

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

Investment Objective

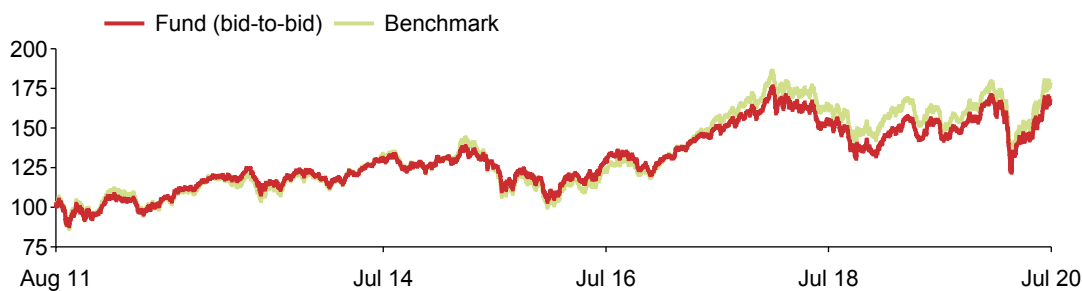
The investment objective of the Fund is to achieve competitive risk adjusted returns on a relative basis.

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.
Fund (bid-to-bid)	8.33	14.91	6.50	10.88	3.80	5.92	6.01	15.71
Fund (offer-to-bid)	3.17	9.43	1.43	5.60	2.13	4.90	5.43	NA
Benchmark	8.50	16.21	8.16	12.31	4.63	7.51	6.72	16.95

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

Equity markets across Asia extended the rally into July on the back of the improving economic data (especially in China) and rising hopes of COVID-19 vaccine availability. MSCI Asia ex Japan Index thus ended the month up 8.6% and is now up 3.5% year-to-date in USD terms. Asia-ex-Japan outperformed global/developed markets during the month. Within Asia, Taiwan, China and India led the gains while Asean markets were the laggards. By sector, technology and internet stocks outperformed while financials lagged.

While COVID-19 continues to spread in many part of US, India and Brazil and many cities have also witnessed a second wave, overall sentiment remains buoyant as economies continues to re-open regardless and chances of a widespread second lockdown remain low. Within Asia, while some cities like Hong Kong reported an increase in infection rate which led to re-introduction of restrictions but overall COVID-19 incidence rate remains under control across most major economies except India and Philippines. This has enabled progressive improvement in economic activity.

Thus, economic data points continue to improve across Asia. China's second quarter GDP growth of 3.2% YoY was better than expectations and outlook for second half remains strong. July manufacturing PMIs also further improved across most countries in Asia. Caixin China Manufacturing PMI was up 1.6pts MoM to 52.8 which is highest level since 2011. Taiwan's Markit Manufacturing PMI also expanded sharply (up 4.4pts) and moved back into expansion territory. Similarly, Korea, Indonesia and Singapore also reported improving trend in manufacturing PMIs. Policy action during the month was rather muted but monetary and fiscal policy remains accommodative across most markets.

Inception date

22 Aug 2011

Fund size

USD 257.87 million

Base Currency

USD

Pricing Date

31 Jul 2020

NAV*

USD 16.86

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 have a constructive view on Asian Equities as we believe that worst of the pandemic is behind us. While risk of second wave remains, the easing of restrictions and progressive re-opening of economies along with expectations of vaccine becoming available in 1H21 will support investor sentiment in the near term. Also, simmering tensions between US and China remains a risk but it has not translated to any action with significant economic impact.

Downward earnings revisions will likely continue in 2H20 but market seems to be willing to write-off 2020 earnings. 2021 earnings while still facing downward revision risk will benefit from a low base effect.

Stimulus measures by central banks and governments have been unprecedented, and will continue as long as the risks of COVID-19 remained which in turn will keep bond yields suppressed. Valuations for Asian markets while expensive vs history appear reasonable after taking into account low bond yields.

Country Breakdown

China	47.5%
Hong Kong	10.1%
India	10.4%
Indonesia	1.2%
Korea	9.4%
Philippines	1.3%
Singapore	2.7%
Taiwan	11.4%
Thailand	2.8%
Others	0.4%
Cash and cash equivalents	2.8%

Sector Breakdown

Communication Services	16.1%
Consumer Discretionary	16.2%
Consumer Staples	3.7%
Energy	3.3%
Financials	18.5%
Health Care	3.6%
Industrial	4.0%
Information Technology	21.3%
Materials	1.3%
Real Estate	8.0%
Utilities	1.1%
Cash and cash equivalents	2.8%

Top 5 Holdings

Taiwan Semiconductor Manufacturing	8.3%
Tencent Holdings	8.2%
Samsung Electronics	6.2%
Alibaba Group Holding	5.8%
Alibaba Group Holding - ADR	4.2%

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