

Fullerton Lux Funds – Asia Focus Equities - Class A (SGD)

May 2024

Investment Objective

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

Investment Focus and Approach

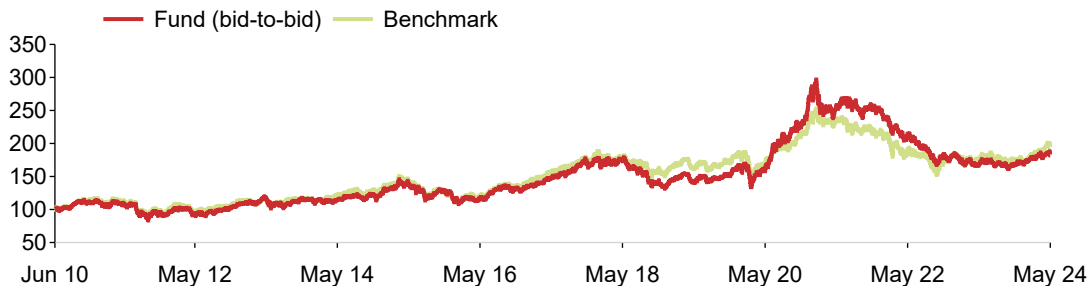
The Fund invests primarily in equities, index futures, cash and cash equivalents. Typically, the Fund will concentrate the investments in a limited number of holdings. The investment universe will include equities listed on exchanges in Asia, as well as equities of companies or institutions which have 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. 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.

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 | 3 yrs | 5 yrs | 10 yrs | Sl. Ann. Ret. | Sl. Ann. Vol. |
|----------------------------|-------|--------|--------|-------|--------|-------|--------|---------------|---------------|
| Fund (bid-to-bid) | -0.28 | 2.91 | 7.55 | 8.63 | -10.89 | 5.19 | 4.76 | 4.37 | 14.10 |
| Fund (offer-to-bid) | -5.03 | -1.99 | 2.43 | 3.46 | -12.33 | 4.18 | 4.26 | 4.01 | NA |
| Benchmark | 0.88 | 5.98 | 10.20 | 11.01 | -6.43 | 3.56 | 4.76 | 4.83 | 13.52 |

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.

Benchmark: MSCI AC Asia ex Japan Net Index.

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

Market Review

In USD terms, Global equity markets delivered positive returns for the month of May although MSCI Asia Ex Japan lagged its developed market peers. MSCI Asia ex Japan delivered a return of 1.6% with Taiwan being the best performing market followed by Singapore. The worst 2 performing geographies were Philippines followed by Korea. 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 were the best 2 performing sectors while Health care and Consumer Staples delivered negative returns and were the worst 2 performing sectors.

Over the month, there was rising speculation that China will introduce more policy support including further purchase relaxations and government-led destocking. Bloomberg reported that Xinhua News Agency readout of meeting by the 24-member decision making body led by Xi hinted at property support and potential rate cuts. Markets speculation that there may be a policy shift from "Housing for Living not Speculation" to destocking, from the upcoming politburo meeting or the Third Plenum to be held in July. All eyes will know be on the Third Plenum next month.

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

14 Jun 2010

Fund size

SGD 305.21 million

Base Currency

USD

Pricing Date

31 May 2024

NAV*

SGD 18.19

Management fee**

Up to 1.75% 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**

1.94 % 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

HCAASGA LX

ISIN Code

LU0516422366

The Fund is available for SRS subscription.

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Market Review (Cont'd)

CPI in India also remained benign with headline print coming in at 4.8%, 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 | 19.0% |
| Hong Kong | 3.9% |
| India | 21.6% |
| Ireland | 3.8% |
| Japan | 6.9% |
| Korea | 16.6% |
| Taiwan | 17.5% |
| UK | 1.0% |
| Others | 1.0% |
| Cash and cash equivalents | 8.7% |

Top 5 Holdings

| | |
|------------------------------------|-------|
| Taiwan Semiconductor Manufacturing | 10.1% |
| Sk Hynix Inc | 6.0% |
| Tencent Holdings Ltd | 5.4% |
| ICICI Bank Ltd | 5.1% |
| Samsung Electronics | 4.7% |

Sector Breakdown

| | |
|---------------------------|-------|
| Communication Services | 5.4% |
| Consumer Discretionary | 18.0% |
| Energy | 3.4% |
| Financials | 17.3% |
| Health Care | 1.4% |
| Industrial | 3.9% |
| Information Technology | 31.9% |
| Materials | 1.9% |
| Real Estate | 4.3% |
| Utilities | 3.7% |
| Cash and cash equivalents | 8.7% |

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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 with reference to the benchmark, "MSCI AC Asia ex Japan Net Index", for performance comparison purpose. 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.lemanikgroup.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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