

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

Investment Objective

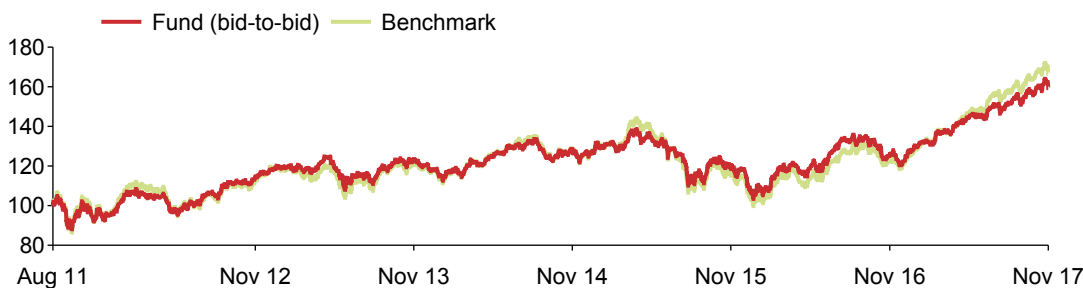
The investment objective of the Fund is to achieve competitive risk adjusted returns on a relative basis.

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)	1.27	4.80	10.34	26.54	7.39	6.78	7.70	14.13
Fund (offer-to-bid)	-3.55	-0.19	5.09	20.51	5.67	5.75	6.86	NA
Benchmark	0.63	5.26	14.15	35.17	8.96	8.04	8.47	16.10

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

Asian equities took a breather in November and ended the month mixed, despite a robust business outlook buoyed by an upbeat 3Q17 earnings season. Sentiment was somewhat affected by increased geopolitical tensions in the Middle East and North Korea while the second half of the month saw markets correct, driven by a global tech selloff. Chinese equity markets were also volatile as investors reacted to fresh government regulations on the asset management industry and a rise in Chinese bond yields.

On monetary policy, central banks in Asia mostly stayed on hold over the month. The Philippine central bank was watchful of inflation upside risk from the possibly higher crude prices as well as potential transitory impact of the government's proposed tax reforms. The Bank of Thailand kept its inflation outlook unchanged but increased its GDP forecast for 2017, and continued to emphasise on preserving financial stability. Meanwhile, the People's Bank of China maintained its stable growth and inflation outlook while stressing the balance between broadly stable liquidity condition and deleveraging. Elsewhere, post-policy statements from the Bank Negara Malaysia (BNM) had a hawkish tilt, as it expressed confidence in Malaysia's economic growth on the back of robust domestic demand and signalled a shift to a slightly tighter monetary stance. Against the above, the Bank of Korea (BOK) raised its policy rate by 25bps to 1.5%, its first rate increase since June 2011. The rate hike was supported by an improving macroeconomic outlook – the BOK expected domestic and external demand to contribute to higher growth, and indicated that future policy direction was upwards.

Separately during the month, Moody's surprised with an upgrade to India's sovereign credit rating for the first time in 13 years (from Baa3 to Baa2). The ratings agency cited continued progress on institutional and economic reforms (GST and bank recapitalisation plan), India's strong growth potential as well as manageable debt levels as reasons for its decision.

Inception date

22 Aug 2011

Fund size

USD 251.69 million

Base Currency

USD

Pricing Date

30 Nov 2017

NAV*

USD 15.93

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

Equity markets have enjoyed a broad-based rally thus far this year, on the back of strong corporate earnings alongside an improving global economy. While the Federal Reserve is expected to hike rates for the third time this year in December, our view remains that monetary policy normalisation will be gradual. Within Asia, there are some concerns over financial deleveraging in China, but the Chinese authorities are likely to take a controlled approach to avoid systemic risk. We have seen upward revisions of earnings growth forecasts and this should continue to provide support to Asian equity markets in the coming months. Against such a positive investment backdrop, we nonetheless find it sensible to remain disciplined in our bottom-up investment approach and focus on quality growth companies. At a broader level, we continue to find good investment opportunities in areas associated with fourth industrial revolution, domestic consumption as well as rising financial product penetration.

Country Breakdown

China	29.9%
Hong Kong	12.3%
India	11.3%
Indonesia	3.2%
Korea	15.7%
Malaysia	1.5%
Philippines	3.2%
Singapore	3.2%
Taiwan	11.5%
Thailand	4.5%
US	1.7%
Cash	2.0%

Sector Breakdown

Consumer Discretionary	10.3%
Consumer Staples	1.0%
Energy	1.3%
Financials	32.6%
Health Care	1.1%
Industrial	4.2%
Information Technology	33.6%
Materials	1.6%
Real Estate	4.2%
Telecommunication Services	7.1%
Utilities	1.1%
Cash	2.0%

Top 5 Holdings

Samsung Electronics – Pref.	7.2%
Tencent Holdings Ltd	6.7%
Taiwan Semiconductor Manufacturing	5.7%
Alibaba Group Holding	4.3%
Industrial & Commercial Bank of China	4.0%

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. 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.