

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

Investment Objective

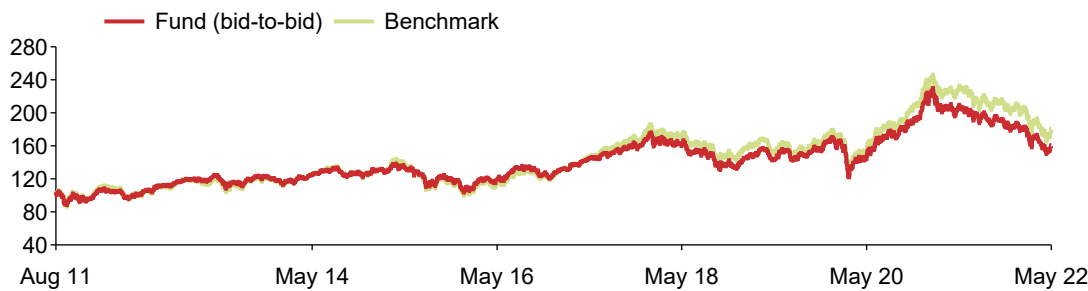
The investment objective of the Fund is to achieve competitive risk adjusted returns on a relative basis.

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	10 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	-0.06	-7.79	-11.79	-22.79	4.08	2.20	5.11	4.51	15.26
Fund (offer-to-bid)	-4.82	-12.18	-15.99	-26.47	2.40	1.20	4.60	4.04	NA
Benchmark	0.46	-7.36	-11.15	-21.60	5.91	4.37	6.30	5.65	16.36

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. Past performance is not indicative of future returns.

Benchmark: MSCI AC Asia ex Japan Net Index.

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

Market Review

Global Equity markets ended the month of May largely flat, however the monthly performance hides significant volatility faced by the market during the month with inflation concerns continuing to dominate the narrative. Markets sold off sharply during the earlier part of the month before staging a strong recovery towards the end. MSCI Asia ex Japan marginally outperformed its developed market peers ending the month up 0.5% (in USD terms), posting its first positive monthly return in 2022.

Within Asia, China A and Taiwan were the best performing markets while India and Indonesia were the key underperformers. Both China A as well as the broader MSCI China Indices outperformed as market was enthused by a raft of announcement indicating policy support and indications that lockdowns may ease towards the end of the month. By sector, Information Technology and Industrial sectors led the rally while Material and Healthcare were the worst performing sectors.

Economic data points were weak. China's Caixin manufacturing PMI recovered from 46.0 in March to 48.1 in April. However, the print was slightly below expectations and remains in contractionary zone. Most other economic indicators for April like retail sales (down 11% YoY), and industrial production (-2.9%) were also weak. Credit growth as measured by Total Social Financing also dipped sharply due to the impact of lockdowns. PMIs for rest of the region were largely stable.

Inception date

22 Aug 2011

Fund size

USD 52.67 million

Base Currency

USD

Pricing Date

31 May 2022

NAV*

USD 16.09

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 cautious view on Asian Equities as we believe that a confluence of covid induced slowdown coupled with regulatory challenges in China and waning earnings momentum coupled with the increased geopolitical risk will impact both earnings growth as well as valuations.

Specifically, earnings momentum for Asian equities seems to have peaked due to a combination of slowdown in Chinese consumption, supply shortages as well as sporadic movement restrictions. This weaker demand from China has also driven the growth slowdown across Asia. Further to this, high inflation is starting to squeeze corporate margins. Our concern remains that further downside risks have not been fully priced-in yet although we do see some encouraging signs that regional growth seems to have stabilized over 2H21.

Valuations have become supportive, and there is more liquidity supports but it is bifurcated, as inflation pressures and thus real interest rates vary across region. While both monetary and fiscal policy remains supportive for now, incrementally policy bias remains towards tightening as inflation prints globally continue to surprise on the upside.

Geopolitical risk remains elevated. China's domestic policy shifts and tensions with the US remain key risks to investor confidence. Asian equities have so far suffered by less than otherwise from the shock of Russia's invasion of Ukraine - but stagflation stress from higher oil prices could create renewed headwinds.

Key risks to our cautious view would be improvement in Covid situation in China coupled with bigger than expected policy response.

Geographical Breakdown

China	23.7%
Hong Kong	8.3%
India	17.0%
Indonesia	5.2%
Korea	9.5%
Singapore	11.5%
Taiwan	15.9%
Thailand	1.5%
Others	0.8%
Cash and cash equivalents	6.7%

Sector Breakdown

Communication Services	15.6%
Consumer Discretionary	2.3%
Consumer Staples	2.3%
Energy	3.4%
Financials	28.2%
Health Care	1.0%
Industrial	6.3%
Information Technology	24.3%
Materials	6.6%
Real Estate	1.4%
Utilities	1.9%
Cash and cash equivalents	6.7%

Top 5 Holdings

Taiwan Semiconductor Manufacturing	8.7%
Samsung Electronics	5.3%
Tencent Holdings	4.7%
AIA Group	3.9%
Reliance Industries	3.4%

Disclaimer: This publication is for information only and your specific investment objectives, financial situation and needs are not considered here. The value of units in the Fund and any accruing income from the units may fall or rise. Any past performance, prediction or forecast is not indicative of future or likely performance. Any past payout yields and payments are not indicative of future payout yields and payments. Distributions (if any) may be declared at the absolute discretion of Fullerton Fund Management Company Ltd (UEN: 200312672W) ("Fullerton") and are not guaranteed. Distribution may be declared out of income and/or capital of the Fund, in accordance with the prospectus. Where distributions (if any) are declared in accordance with the prospectus, this may result in an immediate reduction of the net asset value per unit in the Fund. Applications must be made on the application form accompanying the prospectus, which can be obtained from Fullerton or its approved distributors. You should read the prospectus and seek advice from a financial adviser before investing. If you choose not to seek advice, you should consider whether the Fund is suitable for you. The Fund may use or invest in financial derivative instruments. Please refer to the prospectus of the Fund for more information.

For EU investors:

This is a marketing communication. The investment which is promoted concerns the acquisition of shares in a fund. The Fund is actively managed with reference to the benchmark, "MSCI AC Asia ex Japan Net Index", for performance comparison purpose. 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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