

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

Investment Objective

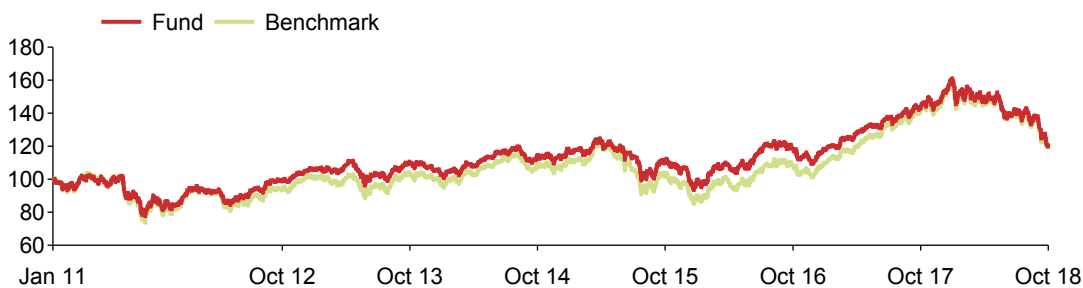
The investment objective of the Fund is to achieve competitive risk adjusted returns on a relative basis.

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	-11.43	-13.95	-18.64	-14.96	3.55	2.08	2.59	14.58
Benchmark	-10.85	-12.98	-17.56	-13.63	6.29	3.33	2.58	16.21

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 are not presented as preliminary charges are currently not charged to investors.

Benchmark: MSCI AC Asia ex Japan Net Index.

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

Market Review

Financial markets suffered a broad sell-off in October as the overhang from the US-China trade standoff, geopolitics and a hawkish Federal Reserve continued to weigh on investor sentiment; Asian equities ended the turbulent month in negative territory. Volatility continued to grip markets, given rising concerns over corporate profits and the longevity of global economic growth amid rising borrowing costs. Meanwhile, a spike in global yields and a surging US dollar, coupled with soft China macro data and liquidity, soured investment sentiment further. Towards the end of the month, there was a slight relief rally in Asia, thanks to gains eked out by US equities.

Turning to central bank action, policymakers delivered mixed decisions in October. The Monetary Authority of Singapore (MAS) tightened monetary policy as it allowed a slight increase in the slope of the SGD NEER policy band but kept the band width and level at which it was centred unchanged. Bank Indonesia (BI) kept its benchmark rate unchanged at 5.75%, and reiterated its commitment to contain the current account deficit. India and Korea similarly left interest rates steady. The Reserve Bank of India took the decision on the back of expectations for inflation to remain contained, as did the Bank of Korea (BOK), which left its inflation estimate for 2018 unchanged despite an unexpectedly high September inflation print. This said, the BOK cut its 2018 growth estimate from 2.9% to 2.7%.

Against the above, the People's Bank of China (PBOC) relaxed monetary policy and indicated an accommodative stance going forward, following a decision to cut the reserve requirement ratio (RRR) for the fourth time this year in a bid to encourage lending. The latest cut will release RMB1.2 trillion in liquidity, of which RMB450 billion will be used to repay maturing medium-term lending facility (MLF) loans.

Inception date

14 Jan 2011

Fund size

USD 162.89 million

Base Currency

USD

Pricing Date

31 Oct 2018

NAV*

USD 12.20

Management fee

Up to 1.0% 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

FHIASIU LX

ISIN Code

LU0577902454

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

Investment Strategy

Asia equity markets remain difficult, as investors grapple with slowing earnings growth, increased market volatility and tightening liquidity in the region. Asian growth, although remaining somewhat resilient, has seen its outlook weaken on the back of the potential for increasing trade tariffs between the US and China. Our base case is for trade tensions to be protracted. As global economic growth continues to moderate, we expect policymakers to become less hawkish and more pro-growth in the coming quarters. Current elevated market volatility regime is likely to persist into year end.

With valuations improving given the recent stock market correction, we have started to focus on stocks that would perform well in 2019. To this end, we have positioned our portfolios accordingly, focusing on dividend growth stocks with better earnings visibility as well as those with improving outlook for next year. It remains sensible adhering to our fundamentally driven approach to bottom-up investing, with minimal deviation from the longer term, structural themes driving Asia's growth.

Country Breakdown

China	32.6%
Hong Kong	13.9%
India	6.7%
Indonesia	1.3%
Korea	9.7%
Malaysia	2.9%
Philippines	1.8%
Singapore	6.9%
Taiwan	11.2%
Thailand	8.0%
Cash	5.0%

Sector Breakdown

Communication Services	10.1%
Consumer Discretionary	8.3%
Consumer Staples	2.3%
Energy	4.5%
Financials	32.5%
Industrial	6.5%
Information Technology	19.9%
Materials	3.3%
Real Estate	5.2%
Utilities	2.5%
Cash	5.0%

Top 5 Holdings

Taiwan Semiconductor Manufacturing	7.7%
Samsung Electronics – Pref.	5.9%
AIA Group	4.6%
China Construction Bank	4.2%
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. Distributions (if any) may be declared at the absolute discretion of Fullerton Fund Management Company Ltd (UEN: 200312672W) (“Fullerton”) and are not guaranteed. Distribution may be declared out of income and/or capital of the Fund, in accordance with the prospectus. 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 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. The Fund may use or invest in financial derivative instruments. Please refer to the prospectus of the Fund for more information.