

Fullerton Lux Fund - China A Equities Class R USD Acc

July 2020

Investment Objective

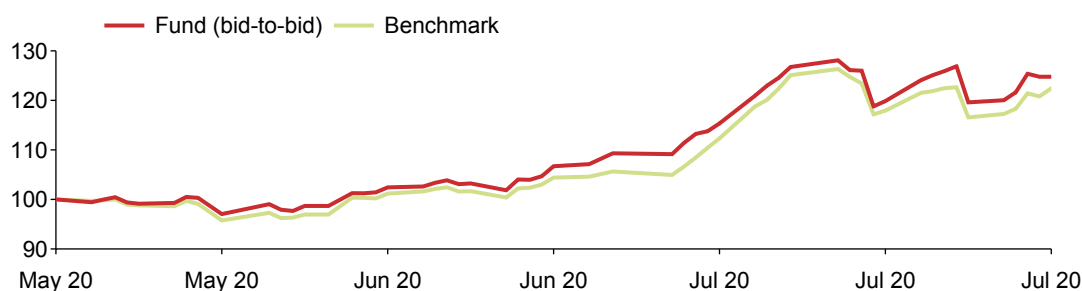
The investment objective of the Fund is to generate competitive risk adjusted return on a relative basis.

Investment Focus and Approach

The Investment Manager seeks to achieve the objective of the Fund by investing primarily in China "R" 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	SI.Ret.
Fund (bid-to-bid)	12.00	-	-	24.77
Fund (offer-to-bid)	6.67	-	-	18.83
Benchmark	14.82	-	-	22.44

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

Several Asia equity markets extended their strength in June into July, boosted by improving economic data-points thanks to the region's progressive re-emergence from lockdowns, a supportive policy environment and liquidity effect. As a result, the MSCI Asia ex Japan Index ended the month turning positive for the year with 3.5% year-to-date return in USD terms.

Chinese equities did well in July outperforming most of the other Asia ex Japan markets. During the month, the A-share market remained strong with increasing trading volume. The economy continued to rebound, as reflected by 2Q20 GDP growth of 3.2% YoY, and July Caixin manufacturing PMI reaching 52.8, a nine-year high. While the market saw some volatility after the country's top foundry was listed on the high-tech board, it continued to do well on the back of accelerated capital market reform. In particular, insurers were allowed to increase their equity investment threshold, which cheered the market. Regarding the COVID-19 threat, new cases in mainland China remained relatively under control.

Investment Strategy

Due to healthy market liquidity and economic outlook, we maintain our constructive view on Chinese equities. In particular, we believe the domestic economy has already seen its worst and will grow steadily over the next few months. Correspondingly, share price driver will shift from PE rerating to focusing on earnings growth. As PE valuation is relatively high, the market may still be volatile from time to time. However stronger economic and company fundamentals should boost the market index over the longer run.

Inception date

08 May 2020

Fund size

USD 78.38 million

Base Currency

USD

Pricing Date

31 Jul 2020

NAV*

USD 12.48

Management fee

Currently 0.8%, up to 1% 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

FUCAERU LX

ISIN Code

LU2148510915

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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	11.3%
Consumer Staples	16.8%
Financials	19.1%
Health Care	12.4%
Industrial	11.5%
Information Technology	20.7%
Materials	2.7%
Real Estate	2.8%
Cash and cash equivalents	2.6%

Top 5 Holdings

Kweichow Moutai	6.6%
Citic Securities	4.5%
China International Travel Services	4.3%
Midea Group	4.3%
Contemporary Amperex	4.0%

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