



Fullerton Lux Fund - Asia Absolute Alpha Class A (SGD) Acc

April 2024

Investment Objective

The investment objective of the Fund is to generate long term positive return, which include both capital appreciation and income.

Investment Focus and Approach

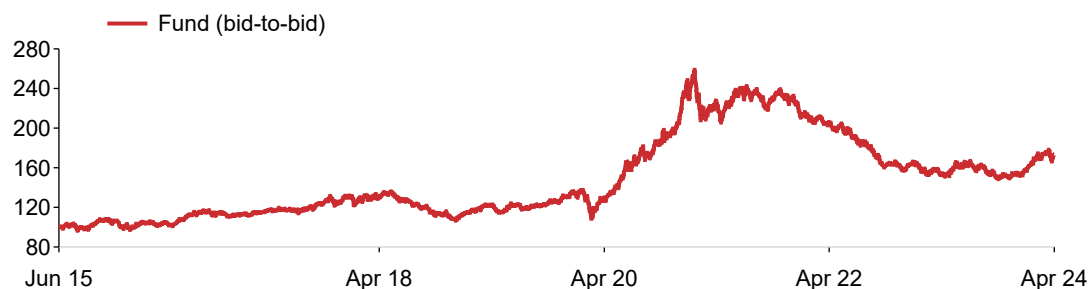
The Investment Manager seeks to achieve the objective of the Fund by investing primarily in, but not limited to, equities, stock warrants, index futures, cash and cash equivalents. The investment universe will include, but not limited to, equities and equities-related securities listed on exchanges in the Asia Pacific region, as well as equities and equities-related securities of companies which have operations in, exposure to, or derive part of their revenue from the Asia Pacific region, wherever they may be listed. The Investment Manager may also make indirect investments in equities via participatory notes and other eligible access products (where the underlying assets would comprise equities defined above). The Fund's investment in China "A" Shares listed on PRC Stock Exchanges may be made through the Stock Connects and/or any other means as may be permitted by the relevant regulations from time to time, for up to 35% of the Fund's net asset value.

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 (%)



Performance Statistics

2024 YTD Return	11.90%	Sharpe Ratio*	0.35
		Sortino Ratio*	0.65
		Maximum Drawdown*	-37.79%

	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	-0.06	10.27	16.82	13.02	-8.20	7.26	6.42	13.65
Fund (offer-to-bid)	-4.82	5.01	11.25	7.64	-9.69	6.23	5.83	NA

*Since Inception

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.

Source: Fullerton Fund Management Company Ltd 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.

Inception date

25 Jun 2015

Fund size

SGD 203.78 million

Base Currency

USD

Pricing Date

30 Apr 2024

NAV*

SGD 17.35

Management fee**

Up to 1.50% p.a.

Expense Ratio**

1.66 % p.a. (For financial year ended 31 Mar 2023)

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

FUAASGD LX

ISIN Code

LU1242518931

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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)

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 expansionary zone for second month in a row. Non-manufacturing PMI however dipped sequentially from 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. Additionally, recent economic data indicates that growth has stabilized in China and recent policy announcements have also been supportive.

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.

China/HK market is likely to remain volatile, but risk-reward is now more favourable as economic growth indicators have stabilised and valuations are low vs historical levels. Recent politburo meeting indicated more measures to digest property inventory and China Communist Party's plenum in July is expected to focus on more reforms. However, concerns surrounding LGFVs, deflation and real estate sector remains a 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	9.2%
Hong Kong	2.3%
India	25.8%
Indonesia	2.7%
Japan	8.7%
Korea	9.2%
Netherlands	1.1%
Singapore	3.1%
Taiwan	11.2%
UK	3.9%
US	19.1%
Cash and cash equivalents	3.6%

Sector Breakdown

Communication Services	9.8%
Consumer Discretionary	6.3%
Energy	8.4%
Financials	9.3%
Health Care	2.6%
Industrial	10.8%
Information Technology	37.7%
Materials	3.9%
Real Estate	2.1%
Utilities	5.5%
Cash and cash equivalents	3.6%

Top 5 Holdings

Taiwan Semiconductor Manufacturing	9.3%
NVIDIA Corp	7.8%
Broadcom Inc	6.5%
Sk Hynix Inc	6.4%
CNOOC Ltd	5.4%

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