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FULLERTON FUND MANAGEMENT

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

February 2024

Investment Objective

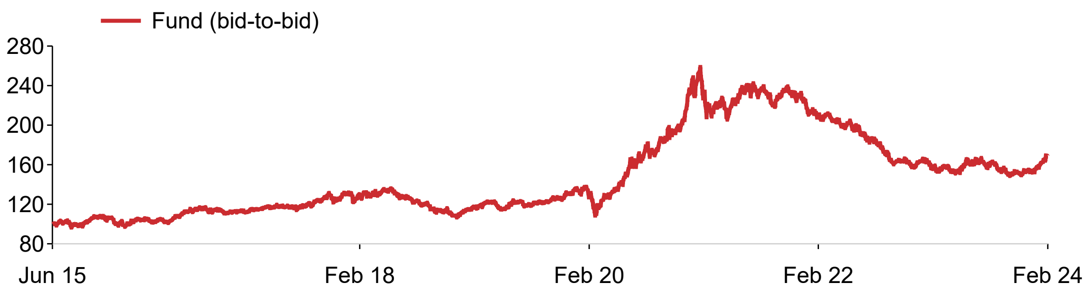
The investment objective of the Fund is to generate long term positive return, which include both capital appreciation and income.

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	**8.37%**	**Sharpe Ratio***	**0.33**
		Sortino Ratio*	**0.62**
		Maximum Drawdown*	**-37.79%**

	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	6.78	10.69	3.79	7.90	-9.54	7.63	6.15	13.75
Fund (offer-to-bid)	1.70	5.42	-1.16	2.76	-11.01	6.59	5.56	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

Equity markets staged a sharp rally in February with all major markets delivering positive returns. While rate cut expectations have been pushed out, positive economic data points in the US coupled with strong rally in AI related stocks powered the markets in February.

Asian markets as represented by MSCI Asia ex Japan Index was up 5.6% (in USD terms) in February, reversing almost the entire drawdown in January and is now almost flat year-to-date. Rally was driven mainly by a recovery in Chinese equities. Both onshore and offshore markets were up sharply on expectations that economy could have bottomed and hope of potential stimulus measures at the upcoming two sessions of the Chinese government. Korea also rallied on rising expectations of a Japan style "value-up" program. India and Asean, on the other hand underperformed during the month.

Economic indicators in China remain mixed. China's manufacturing PMI was down slightly MoM to 49.1

Inception date
25 Jun 2015

Fund size
SGD 190.50 million

Base Currency
USD

Pricing Date
29 Feb 2024

NAV*
SGD 16.80

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 incurs other expenses. Please refer to the Prospectus/KIID for more information.

Market Review (Cont'd)

and remains in contractionary zone. Services PMI was however up slightly MoM to 50.8. New home prices continue to decline sequentially while January CPI was also in negative territory. China cut is LPR (loan prime rate) by 25bps in an effort to the boost the property market.

Outside of China, economic indicators remain healthy. India's headline GDP growth for 3QFY24 surprised on the upside at 8.4% YoY, albeit underlying GVA growth was weaker at 6.5% YoY. Both manufacturing and composite PMIs for India expanded MoM to 56.9 and 61.5 respectively, as compared to January reading of 56.5 and 61.2 respectively. Indonesia's manufacturing PMI dropped marginally from 52.9 in January to 52.7 in February but remains firmly in expansionary zone. Korea's manufacturing PMI slipped from 51.2 in January to 50.7 in February. Similarly, Taiwan manufacturing PMI also declined marginally from 48.8 in January to 48.6 in February. Inflation prints across Asia remain muted and policy rates outside China were also unchanged with most central banks in Asia waiting for cues from the Fed.

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. Combination of above drivers should help to offset the drag from China which continues to face growth headwinds.

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 risk to earnings estimates remains to the downside. Further, concerns surrounding LGFVs and real estate sector remains a structural headwind. We believe, in absence of concrete measures to address the above issues and the ensuing lack of private sector confidence, risk to Chinese equities remains to the downside.

On balance, we believe that the positive from Asia ex China should be able to offset the weakness in China. Most importantly, at an aggregate level, earnings revisions as well as upgrade/downgrade ratio has stabilized. Valuations 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

Australia	1.8%
China	2.2%
Hong Kong	2.3%
India	23.1%
Indonesia	9.1%
Ireland	2.2%
Japan	5.3%
Korea	2.0%
Singapore	3.2%
Taiwan	7.7%
Thailand	2.5%
US	17.3%
Other	1.6%
Cash and cash equivalents	19.9%

Sector Breakdown

Communication Services	12.9%
Consumer Discretionary	4.3%
Energy	8.3%
Financials	13.2%
Health Care	1.2%
Industrial	8.1%
Information Technology	25.2%
Real Estate	2.0%
Utilities	5.0%
Cash and cash equivalents	19.9%

Top 5 Holdings

Taiwan Semiconductor Manufacturing	6.7%
Broadcom Inc	6.1%
NVIDIA Corp	6.1%
Meta Platforms Inc	5.1%
Indosat Tbk PT	3.6%

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