

Fullerton Lux Funds - China A Equities - Class A (USD)

May 2022

Investment Objective

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

Investment Focus and Approach

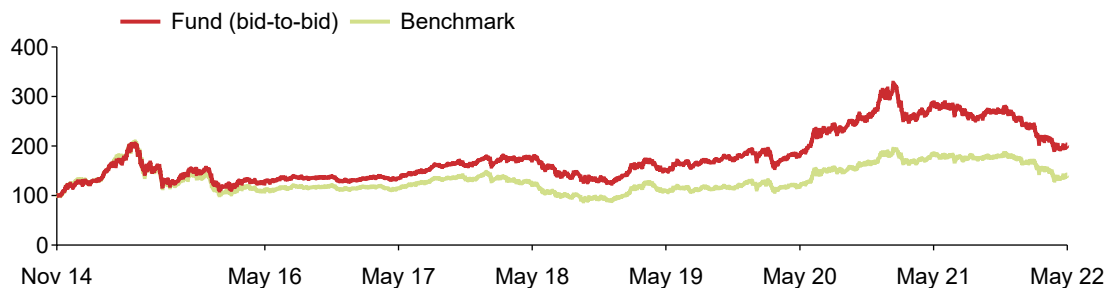
The Investment Manager seeks to achieve the objective of the Fund by investing primarily in China "A" shares listed on PRC Stock Exchanges through the Investment Manager's RQFII quota. The investment universe will include, but not limited to, exchange traded funds, listed warrants, index futures, securities investment funds, listed onshore bonds, money market funds, cash and other financial instruments qualifying as RQFII Eligible Securities.

SFDR Classification:

Article 8 fund.

In line with its ESG methodology, the fund promotes environmental characteristics but does not commit to make environmentally sustainable investments as defined in the taxonomy regulation.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	-0.09	-16.34	-24.92	-29.58	10.31	8.49	9.81	24.90
Fund (offer-to-bid)	-4.85	-20.33	-28.50	-32.94	8.53	7.43	9.11	NA
Benchmark	2.82	-15.97	-20.69	-23.26	9.10	4.36	4.77	24.94

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 China A Onshore Net (USD)

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 masked the significant volatility 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. Despite the volatility, the MSCI China A ended the month in positive territory with a return of 3.4% (in USD terms). The market buoyed by the governments efforts to cushion economic growth slowdown as well as expectations of Shanghai re-opening.

China Caixin manufacturing bounced back to 48.1 in May but remained in the contractionary territory. Services PMI also remained in the contractionary but improved from 36.2 to 41.4 as restrictions started to ease in Shanghai. The PBoC announced a 15bps cut to the 5 year loan prime rate with the aim to provide some cushion against a weak housing market activity.

Investment Strategy

We have a cautious view on China A equities. The prospect of more policy stimulus may have given a floor to markets but we are yet to see any traction into stronger sentiment. Even if China achieves its 5-5.5% growth target its earnings growth may still not be strong enough to drive any large rebound in equity returns.

Forward earnings growth expectations remain weak but may be stabilizing. The consensus still expects growth will re-accelerate in 2022 with policy stimulus. However real estate weakness and the zero-COVID policy could weigh on the market.

With further sell-off driven by adverse sentiment, especially reflecting significant uncertainties

Inception date

10 Nov 2014

Fund size

USD 70.09 million

Base Currency

USD

Pricing Date

31 May 2022

NAV*

USD 20.29

Management fee

Up to 1.75% 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

FCAAUAC LX

ISIN Code

LU1064131003

For additional information on Fullerton and its funds, please contact:

Fullerton Fund Management Company Ltd

3 Fraser Street
 #09-28 DUO Tower
 Singapore 189352

T +65 6808 4688

F +65 6820 6878

www.fullertonfund.com

UEN: 200312672W

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

Investment Strategy (Cont'd)

surrounding the Russia Ukraine war and sanctions, valuations are now cheap. This is coupled with liquidity improving as Total Social Financing has started to ease.

Sector Breakdown

Consumer Discretionary	8.4%
Consumer Staples	22.0%
Financials	11.4%
Industrial	13.5%
Information Technology	14.0%
Materials	13.5%
Real Estate	4.2%
Utilities	4.0%
Others	1.0%
Cash and cash equivalents	8.1%

Top 5 Holdings

Kweichow Moutai	8.1%
Goertek Inc	3.3%
Postal Savings Bank of China	3.3%
China Vanke Co Ltd	3.3%
Inner Mongolia Yili Industrial Group	3.2%

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 China A Onshore Net (USD)", 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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