

Fullerton Lux Funds – ASEAN Growth – Class I (EUR)

October 2018

Investment Objective

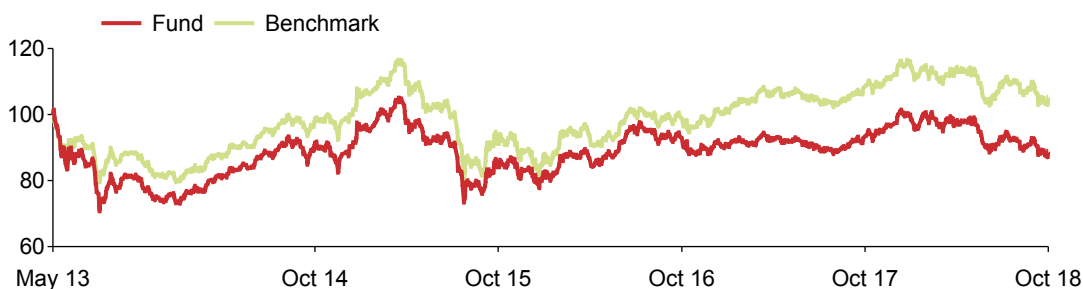
The investment objective of the Fund is to achieve competitive risk adjusted return on a relative basis.

Investment Focus and Approach

The Investment Manager seeks to achieve the Fund's objective by investing primarily in equities, stock warrants, index futures, cash and cash equivalents.

The investment universe will include equities listed on exchanges in the ASEAN region, as well as equities of companies which have operations in, exposure to, or derive part of their revenue from the ASEAN region, wherever they may be listed. The Investment Manager may also make indirect investments in equities via participatory notes, ETFs (Exchange Traded Funds) and other eligible access products (where the underlying assets would comprise equities defined above).

Performance (%)



| | 1 mth | 3 mths | 6 mths | 1 yr | 3 yrs | 5 yrs | Sl. Ann. Ret. | Sl. Ann. Vol. |
|------------------|-------|--------|--------|-------|-------|-------|---------------|---------------|
| Fund | -4.18 | -3.31 | -9.22 | -4.71 | 1.94 | 1.83 | -2.12 | 13.66 |
| Benchmark | -4.12 | -2.68 | -7.55 | -2.93 | 4.99 | 3.54 | 0.97 | 12.69 |

Returns of more than 1 year are annualised. Returns are calculated on a single pricing basis in EUR with net dividends and distributions (if any) reinvested. Offer-to-bid returns are not presented as preliminary charges are currently not charged to investors.

Benchmark: MSCI AC ASEAN Net.

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

Market Review

Financial markets suffered a broad sell-off in October as the overhang from the US-China trade standoff, geopolitics and a hawkish Federal Reserve continued to weigh on investor sentiment; Asian equities ended the turbulent month in negative territory. Volatility continued to grip markets, given rising concerns over corporate profits and the longevity of global economic growth amid rising borrowing costs. Meanwhile, a spike in global yields and a surging US dollar, coupled with soft China macro data and liquidity, soured investment sentiment further. Towards the end of the month, there was a slight relief rally in Asia, thanks to gains eked out by US equities.

On central bank action, policymakers delivered mixed decisions in October. Bank Indonesia (BI) kept its benchmark rate unchanged at 5.75%, and reiterated its commitment to contain the current account deficit. Separately, BI reported it is working on a USD10 billion swap and repo arrangement with the Monetary Authority of Singapore (MAS). During the month, the MAS tightened monetary policy as it allowed a slight increase in the slope of the SGD NEER policy band but kept the band width and level at which it was centred unchanged. The MAS's decision was bolstered by strong 3Q18 GDP growth as well as a stable outlook for sustained growth above trend. During the month, the Singapore economy expanded 2.6%yoy, higher than consensus forecasts albeit slower than the previous quarter, as manufacturing and externally-oriented services drove growth. The government's official forecast is for GDP growth to come in within the upper half of the 2.5-3.5% range this year, before moderating slightly in 2019.

Inception date

27 May 2013

Fund size

EUR 69.04 million

Base Currency

USD

Pricing Date

31 Oct 2018

NAV*

EUR 8.90

Management fee

Up to 1.0% p.a.

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

FLASEIE LX

ISIN Code

LU0926824391

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

Investment Strategy

Headwinds presented by a protracted trade war, a slowdown in new export orders and further tightening in financial conditions, continue to gather momentum and are likely to be harbingers of increasing downgrade risks to Asian macro fundamentals. Regional growth, although remaining somewhat resilient, has seen its outlook weaken on the back of the potential for increasing trade tariffs between the US and China. Our base case is for trade tensions to be protracted, with China's fiscal measures aimed at stabilising growth rather than stimulating growth in a substantial way; with no easy resolution in sight, we foresee the current elevated market volatility regime persisting into year end.

In view of the above, we see challenging prospects for ASEAN equities, with key concerns pertaining to rising earnings risks and tightening liquidity, amid muted and measured policy responses from the region's governments. While valuations have improved with the recent market correction, we prefer to wait for consensus earnings to adjust to our cautious outlook. To this end, we find it sensible adhering to our fundamentally driven approach to bottom-up investing, with a view of increasing exposure to more defensive and quality types of growth companies and sectors, albeit with minimal deviation from the longer term, structural themes driving ASEAN's growth.

Country Breakdown

| | |
|-------------|-------|
| Indonesia | 16.0% |
| Malaysia | 17.9% |
| Philippines | 5.4% |
| Singapore | 29.8% |
| Thailand | 26.3% |
| Cash | 4.6% |

Sector Breakdown

| | |
|------------------------|-------|
| Communication Services | 10.8% |
| Consumer Discretionary | 3.7% |
| Consumer Staples | 8.5% |
| Energy | 12.5% |
| Financials | 40.9% |
| Health Care | 1.5% |
| Industrial | 6.4% |
| Information Technology | 2.7% |
| Real Estate | 5.7% |
| Utilities | 2.9% |
| Cash | 4.6% |

Top 5 Holdings

| | |
|-------------------------|------|
| United Overseas Bank | 9.2% |
| OCBC | 8.9% |
| Public Bank Bhd | 5.4% |
| Bank Central Asia | 5.1% |
| PTT Exploration-Foreign | 4.4% |

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.