

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

July 2017

Investment Objective

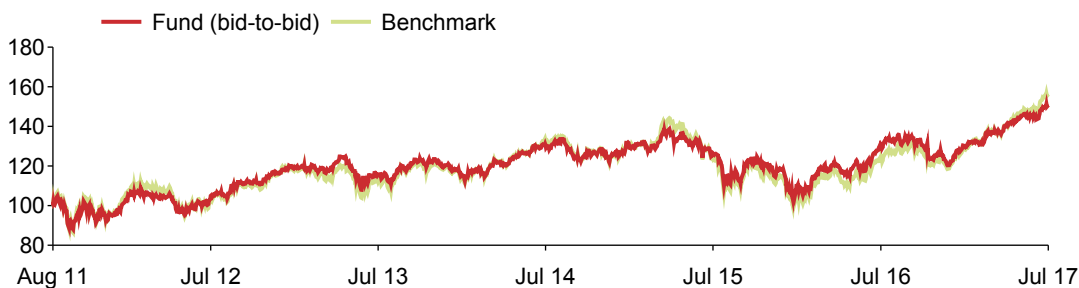
The investment objective of the Fund is to achieve competitive risk adjusted returns on a relative basis.

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)	4.17	7.70	16.41	17.02	4.92	7.51	7.14	14.46
Fund (offer-to-bid)	-0.79	2.57	10.87	11.45	3.23	6.47	6.27	NA
Benchmark	5.35	11.68	21.83	27.34	5.54	8.54	7.79	16.46

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 markets delivered their seventh consecutive month of positive returns in July. During the month, political noise and the non-passage of healthcare reform in the US raised uncertainty over the Federal Reserve's timeline of future rate hikes and balance sheet normalisation. In Asia, healthy corporate results, higher commodity prices and growing optimism regarding the strength of the global economy helped support equities. China was the region's outperformer, while Indonesia lagged in comparison.

Regional central banks held steady in July. The People's Bank of China left the interest rate for Open Market Operations unchanged in July, as did the Bank of Korea (BOK). The BOK revised its 2017 growth forecast upwards again, from 2.6% to 2.8%, as it recognised the improving data direction. Bank Negara Malaysia was similarly more upbeat on growth as it noted improvements in external conditions, which could add to cyclical lift this year. Elsewhere, the Bank of Thailand kept guided that monetary policy should remain accommodative, as domestic demand was not yet sufficiently broad-based. Meanwhile, Bank Indonesia's policy stance remained neutral but its growth-inflation assessment turned slightly more dovish.

Inception date

22 Aug 2011

Fund size

USD 261.78 million

Base Currency

USD

Pricing Date

31 Jul 2017

NAV*

USD 15.07

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

Asia ex Japan equities have done exceptionally well in 1H17, but the pace of upward EPS revisions in the region has slowed and we see the risk-reward profile being more finely balanced now than at the start of the year. Nonetheless, there remain multiple developments that will continue to provide market support and investment opportunities in Asia in the medium term. Asian central banks have leeway to stay supportive on both fiscal and monetary policy fronts, given contained inflation, while hard landing risks in China have also reduced as the Chinese government continues to prioritise stability over the pace of reforms. Sales growth, margin improvement and rising ROEs are among some of the key drivers behind expectations for double-digit corporate earnings growth in the region this year. At the broader level, some key investment themes we see driving our portfolios include increasing connectivity and artificial intelligence, financial product penetration and changing demographics.

Country Breakdown

China	26.7%
Hong Kong	12.1%
India	12.8%
Indonesia	3.7%
Korea	15.0%
Malaysia	3.1%
Philippines	2.6%
Singapore	3.3%
Taiwan	9.3%
Thailand	4.4%
US	1.4%
Cash	5.7%

Sector Breakdown

Consumer Discretionary	11.8%
Consumer Staples	2.2%
Energy	3.4%
Financials	34.8%
Health Care	1.4%
Industrial	6.9%
Information Technology	23.1%
Materials	1.6%
Real Estate	4.7%
Telecommunication Services	8.8%
Utilities	1.3%

Top 5 Holdings

Samsung Electronics – Pref.	5.6%
Taiwan Semiconductor Manufacturing	4.4%
Tencent Holdings Ltd	4.1%
AIA Group Ltd	3.6%
Industrial & Commercial Bank of China	3.5%

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.