

Fullerton Lux Funds - Global Emerging Market Equities - Class I (USD)

Investment Objective

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

Investment Focus and Approach

The Investment Manager seeks to achieve the objective of the Fund by investing primarily in equities, preferred shares, stock warrants, convertibles, cash and cash equivalents.

The investment universe will include equities and equities-related securities listed on exchanges in global emerging markets, as well as companies which have operations in, exposure to, or derive part or their revenue from emerging markets, wherever they may be listed.

The Investment Manager may also make indirect investments in equities via other eligible access products (where the underlying assets would comprise equities defined above).

The Fund may utilize financial derivative instruments (FDIs) for hedging and effective portfolio management (EPM) purposes.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund	-9.16	-13.36	-19.78	-18.42	3.70	-3.06	13.65
Benchmark	-8.71	-11.65	-16.53	-12.52	6.52	-0.56	15.57

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 Emerging Markets 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; the MSCI EM index was down 8.8% in USD terms. Equities globally 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.

In Asia, the China market declined by 11.5% before stabilising to claw back some losses towards the end of the month. Investors were initially worried that falling share prices may trigger margin calls over the RMB4 trillion worth of shares under pledge. The Chinese authorities later announced measures to improve the business environment and ease financing conditions for private enterprises, while the People's Bank of China (PBOC) also announced more support with the issuance of an additional RMB150 billion in relending and rediscount credits to encourage the financing of small and medium enterprises. Monthly economic data released during the month was mixed. Manufacturing activity weakened with the official NBS Manufacturing PMI decelerating to 50.2 in October, from 50.8 in the previous month. China's 3Q2018 GDP growth of 6.5%yoy came in weaker than expected, as softer domestic demand weighed on growth. Meanwhile, trade tensions between US and China continued to simmer ahead of a November meeting between Xi and Trump. Elsewhere in Korea, the economy remained weak – the 3Q18 GDP growth estimate came in weaker than expected at 2%yoy, although this was negatively affected by an adverse base effect. During the month, the Bank of Korea (BOK) 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%.

In LATAM, the region outperformed, driven solely by Brazil, following the election of Jair Bolsonaro in the Presidential elections. Investors are anticipating pro-market reforms from the new President, who has

Inception date

24 Jul 2014

Fund size

USD 83.83 million

Base Currency

USD

Pricing Date

31 Oct 2018

NAV*

USD 8.76

Management fee

Up to 1.0% p.a.

Preliminary Charge

Up to 5% of subscription amount (equivalent to a max. 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

FGEIUAC LX

ISIN Code

LU1064131854

For additional information on Fullerton and its funds, please contact:

Fullerton Fund Management Company Ltd

3 Fraser Street
 #09-28 DUO Tower
 Singapore 189352

T +65 6808 4688

F +65 6820 6878

www.fullertonfund.com

UEN: 200312672W

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

Market Review (Cont'd)

announced several initiatives to cut budget deficit. On the flip side, Mexico had the worst month – the President-elect announced he would cancel the new Mexico airport which is already being built halfway, news that was not taken positively by investors. Sentiment took a hit further from currency losses over concerns about rising economic policy uncertainty.

Lastly in EMEA, markets saw negative returns. The murder of Saudi journalist Khashoggi in Turkey took over news headlines globally, creating political tensions between Turkey and Saudi Arabia.

Investment Strategy

Equity markets remain challenged, as investors grapple with slowing earnings growth, increased market volatility and tightening liquidity. 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 will perform well in 2019. To this end, we have positioned our portfolios accordingly, focusing on 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 growth in each of the global emerging markets.

Country Breakdown

Brazil	5.1%
China	19.9%
Hong Kong	8.8%
India	6.4%
Indonesia	1.1%
Korea	12.0%
Malaysia	2.5%
Mexico	4.6%
Russia	3.0%
South Africa	3.6%
Taiwan	8.2%
Thailand	9.0%
UAE	3.1%
UK	2.2%
US	1.5%
Cash	9.0%

Sector Breakdown

Communication Services	15.2%
Consumer Discretionary	4.6%
Consumer Staples	3.0%
Energy	7.8%
Financials	29.0%
Health Care	2.2%
Industrial	2.5%
Information Technology	12.5%
Materials	8.8%
Utilities	5.5%
Cash	9.0%

Top 5 Holdings

Taiwan Semiconductor Manufacturing	4.2%
CTBC Financial Holdings	4.0%
Kasikornbank PCL - Foreign	3.9%
Tencent Holdings	3.6%
HKT Trust & HKT Ltd	3.4%

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 (JEN: 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.