



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

March 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

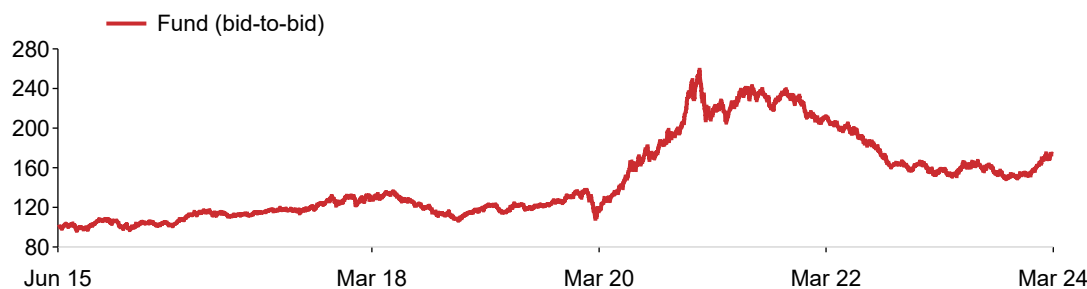
The Investment Manager seeks to achieve the objective of the Fund by investing primarily in, but not limited to, equities, stock warrants, index futures, cash and cash equivalents. The investment universe will include, but not limited to, equities and equities-related securities listed on exchanges in 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

<b>2024 YTD Return</b>	<b>11.98%</b>	<b>Sharpe Ratio*</b>	<b>0.35</b>
		<b>Sortino Ratio*</b>	<b>0.66</b>
		<b>Maximum Drawdown*</b>	<b>-37.79%</b>

	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
<b>Fund (bid-to-bid)</b>	3.33	11.98	12.23	9.91	-6.59	7.57	6.49	13.71
<b>Fund (offer-to-bid)</b>	-1.59	6.64	6.88	4.67	-8.10	6.53	5.90	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

In USD terms, equity markets continued to rally in March with MSCI All Country World Index notching up gains of 3.2% during the month to end first quarter of the year with a total return of 8.3%. Almost all major equity markets were up during the month buoyed with strong economic data prints. March was also characterized by the broadening of the equity rally with Europe and Japan outperforming US during the month. Similarly, Energy, Materials and Utilities were the best performing sector during the month while the Information Technology sector lagged during the month.

Asian markets as represented by MSCI Asia ex Japan Index was up 2.6% bring year-to-date returns to 2.4%. Korea and Taiwan were the best performing markets during the month led by strong rally in the semiconductor stocks. Both India and China, conversely lagged the overall Asia index but managed to eek out positive returns. By sector, Information Technology and Communication Services were the best performing sector the region while Real Estate and Healthcare were the laggards.

## Inception date

25 Jun 2015

## Fund size

SGD 201.05 million

## Base Currency

USD

## Pricing Date

31 Mar 2024

## NAV\*

SGD 17.36

## 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)

Economic indicators in China have improved incrementally but overall growth momentum is mixed at best. March manufacturing PMI surprised on the upside at 50.8 and moved into expansionary zone. Similarly, services PMI was also better than expectations at 53.0 as compared to 51.4 in February. Year-to-date retail sales growth was largely in-line with expectations at 5.5% YoY while industrial production and Fixed Asset Investment (FAI) surprised on the upside at 7.0% and 4.2% YoY growth respectively. However, March exports declined much more than expected at -7.5% YoY. CPI also dipped sequentially to 0.1% YoY while PPI remains in negative territory. Further, property sales remain anaemic which will remain an overhang for the market.

Economic Indicators outside of China also remain healthy. Both manufacturing and composite PMIs for India expanded MoM to 59.1 and 61.3 respectively, as compared to February reading of 56.9 and 60.6 respectively. Indonesia's manufacturing PMI also improved markedly to 54.2 as compared to 52.7 in February. Inflation prints across Asia remain muted and policy rates were 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 positives 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

China	4.3%
Hong Kong	2.2%
India	25.4%
Indonesia	6.0%
Japan	9.4%
Korea	5.0%
Netherlands	2.0%
Singapore	3.1%
Taiwan	11.2%
Thailand	2.3%
US	22.0%
Other	1.0%
Cash and cash equivalents	6.1%

### Sector Breakdown

Communication Services	11.8%
Consumer Discretionary	6.2%
Energy	6.5%
Financials	12.0%
Health Care	2.6%
Industrial	10.2%
Information Technology	37.5%
Real Estate	1.8%
Utilities	5.1%
Cash and cash equivalents	6.1%

**Top 5 Holdings**

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Taiwan Semiconductor Manufacturing	9.2%
Broadcom Inc	9.1%
NVIDIA Corp	8.1%
Sk Hynix Inc	5.0%
Meta Platforms Inc	4.8%

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