

## Fullerton Lux Funds - China A Equities - Class I (USD)

May 2024

### Investment Objective

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

### Investment Focus and Approach

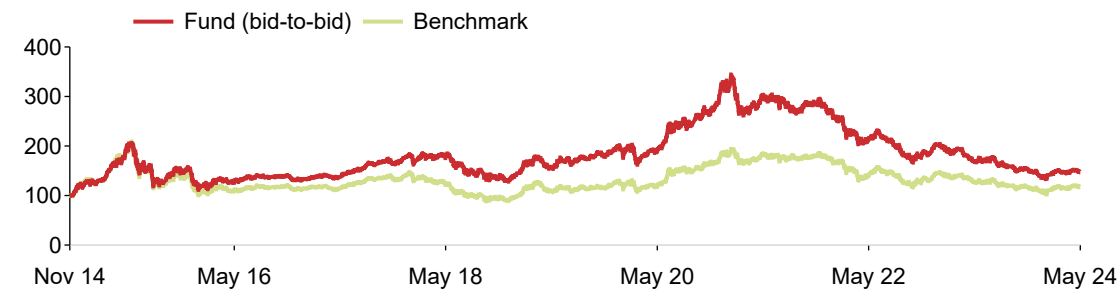
The Investment Manager seeks to achieve the objective of the Fund by investing primarily in China "A" shares listed on PRC Stock Exchanges through the Investment Manager's RQFII quota. The investment universe will include, but not limited to, exchange traded funds, listed warrants, index futures, securities investment funds, listed onshore bonds, money market funds, cash and other financial instruments qualifying as RQFII Eligible Securities.

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	Sl. Ann. Ret.	Sl. Ann. Vol.
<b>Fund (bid-to-bid)</b>	-2.11	-0.13	-4.86	-12.48	-21.49	-1.30	4.09	24.35
<b>Fund (offer-to-bid)</b>	-6.78	-4.89	-9.39	-16.64	-22.78	-2.26	3.56	NA
<b>Benchmark</b>	-0.97	0.85	-0.86	-7.84	-14.30	1.26	1.62	24.38

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 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 China A Onshore Net (USD)

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

### Market Review

Asian markets as represented by MSCI Asia ex Japan Index was however up 1.6% (In USD terms) in the month of May. MSCI China outperformed the regional index returning 2.4% (In USD terms) while MSCI China A was down 0.89%.

China's economic data remained mix. 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.

Over the month, there was rising speculation that policy support will be implemented 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.

### Inception date

10 Nov 2014

### Fund size

USD 28.16 million

### Base Currency

USD

### Pricing Date

31 May 2024

### NAV\*

USD 14.68

### Management fee\*\*

Up to 1.00% 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\*\*

1.25 % p.a. (For financial year ended 31 Mar 2023)

### 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

FCAIUAC LX

### ISIN Code

LU1064130708

**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

## Investment Strategy

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We see opportunities in A share market emerging for the following reasons: the deterioration of the China macro economy is stabilizing. Continued efforts on resolving the property issue showed gradual positive results.

As debt in China is mostly domestically held, the allocation of credit together with the tax regime change potential would play a more important role in risk control and efficiency improvement. Year to date, we have seen raising requirements of SOEs to improve asset efficiency and profitability by the regulator. The recent politburo meeting suggest that the goal is to maintain reasonable pace of development while cleaning up the LGFV debt issue, which could mean more support from central government such as the long-term government bonds announced.

Valuations of China remains attractive and is trading below its 7 year mean. Being selective on quality names would continue to work out for the portfolio.

\* 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.

**Sector Breakdown**

Communication Services	4.6%
Consumer Discretionary	8.3%
Consumer Staples	10.5%
Energy	2.0%
Financials	19.0%
Health Care	7.4%
Industrial	15.3%
Information Technology	16.3%
Materials	8.5%
Utilities	3.9%
Others	1.0%
Cash and cash equivalents	3.2%

**Top 5 Holdings**

Kweichow Moutai	5.2%
China Mobile Ltd	4.0%
China Yangtze Power Co Ltd	3.3%
Midea Group Co Ltd-A	2.7%
Contemporary Amperex	2.6%

**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 with reference to the benchmark, "MSCI China A Onshore Net (USD)", 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](http://www.fullertonfund.com). Please also refer to [https://www.fullertonfund.com/literature/fullerton-lux\\_funds/?\\_sft\\_registered=luxembourg](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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