

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

October 2021

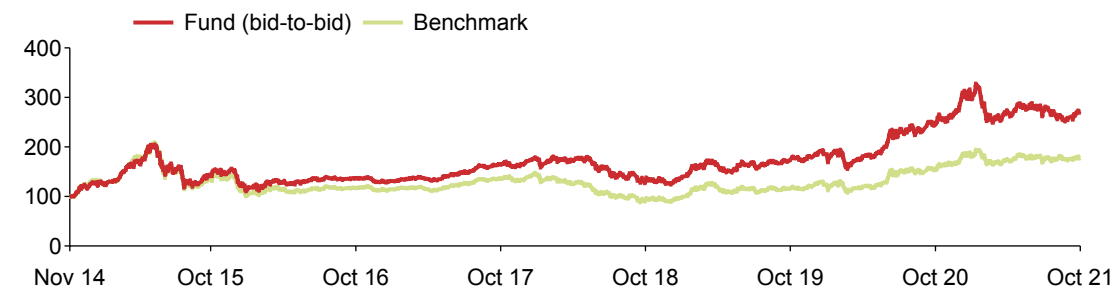
Investment Objective

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.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	5.45	0.03	0.03	11.21	27.64	14.85	15.45	25.00
Fund (offer-to-bid)	0.43	-4.73	-4.74	5.92	25.58	13.74	14.65	NA
Benchmark	2.15	3.31	2.37	16.66	24.80	8.85	8.65	25.07

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.

Benchmark: MSCI China A Onshore Net (USD)

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

Market Review

After a sharp selloff in third quarter, Asian Equities managed to deliver positive returns for the month of October with the MSCI Asia ex Japan Index up 1.4% in dollar. MSCI China A outperformed the broader Asia market with a return of 2% in dollar. China markets were buoyed by hopes that China's recent crackdown on the country tech sector may be winding down with Jack Ma reported to be sighted overseas. Further to that, Evergrande made payments for its overdue bonds which alleviated market concerns on the property sector.

Economic data points were mixed with China's Manufacturing PMI for October declining further to 49.2 vs 49.6 in September. Decline was mainly attributed to the power crunch. Non-Manufacturing PMI also slipped to 52.4 vs 53.2 in September indicating that the Chinese economy is slowing down.

Investment Strategy

12mth FWD earnings growth expectations have slowed, but remain around historic average. What is more concerning is the sharp slowdown in both demand-side and supply-side activity indicators. These downside growth risks may not have been fully priced-in yet.

High valuations remain a headwind, but the sell-off has eased pressures. China's growth in new total social financing has improved which could ease its headwind. The domestic regulatory crackdown will be a long-drawn affair and the future profitability of the impacted sectors is more uncertain. The combination of regulatory risks and US-China relationship tensions makes us cautious.

We have a negative outlook on China equities although China A has stabilized which is encouraging. Potential downside risk could be from the sharp slump in domestic demand indicators and is something that bears watching.

Inception date

10 Nov 2014

Fund size

USD 92.17 million

Base Currency

USD

Pricing Date

31 Oct 2021

NAV*

USD 27.25

Management fee

Up to 1.75% 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

FCAUAC LX

ISIN Code

LU1064131003

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

Sector Breakdown

Consumer Discretionary	10.1%
Consumer Staples	13.6%
Financials	11.3%
Health Care	5.8%
Industrial	16.4%
Information Technology	23.6%
Materials	10.6%
Others	0.9%
Cash and cash equivalents	7.7%

Top 5 Holdings

China Merchants Bank	5.5%
Contemporary Amperex Technology	5.2%
Kweichow Moutai	4.5%
Midea Group	4.1%
Yonyou Network Technology Co Ltd	3.1%

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For EU investors:

This is a marketing communication. 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 the prospectus. 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. 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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