

Fullerton Lux Funds - Asia Growth & Income Equities - Class A (USD)

September 2017

Investment Objective

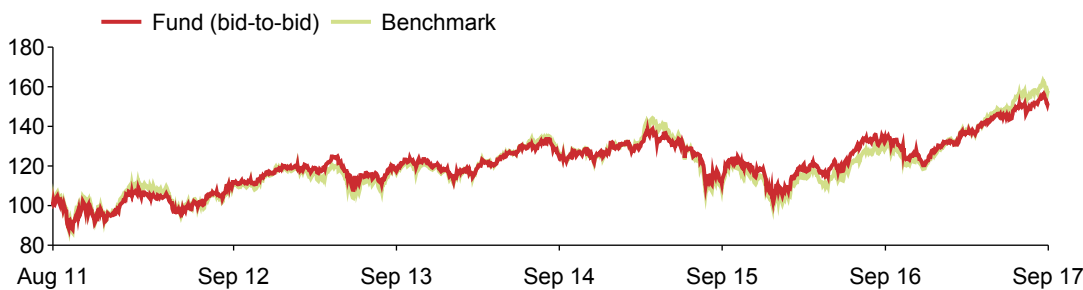
The investment objective of the Fund is to achieve competitive risk adjusted returns on a relative basis.

Investment Focus and Approach

The Fund seeks to achieve its objective by investing primarily in equities of companies in Asia ex-Japan with high dividend yields. The countries include, but are not limited to China, Hong Kong, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand. The Fund is managed based on a bottom-up research process that focuses on fundamental analysis and stock selection to construct a diversified portfolio of companies in Asia. Stocks are selected based on their price versus intrinsic value, dividend yield, dividend growth and change catalyst. Top-down country/asset allocation is monitored with a view to manage potential risks from single country exposure.

Please refer to the prospectus for full details.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	-0.09	4.96	11.15	14.33	6.88	6.29	7.08	14.27
Fund (offer-to-bid)	-4.85	-0.04	5.85	8.88	5.16	5.26	6.22	NA
Benchmark	-0.12	6.62	15.49	22.68	7.88	7.44	7.79	16.24

Returns of more than 1 year are annualised. Returns are calculated on a single pricing basis in USD 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. Benchmark: MSCI AC Asia ex Japan Net Index.

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

Market Review

It was a relatively less volatile month for financial markets and Asian markets ended September mixed. The US Federal Reserve announced it would start unwinding its balance sheet in October and markets priced in a greater probability of a rate increase in December. Meanwhile, there was initial optimism over the proposed US tax reforms but the plan lacked detail on execution, with much opposition expected in Congress. The escalation of tensions between North Korea and the US also capped risk sentiment. Within the region, Thailand outperformed while India lagged.

Central banks in the region mostly stayed on hold in September. The Bank of Thailand (BOT) resisted pressure from the Fiscal Policy Office and left rates unchanged. Moreover, the BOT also raised its GDP growth forecasts for 2017 to 3.8% from 3.5%, on the back of an expansion in exports and a recovery in domestic demand. Similarly, Bank Negara Malaysia and Taiwan's Central Bank of the Republic of China were both more upbeat on growth amidst contained core inflation. Meanwhile, the Philippines central bank held policy rate unchanged and repeated that risks to its inflation outlook remained on the upside, although it was confident of containing inflation within its 2-4% target. Against the above, Bank Indonesia (BI) surprised the market with another 25bps cut to its key policy rate for the second consecutive month. BI cited lower-than-expected inflation and subdued credit growth as bases for its decision.

Inception date

22 Aug 2011

Fund size

USD 250.30 million

Base Currency

USD

Pricing Date

30 Sep 2017

NAV*

USD 15.19

Management fee

Up to 1.5% p.a.

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

FHIASAU LX

ISIN Code

LU0577902611

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

Investment Strategy

Lingering geopolitical uncertainties in North Korea remain a central focus for investors, while the US Federal Reserve's embarkation on balance sheet normalisation also bears close watching. This notwithstanding, we remain upbeat on Asia's growth prospects, on the back of a positive macroeconomic environment buoyed by resilient trade, robust consumption and improved domestic policies. The upcoming 19th National Congress of the Communist Party of China in October should also limit downside volatility in Chinese risk assets, providing some stability for Asian equities, alongside the region's positive earnings outlook. We remain focused on growth companies that are well-positioned to benefit from key investment themes such as increasing connectivity and artificial intelligence as well as financial product penetration.

Country Breakdown

China	30.1%
Hong Kong	12.0%
India	12.0%
Indonesia	3.0%
Korea	15.3%
Malaysia	2.5%
Philippines	3.0%
Singapore	3.3%
Taiwan	9.6%
Thailand	4.6%
US	1.4%
Cash	3.2%

Sector Breakdown

Consumer Discretionary	10.4%
Consumer Staples	0.9%
Energy	1.4%
Financials	33.3%
Health Care	1.3%
Industrial	5.9%
Information Technology	32.0%
Materials	1.5%
Real Estate	4.7%
Telecommunication Services	7.4%
Utilities	1.1%

Top 5 Holdings

Samsung Electronics – Pref.	6.8%
Tencent Holdings Ltd	5.7%
Taiwan Semiconductor Manufacturing	5.4%
Alibaba Group Holding	4.2%
Industrial & Commercial Bank of China	3.8%

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. 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 Fund Management Company Ltd (UEN: 200312672W) 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.