields.

In USD terms, Asian markets as represented by MSCI Asia ex Japan Index was however up 1.2% during the month bringing year-to-date returns to 3.7%. China/Hong Kong was the best performing market in the region followed by India while Indonesia was the worst performing market in the region. By sector, Communication Services, Utilities and Consumer Discretionary sectors were the best performing sectors while Information Technology and Healthcare were the worst performing sectors during the month. Consequently, technology heavy markets like Taiwan and Korea also underperformed. Asian markets excluding China and India were also impacted by sharp currency weakness.

Rally in China was broad based with all domestically oriented sectors witnessing sharp gains and was driven by a series of policy announcements to support the markets. These included (1) State council announcement on Nine Initiative 3.0 on capital markets (2) CSRC released five measures to support the Hong Kong market (3) Politburo meeting called for more measures to balance the housing inventory. Additionally, large buybacks by China's internet giants have translated to improving EPS growth for the market. Economic data for China however remain mixed. 1Q24 GDP surprised on the upside at 5.3% but March data for industrial production (+4.5% YoY) and retail sales were both below expectations (+3.1% YOY). April manufacturing PMI was in-line with expectations at 50.3 and has managed to stay in

Inception date

14 Jun 2010

Fund size

SGD 305.13 million

Base Currency

USD

Pricing Date

30 Apr 2024

NAV*

SGD 18.24

Management fee**

Up to 1.75% p.a.

Expense Ratio**

1.94 % 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

Daily

Deadline

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

Bloomberg Code

HCAASGA LX

ISIN Code

LU0516422366

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.

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

Market Review (Cont'd)

53.0 on March to 51.2 in April.

Economic Indicators outside of China were also mixed. Manufacturing PMI for India dipped slightly on a sequential basis but remains healthy at 58.8. Advanced estimate of services PMI however was at record high of 61.7. India's GST collections for April were also at a record high of INR2.1trn (+12.4% YoY) indicating growth remains strong. Korea's 1Q GDP surprised on the upside at 3.4% YoY. March retail sales were also strong at 10.9% YoY but industrial production growth for March was significantly below expectations at 0.7% YoY. Inflation remains largely contained in Asia, however currency pressures resulted in Bank Indonesia unexpectedly lifting its policy rate by 25bps to 6.25%.

Investment Strategy

We remain positive on Asian equity markets as both top down and bottom-up factors are supportive. From a top-down perspective, we expect financial conditions to improve as central banks across the region are likely to pursue more growth-oriented policies in 2024 in view of decline in inflation coupled with a potential Fed pivot. From a bottom-up perspective, we expect a sharp rebound in earnings for the information technology sector (largest sector in Asia) and well as strong earnings growth in domestically driven economies like India and Indonesia. China's economy continues to face structural headwinds, but recent economic indicators are pointing towards stabilization which could limit downside risk.

Specifically, Asia's semiconductor value chain is expected to show strong earnings growth driven by a combination of (1) sharp increase in demand for AI related chips (2) Cyclical rebound in consumer electronics (smartphones, PCs) as well as server demand.

India's GDP growth has surprised on the upside which has translated significant earnings upgrades over the past few months. Earnings expectations for India remain robust (mid-teens) while fund flow remains healthy which should support valuations. Indonesia is also exhibiting similar trends.

Conversely, outlook for China/HK remains uncertain and we expect to market to remain volatile in the near term. Economic growth indicators have stabilised, and valuations are low vs historical levels. However, concerns surrounding LGFVs and real estate sector remains a structural headwind and earnings revisions for China are still negative.

Valuations for Asia are also supportive as MSCI Asia ex-Japan Index is trading below its five-year mean forward price to earnings multiple as well as price-to-book multiple.

Geographical Breakdown

China	23.5%
Hong Kong	2.6%
India	29.3%
Ireland	1.2%
Japan	3.8%
Korea	16.1%
Singapore	3.2%
Taiwan	15.4%
Cash and cash equivalents	4.9%

Sector Breakdown

Communication Services	4.8%
Consumer Discretionary	8.5%
Energy	5.9%
Financials	17.4%
Health Care	1.8%
Industrial	11.9%
Information Technology	31.5%
Materials	4.6%
Real Estate	5.0%
Utilities	3.7%
Cash and cash equivalents	4.9%

Top 5 Holdings

Taiwan Semiconductor Manufacturing	9.8%
Samsung Electronics	7.0%
ICICI Bank Ltd	6.5%
Sk Hynix Inc	5.6%
Tencent Holdings Ltd	4.8%

Disclaimer: This publication is for information only and your specific investment objectives, financial situation and needs are not considered here. The value of units in the Fund and any accruing income from the units may fall or rise. Any past performance, prediction or forecast is not indicative of future or likely performance. Any past payout yields and payments are not indicative of future payout yields and payments. Distributions (if any) may be declared at the absolute discretion of Fullerton Fund Management Company Ltd (UEN: 200312672W) ("Fullerton") and are not guaranteed. Distribution may be declared out of income and/or capital of the Fund, in accordance with the prospectus. Where distributions (if any) are declared in accordance with the prospectus, this may result in an immediate reduction of the net asset value per unit in the Fund. Applications must be made on the application form accompanying the prospectus, which can be obtained from Fullerton or its approved distributors. You should read the prospectus and seek advice from a financial adviser before investing. If you choose not to seek advice, you should consider whether the Fund is suitable for you. The Fund may use or invest in financial derivative instruments. Please refer to the prospectus of the Fund for more information.

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, "MSCI AC Asia ex Japan Net Index", 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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