

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

## Investment Objective

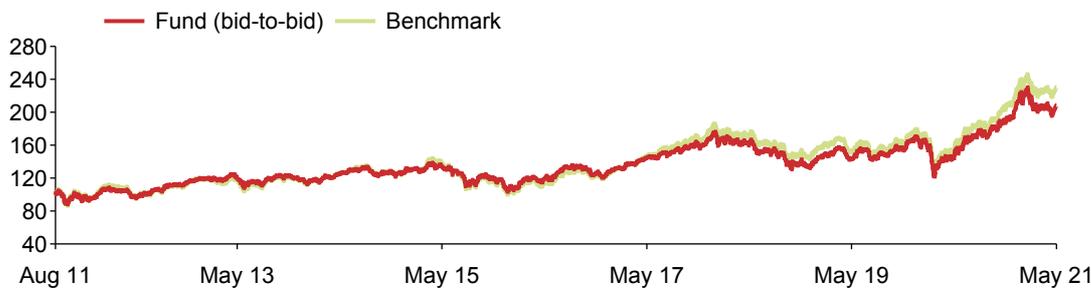
The investment objective of the Fund is to achieve competitive risk adjusted returns on a relative basis.

## 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. |
|----------------------------|-------|--------|--------|-------|-------|-------|---------------|---------------|
| <b>Fund (bid-to-bid)</b>   | 0.36  | -1.22  | 11.49  | 44.67 | 8.81  | 11.80 | 7.80          | 15.47         |
| <b>Fund (offer-to-bid)</b> | -4.42 | -5.93  | 6.18   | 37.78 | 7.06  | 10.72 | 7.26          | NA            |
| <b>Benchmark</b>           | 1.22  | 1.10   | 13.77  | 51.52 | 10.43 | 15.13 | 8.92          | 16.62         |

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 Index (in USD terms) had another strong month in May with the index up 3.7% which takes year to date performance to 6.5%. However, Asia continues to lag developed markets. India, China-A and Taiwan were the best performing markets while Thailand, Malaysia and Indonesia were the notable underperformers. By sector, Healthcare and Materials rallied the most while Consumer Discretionary and Communication Services were the laggards.

COVID resurgence which began in April, further intensified in May. Many countries like Taiwan and Singapore, which have till now managed to control the virus relatively well, also witnessed renewed outbreaks. Further, India and Malaysia continue to report record cases and fatalities. Economic data points for the month were relatively soft. China's May Manufacturing and non-manufacturing official PMIs were relatively stable MoM and remain firmly in expansion territory. However, a sharp rise in China's April PPI to 6.8% YoY has stoked inflation fears. PMI data for most other economies in Asia was also largely down sequentially with India's COVID ravaged economy reporting the largest drop in the region from 55.5 in April to 50.8 in May. 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 198.90 million

## Base Currency

USD

## Pricing Date

31 May 2021

## NAV\*

USD 20.85

## 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.

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## Investment Strategy

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We maintain our constructive view on Asian Equities on the back of healthy earnings growth. 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.

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. Factset consensus estimates indicate a healthy 34% YoY earnings growth for MSCI Asia ex Japan for 2021.

Monetary tightening in China in the form of any premature withdrawal of liquidity support as well as COVID trajectory are main risks to Asian equities. In addition, Tensions between the US & China also remains a risk to Asia's supply-chain.

### Geographical Breakdown

|                           |       |
|---------------------------|-------|
| China                     | 37.1% |
| Hong Kong                 | 8.3%  |
| India                     | 10.3% |
| Indonesia                 | 1.6%  |
| Korea                     | 12.7% |
| Singapore                 | 4.6%  |
| Taiwan                    | 17.0% |
| Thailand                  | 1.8%  |
| Others                    | 1.1%  |
| Cash and cash equivalents | 5.6%  |

### Sector Breakdown

|                           |       |
|---------------------------|-------|
| Communication Services    | 14.3% |
| Consumer Discretionary    | 12.6% |
| Consumer Staples          | 2.7%  |
| Energy                    | 2.0%  |
| Financials                | 15.6% |
| Health Care               | 4.9%  |
| Industrial                | 6.6%  |
| Information Technology    | 28.9% |
| Materials                 | 2.1%  |
| Real Estate               | 4.7%  |
| Cash and cash equivalents | 5.6%  |

### Top 5 Holdings

|                                    |      |
|------------------------------------|------|
| Taiwan Semiconductor Manufacturing | 9.2% |
| Tencent Holdings                   | 6.9% |
| Samsung Electronics                | 6.9% |
| Alibaba Group Holding              | 5.4% |
| AIA Group                          | 2.8% |

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