

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

### Investment Objective

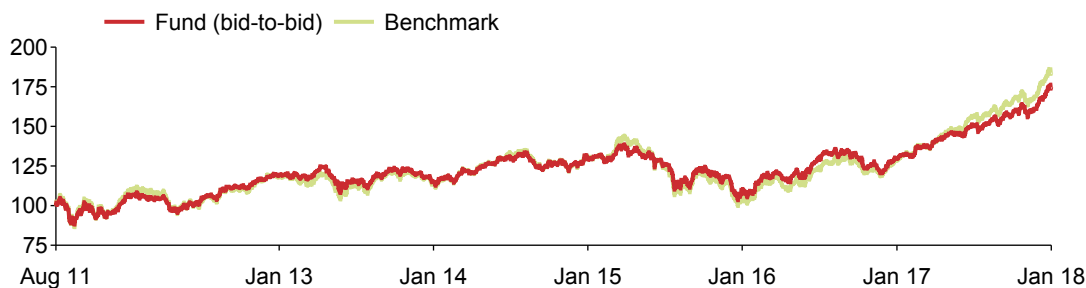
The investment objective of the Fund is to achieve competitive risk adjusted returns on a relative basis.

### 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. |
|----------------------------|-------|--------|--------|-------|-------|-------|---------------|---------------|
| <b>Fund (bid-to-bid)</b>   | 6.86  | 11.19  | 16.04  | 35.09 | 10.59 | 7.95  | 9.06          | 14.17         |
| <b>Fund (offer-to-bid)</b> | 1.77  | 5.89   | 10.52  | 28.66 | 8.81  | 6.90  | 8.23          | NA            |
| <b>Benchmark</b>           | 7.56  | 11.17  | 17.82  | 43.54 | 12.50 | 9.17  | 9.92          | 16.13         |

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 started 2018 on positive footing, notwithstanding selling activity towards the end of the month as rising bond yields weighed on global equity markets. Investors also deliberated if economic growth and optimism over US tax cuts could continue to drive equity prices; Asian equities nonetheless continued to benefit from overall strong inflows and robust risk-on sentiment. Meanwhile, the US Federal Reserve reinforced expectations for a rate increase in March, as it emphasised their plan for more hikes this year.

Monetary policy was mixed in January. Malaysia took the lead in normalising monetary policy as Bank Negara Malaysia (BNM) hiked the benchmark rate by 25bps, the first such hike since July 2014. BNM was optimistic that the current global economic expansion would continue and hence was sanguine on downside risks. Meanwhile, Bank Indonesia (BI) kept its 7d reverse repo rate unchanged while maintaining a neutral monetary stance, reassured by a recovery in the domestic economy. But BI tweaked the bank reserve requirement ratio and loan-to-funding ratio (LFR), with a view of improving policy transmission and financial intermediation. It also widened the eligible credit components of LFR to include securities. Up North, the Bank of Korea remained on hold but sounded slightly more dovish in its post-policy statements. The BOK upgraded its view on the global economy while domestic investment outlook was downgraded, with little mention of financial stability concerns.

### Inception date

22 Aug 2011

### Fund size

USD 232.54 million

### Base Currency

USD

### Pricing Date

31 Jan 2018

### NAV\*

USD 17.49

### 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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UEN: 200312672W

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

## Investment Strategy

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Equity markets in Asia have started 2018 on a firm note and are likely to remain supported by positive fundamentals. A synchronous global recovery, firm corporate earnings and broadening EPS upgrades present a conducive backdrop for regional markets to remain resilient this year. Additionally, reducing concerns pertaining to China's macro stability also provides a welcome tailwind. Notwithstanding the positive consensus for risk assets, we continue to stay vigilant over potential risk events such as inflationary pressures and their impact on US monetary policy normalisation as well as lingering geopolitical flare ups. Moreover, earnings expectations have built up and valuation multiples are unlikely to re-rate further. We are bullish and remain focused on growth fundamentals in our bottom-up search for companies to invest in, and see opportunities particularly in the cyclical growth industries.

### Country Breakdown

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|             |       |
|-------------|-------|
| China       | 34.3% |
| Hong Kong   | 13.2% |
| India       | 9.9%  |
| Indonesia   | 1.7%  |
| Korea       | 13.5% |
| Malaysia    | 1.7%  |
| Philippines | 2.7%  |
| Singapore   | 2.0%  |
| Taiwan      | 11.7% |
| Thailand    | 5.3%  |
| US          | 1.5%  |
| Cash        | 2.6%  |

### Sector Breakdown

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|                            |       |
|----------------------------|-------|
| Consumer Discretionary     | 11.7% |
| Consumer Staples           | 2.0%  |
| Energy                     | 2.1%  |
| Financials                 | 32.4% |
| Health Care                | 1.2%  |
| Industrial                 | 3.0%  |
| Information Technology     | 33.3% |
| Materials                  | 2.8%  |
| Real Estate                | 2.8%  |
| Telecommunication Services | 6.1%  |
| Cash                       | 2.6%  |

### Top 5 Holdings

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|                                       |      |
|---------------------------------------|------|
| Tencent Holdings Ltd                  | 7.5% |
| Samsung Electronics – Pref.           | 7.0% |
| Taiwan Semiconductor Manufacturing    | 6.1% |
| Alibaba Group Holding                 | 4.4% |
| Industrial & Commercial Bank of China | 4.2% |

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**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.