

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

Investment Objective

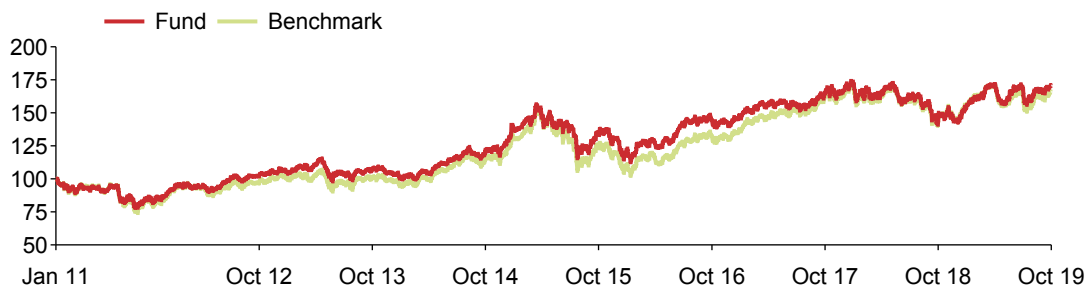
The investment objective of the Fund is to achieve competitive risk adjusted returns on a relative basis.

Investment Focus and Approach

The Fund invests primarily in equities with high dividend yields. The investment universe will include equities listed on exchanges in Asia, as well as equities of companies or institutions which have operations in, exposure to, or derive part of their revenue from Asia, wherever they may be listed. Indirect investments in equities may be via P-Notes (where the underlying assets would comprise equities defined above) and the Fund may also invest in futures on indices composed of or containing securities belonging to the investment universe. The Fund may hold cash and cash equivalents on an ancillary basis. With effect from 17 July 2019, up to 35% of the Fund's NAV may be invested in China "A" Shares via the Stock Connects and/or any other means as may be permitted by the relevant regulations from time to time.

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	2.12	1.56	0.45	18.55	5.72	6.95	6.26	12.90
Benchmark	2.36	1.55	-2.17	15.10	7.81	7.30	5.91	13.96

Returns of more than 1 year are annualised. Returns are calculated on a single pricing basis in EUR 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

Markets across Asia ex-Japan were broadly up in October driven by a string of positive economic data out for both US and China, positive development on trade negotiations and a dovish Fed. Strong US GDP data and jobs data print has alleviated concerns regarding a recession over next few quarters. Further, US equity markets have also been supported by a better than expected 3Q earnings season. China manufacturing data also improved, with the October Markit/Caixin manufacturing PMI figure rising for a fourth consecutive month to 51.7. Investor sentiment was further buoyed by rising probability of a limited trade deal between US and China. In addition, the Fed cut its benchmark rate, as expected, by 25bps in end October to a target range of 1.5-1.75%.

Manufacturing activities in Asia were a mixed bag. Taiwan's manufacturing picked up in October with the PMI at 51.1, the first expansion since May, propelled by stronger demand for food and textile supplies. Thailand and India PMI remained above 50 but declined on a m-o-m basis. Conversely, Malaysia witnessed a manufacturing revival by exports as evidenced from the PMI reading, which was at a six month high but still remains in contraction territory. Singapore and Korea's factory activities were also in contraction mode with little signs on revival. Hong Kong PMI saw a sharp contraction and came in at 39.3 in October, the lowest since the '08 global financial crisis, as a result of trade tensions and the persistent protest movements. China's new orders index improved in October, rising at the fastest pace since the start of the trade war and this bodes well for manufacturing in the region.

Trade data across Asia remains weak due to soft demand from developed economies. Taiwan's exports fell by 4.9% y-o-y in September, its eleventh straight month in contraction, as trade with China fell steeply. South Korea also attributed the weaker trade with China for the 19.5% y-o-y drop in exports over the first twenty days of October. China's trade figure was similarly weak, with exports falling 3.2% y-o-y as US tariffs bite while imports fell by 8.5% y-o-y. There were however some tentative signs of

Inception date

14 Jan 2011

Fund size

EUR 229.81 million

Base Currency

USD

Pricing Date

31 Oct 2019

NAV*

EUR 17.06

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

FHIASIE LX

ISIN Code

LU0577902298

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)

stabilisation.

Thailand's September exports fell by 1.5% y-o-y, a slight improvement from August's 2.1% decline. Singapore's non-oil domestic exports fell by 8.1% y-o-y in September, a smaller decline than in August due to a rebound in exports to the rest of the world except US.

Turning to policies, most central banks in Asia continued to maintain an accommodative monetary policy stance. Bank Indonesia (BI) again cut its policy rate in October by 25bps to 5%. This was the fourth consecutive rate cut in four months. The Reserve Bank of India has cut its short-term lending rates by 25bps to 5.15%, the lowest in more than nine years. The Bank of Korea cut its policy rate by a similar 25bps to 1.25%, its record low. To inject more liquidity into the domestic economy, the Philippine central bank reduced the reserve requirement on local financial institutions by 100 basis points. Elsewhere, policy makers in Thailand, Malaysia and China held their respective policy rates steady.

Investment Strategy

While investment and trade data remains weak, consumer spending continues to hold up well underpinned by strong labor market especially in US. Thus, a global recession still seems some time away. Asia's economic growth outlook has been revised down by IMF but recent PMI data is starting to exhibit some signs on revival especially in the tech sector. Additionally, a limited trade deal between US and China also seems imminent at this juncture (although longer term structural difference remain). A trade truce will be positive for sentiment for export dependent Asian markets and can lead to growth picking up into next year. Simultaneously, US earnings seem to be nearing a trough and commentary from corporate on growth outlook is relatively buoyant. Liquidity in the financial systems will also likely remain abundant as central banks globally coordinate easing policies to bolster growth.

While Asian equity valuations are still above mean vs history, it does appear attractive versus DM equities as well as bonds. Further, investor positioning in Asian equities remains low and thus a positive trade development is likely to spark inflows back into Asia which in turn will potentially drive asset prices higher.

Country Breakdown

China	35.3%
Hong Kong	10.2%
India	11.0%
Indonesia	1.3%
Korea	9.8%
Philippines	1.6%
Singapore	8.9%
Taiwan	12.4%
Thailand	5.3%
Cash and cash equivalents	4.2%

Sector Breakdown

Communication Services	11.8%
Consumer Discretionary	9.3%
Consumer Staples	3.7%
Energy	3.9%
Financials	27.5%
Health Care	1.5%
Industrial	6.4%
Information Technology	21.3%
Materials	1.9%
Real Estate	8.5%
Cash and cash equivalents	4.2%

Top 5 Holdings

Taiwan Semiconductor Manufacturing	6.6%
Tencent Holdings	6.2%
Alibaba Group Holding - ADR	5.8%
Samsung Electronics – Pref.	3.7%
AIA Group	3.0%

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.

This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.