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

March 2017

FULLERTON FUND MANAGEMENT

Investment Objective

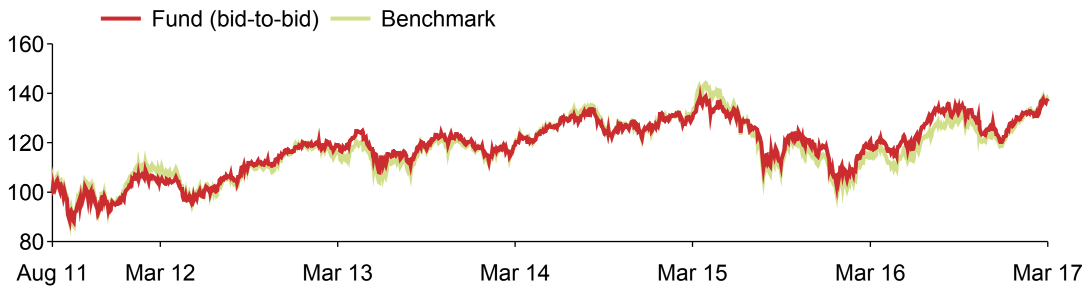
The investment objective of the Fund is to achieve competitive risk adjusted returns on a relative basis.

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	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	3.58	11.77	2.86	13.16	4.69	5.42	5.72	14.75
Fund (offer-to-bid)	-1.35	6.45	-2.04	7.77	3.00	4.40	4.81	NA
Benchmark	3.27	13.39	6.23	17.47	4.66	4.77	5.76	16.74

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

Market sentiment drove Asian stocks in March, with a tailwind boost from higher oil prices and a rally on Wall Street. Although the Federal Reserve raised benchmark interest rates – its second hike in three months – they were less hawkish than expected on the pace of future hikes, which sent equity markets higher. However, concerns over the Trump administration's ability to push through pro-growth policies resurfaced, following the failure of its healthcare reform effort. Markets in Asia had a positive month, with India being the region's top performer.

Monetary policy continued to hold steady in March. Bank Indonesia held its benchmark rate at 4.75% as expected, and from post policy statements, appeared satisfied that banks' lending rates had fallen sufficiently. Similarly, the Bangko Sentral ng Pilipinas kept rates unchanged and noted that upside risks to inflation remained, on the back of tax reforms and administered price increases. The Malaysian central bank also maintained its overnight policy rate and guided that the current stance of monetary policy remained accommodative. Elsewhere, Taiwan's Central Bank of China held its policy rate steady and remained cautious over domestic growth due to the highly uncertainty external environment. In contrast, the People's Bank of China (PBOC) increased its market-based policy rates by 10bps, as rates on the 6-month and 1-year medium-term lending facility moved up. The PBOC has commented that recent upward moves to interest rates are a reflection of changes in money market rates.

Inception date
22 Aug 2011

Fund size
USD 223.97 million

Base Currency
USD

Pricing Date
31 Mar 2017

NAV*
USD 13.66

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

Notwithstanding the region's best quarterly performance since March 2012, investors need to be poised for greater volatility as US policy uncertainties and European political risks look set to dominate sentiment in the months ahead. There are however, reasons to be optimistic – US economic data remains robust and more significantly, a turnaround in Asian trade growth is now visible; such a growth backdrop should lend key support to equities. All things considered, we remain vigilant in the implementation of our high conviction approach to stock selection, taking into account sources of risk and opportunity arising from both top-down and bottom-up drivers. To this end, we have taken profit in positions that have done well while reducing exposure in names with limited catalysts to fund investments in companies with sustainable dividend yield and strong growth outlook. A recent addition to the portfolio is a Malaysian financial institution.

Country Breakdown

China	27.5%
Hong Kong	12.9%
India	13.3%
Indonesia	3.9%
Korea	13.2%
Malaysia	2.2%
Philippines	3.1%
Singapore	5.0%
Taiwan	10.3%
Thailand	5.1%
Cash	3.5%

Sector Breakdown

Consumer Discretionary	13.2%
Consumer Staples	2.7%
Energy	5.4%
Financials	35.8%
Health Care	1.6%
Industrial	6.2%
Information Technology	17.4%
Materials	0.7%
Real Estate	6.1%
Telecommunication Services	9.7%
Utilities	1.3%

Top 5 Holdings

Samsung Electronics – Pref.	5.4%
Taiwan Semiconductor Manufacturing	4.5%
Industrial & Commercial Bank of China	3.8%
AIA Group Ltd	3.3%
Tencent Holdings Ltd	3.0%

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. 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.