

Fullerton Lux Funds - Asia Growth & Income Equities - Class A (USD)

June 2021

Investment Objective

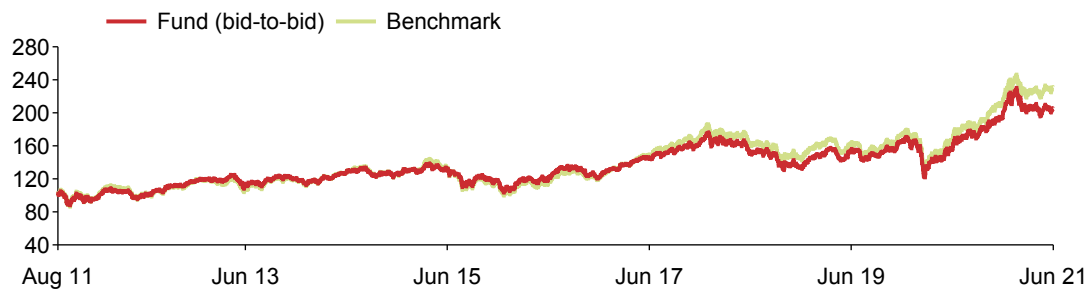
The investment objective of the Fund is to achieve competitive risk adjusted returns on a relative basis.

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 (bid-to-bid)	-1.64	0.88	2.18	31.75	10.19	11.06	7.55	15.42
Fund (offer-to-bid)	-6.32	-3.93	-2.68	25.47	8.42	9.98	7.02	NA
Benchmark	-0.12	3.60	6.40	39.64	12.21	14.50	8.83	16.55

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 AC Asia ex Japan Net Index.

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

Market Review

MSCI Asia ex Japan delivered marginally negative returns for the month of June (-0.1% in USD terms) which takes year to date performance to 6.4% (in USD terms). COVID resurgence and broad based USD strength were the key drivers for markets in June. However, Asia continues to lag developed markets. Philippines, Korea and Taiwan were the relative outperformers while the Asean markets of Indonesia, Malaysia and Thailand lagged. By sector, Consumer Discretionary and Industrials were the best performing sectors while Financials and Utilities lagged.

Delta variant driven COVID resurgence was a key driver for markets with Asean countries being the hardest hit. Economic data points were also soft for second month in a row. China's June Manufacturing and non-manufacturing official PMIs were both down MoM, albeit still remain in expansion territory. However, a sharp rise in China's PPI, which jumped to 9.0% YoY in May has stoked inflation fears. PMI data for most other economies in Asia was also largely down sequentially. Malaysia reported the sharpest fall from 51.3 to 39.9 which is attributed the renewed lock-downs imposed to control COVID. Policy environment remains broadly supportive, however most central banks across Asia are coming to an end of the easing cycle and markets remain concerned about inflation and gradual withdrawal of stimulus measures.

Inception date

22 Aug 2011

Fund size

USD 122.93 million

Base Currency

USD

Pricing Date

30 Jun 2021

NAV*

USD 20.50

Management fee

Up to 1.5% 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

FHIASAU LX

ISIN Code

LU0577902611

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

Investment Strategy

We maintain relatively sanguine on Asian Equities on the back of healthy earnings growth momentum. Strong domestic consumption in China, favorable semi-conductor cycle as well as a recovery in hardest hit economies in South Asia towards 2H21 underpin the earnings recovery narrative for Asia. Conversely, some sectors are facing downside risk to earnings and thus stock selection remains imperative in the current environment.

Valuations have pulled back from recent highs but still remain more than 1 standard deviation above 5 and 10 year mean. Further, recent rise in bond yields imply that scope for valuations to re-rate from current levels is fairly limited. Thus, market upside is likely to come mainly from earnings growth which is still robust.

Monetary tightening in China in the form of any premature withdrawal of liquidity support, further regulatory scrutiny on the Internet sector in China as well as COVID trajectory are main risks to Asian equities.

Geographical Breakdown


China	35.6%
Hong Kong	8.6%
India	10.7%
Indonesia	2.1%
Korea	14.7%
Singapore	3.6%
Taiwan	19.1%
Thailand	1.1%
Others	1.0%
Cash and cash equivalents	3.7%

Sector Breakdown

Communication Services	14.4%
Consumer Discretionary	13.7%
Consumer Staples	2.0%
Energy	3.2%
Financials	15.6%
Health Care	3.1%
Industrial	7.4%
Information Technology	30.9%
Materials	2.9%
Real Estate	3.1%
Cash and cash equivalents	3.7%

Top 5 Holdings

Taiwan Semiconductor Manufacturing	9.5%
Samsung Electronics	7.0%
Alibaba Group Holding	6.8%
Tencent Holdings	6.6%
AIA Group	3.0%



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