

Fullerton Lux Fund - Asia Absolute ESG Alpha Class A SGD

May 2024

Investment Objective

The investment objective of the Fund is to generate long term positive returns by investing primarily in Asia equities and Asia related equities of companies that contribute to environmental or social objectives, and which the Investment Manager deems to be sustainable investments.

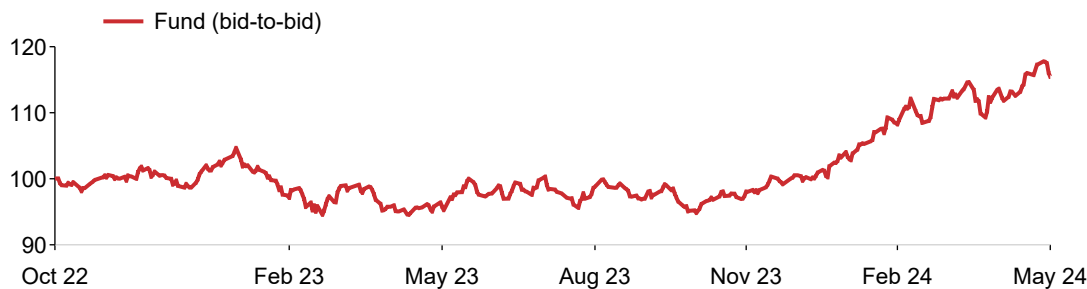
Investment Focus and Approach

The Investment Manager seeks to achieve the objective of the Fund by investing primarily in, but not limited to, equities, index futures, cash and cash equivalents (including but not limited to term deposit and money market funds). The Fund differentiates as an ESG focused one by having stricter ESG ratings inclusion criteria as well as negative screens. In addition, the Fund employs a proprietary ESG thematic framework rooted in UN Sustainable Development Goals to seek investment opportunities and commits to have a lower carbon intensity. The Fund's investment in China "A" Shares listed on PRC Stock Exchanges may be made through the Stock Connects and/or any other means as may be permitted by the relevant regulations from time to time, for up to 35% of the Fund's Net Asset Value. The Fund will typically be comprised of a concentrated portfolio of high conviction holdings, and will be constructed without reference to any particular benchmark.

SFDR Classification:
Article 8 fund.

In line with its ESG methodology, the fund promotes environmental characteristics but does not commit to make environmentally sustainable investments as defined in the taxonomy regulation.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	1.56	6.65	17.67	20.51	9.13	9.28
Fund (offer-to-bid)	-3.28	1.57	12.07	14.77	5.93	NA

Returns of more than 1 year are annualised. Returns are calculated on a single pricing basis in SGD 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. Past performance is not indicative of future returns.

Source : Fullerton Fund Management Company Ltd and Bloomberg.

Market Review

Global equity markets (MSCI All Country World Index) up 4.1% (in USD terms) in May driven by strong returns for the technology sector. MSCI Asia Ex Japan also delivered positive returns but lagged its developed market peers with a return of 1.6% (in USD terms). Taiwan was the best performing market followed by Singapore. Conversely, Philippines and Korea were the worst performing markets in the region. Korea market was dragged down by news that Samsung's HBM chips may have failed NVIDIA's tests due to heat and power consumption woes. From a sector perspective, Utilities followed by Technology was the best performing sector while Health care and Consumer Staples delivered negative returns and were the worst performing sectors.

Over the month, there was rising speculation that China will introduce more policy support including further property purchase relaxations and government-led destocking of existing home inventory. News reports indicated that the 24-member decision making body led by Xi hinted at property support and potential rate cuts. This led to market speculating on a potential policy shift away from the stated "Housing for Living not Speculation" policy.

China's economic data remained mixed. April activity data suggest further slowing in domestic demand with retail sales growth coming in below expectations at 2.3% YoY. However, industrial production reported a beat of 6.7%YoY. Caixin manufacturing PMI remained expansionary and came in at 51.7 for the month of May. Services PMI also remained strong and came in at 54.0. CPI remained low with April's CPI print coming in at 0.3% YoY.

In other parts of Asia, India reported strong 4Q GDP growth coming in at 7.8% which beat consensus.

Inception date

10 Oct 2022

Fund size

SGD 110.82 million

Base Currency

USD

Pricing Date

31 May 2024

NAV*

SGD 11.54

Management fee**

Up to 1.5% p.a.

Management company^ fee**

Up to 0.04% p.a. subject to a minimum monthly fee of EUR 750.00 per Fund per month applied at the Company level

Expense Ratio**

1.86 % p.a. (For financial year ended 31 Mar 2023)

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

FUAEASA LX

ISIN Code

LU2506015903

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Market Review (Cont'd)

CPI in India also remained benign with headline print coming in at 4.7%, largely in-line with consensus. Composite PMI also remained strong at 57.5. Moving to Taiwan, export activity was strong with April's export orders coming in above expectations growing 4.9%MoM.

Investment Strategy

We remain positive on Asian equity markets as both top down and bottom-up factors are supportive. From a top-down perspective, we expect financial conditions to improve as central banks across the region are likely to pursue more growth-oriented policies in 2024 in view of decline in inflation coupled with a potential Fed pivot. From a bottom-up perspective, we expect a sharp rebound in earnings for the information technology sector (largest sector in Asia) and well as strong earnings growth in domestically driven economies like India and Indonesia. Additionally, recent economic data indicates that growth has stabilized in China and recent policy announcements have also been supportive.

Specifically, Asia's semiconductor value chain is expected to show strong earnings growth driven by a combination of (1) sharp increase in demand for AI related chips (2) Cyclical rebound in consumer electronics (smartphones, PCs) as well as server demand.

India's GDP growth has surprised on the upside which has translated significant earnings upgrades over the past few months. Earnings expectations for India remain robust (mid-teens) while fund flow remains healthy which should support valuations. Indonesia is also exhibiting similar trends.

China/HK market is likely to remain volatile, but risk-reward is now more favourable as economic growth indicators have stabilised and valuations are low vs historical levels. Recent politburo meeting indicated more measures to digest property inventory and China Communist Party's plenum in July is expected to focus on more reforms. However, concerns surrounding LGFVs, deflation and real estate sector remains a structural headwind and earnings revisions for China are still negative.

Valuations for Asia are also supportive as MSCI Asia ex-Japan Index is trading below its five-year mean forward price to earnings multiple as well as price-to-book multiple.

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

**The list of cost is not exhaustive and the fund may incur other expenses. Please refer to the Prospectus/KIID for more information.

^Management Company of the Fund is Lemanik Asset Management S.A.

Geographical Breakdown

China	9.8%
Hong Kong	2.0%
India	33.4%
Indonesia	4.8%
Korea	11.5%
Netherlands	4.3%
Philippines	2.0%
Singapore	3.7%
Taiwan	13.1%
US	11.0%
Others	1.0%
Cash and cash equivalents	3.5%

Top 5 Holdings

Taiwan Semiconductor Manufacturing	9.6%
NVIDIA Corp	6.5%
Sk Hynix Inc	6.1%
ICICI Bank Ltd	4.6%
Broadcom Inc	4.5%

Sector Breakdown

Communication Services	12.3%
Consumer Discretionary	9.2%
Financials	15.2%
Industrial	7.4%
Information Technology	38.8%
Real Estate	5.0%
Utilities	8.6%
Cash and cash equivalents	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. 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.

For EU investors:

This is a marketing communication. The investment which is promoted concerns the acquisition of shares in a fund. The Fund is actively managed without reference to a benchmark. You should read the prospectus and the key investor information before making any final investment decision. A summary of investor rights can be found in English at <https://www.lemanigroup.com/governance-asset-management/>. A copy of the prospectus and the key investor information is available in English and other languages (as applicable), and can be obtained from the registered office of the Fund or at www.fullertonfund.com. Please also refer to https://www.fullertonfund.com/literature/fullerton-lux_funds/?_sft_registered=luxembourg for the sustainability-related disclosures of the Fund. The Management Company of the Fund is Lemanik Asset Management S.A. ("Lemanik"). Please note that Lemanik may terminate the marketing arrangements of the Fund in accordance with Article 93a of Directive 2009/65/EC.

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