

# Fullerton Lux Fund - Global Absolute Alpha - Class A (SGD) Acc

May 2022

## Investment Objective

The investment objective of the Fund is to generate long term positive return, which include both capital appreciation and income.

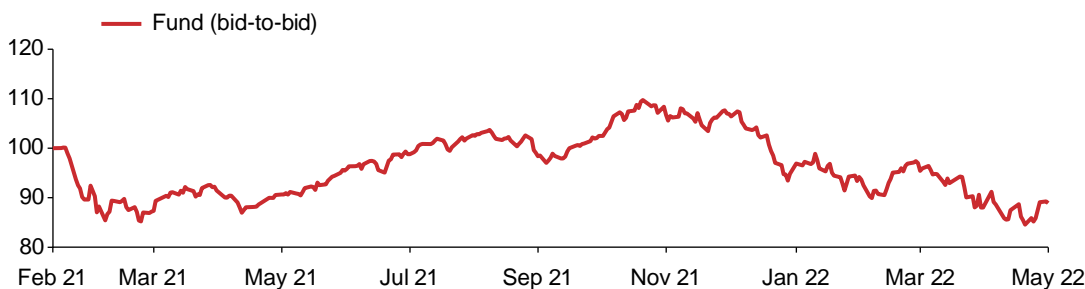
## Investment Focus and Approach

The Investment Manager seeks to achieve the objective of the Fund by investing primarily in equities, preferred shares, stock warrants, convertibles, cash and cash equivalents. The investment universe will include, but not limited to, equities and equities-related securities listed on exchanges globally. The Fund's investment in China "A" Shares listed on PRC Stock Exchanges may be made through the Stock Connects and/or other means as may be permitted by the relevant regulations from time to time, for up to 33% of the Fund's net asset value.

The Investment manager may also make indirect investments in equities via other eligible access products (where the underlying assets would comprise equities defined above).

SFDR Classification:  
Article 6 fund.

## Performance (%)



## Performance Statistics

<b>2022 YTD Return</b>	<b>-16.44%</b>	<b>Sharpe Ratio*</b>	<b>-0.52</b>
		<b>Sortino Ratio*</b>	<b>-0.69</b>
		<b>Maximum Drawdown*</b>	<b>-17.52%</b>

	1 mth	3 mths	6 mths	1 yr	Sl. Ann. Ret.	Sl. Ann. Vol.
<b>Fund (bid-to-bid)</b>	1.04	-5.89	-16.66	-1.93	-8.64	17.54
<b>Fund (offer-to-bid)</b>	-3.78	-10.37	-20.63	-6.60	-12.01	NA

\*Since Inception

Returns of more than 1 year are annualised. Returns are calculated on a single pricing basis in SGD 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.

Source: Fullerton Fund Management Company Ltd 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. Within the major markets, the MSCI Japan and MSCI Europe was the best 2 performing markets with 2.2% (in USD terms) and 2.0% return (in USD terms). MSCI US was the worst performing market ending the month with slight negative returns. In terms of sectors, Energy was the best performing sector followed by Utilities and Finance. Real Estate, Consumer Staples and Consumer Discretionary were the worst performing sectors and all 3 ended the month with negative returns.

Economic data in the US remained strong and robust al. April manufacturing PMI came in slightly lower at 57.0 from 59.2. Similarly, services PMI also slid slightly to 53.4 but maintained well in the expansionary

## Inception date

11 Feb 2021

## Fund size

SGD 420.77 million

## Base Currency

USD

## Pricing Date

31 May 2022

## NAV\*

SGD 8.89

## Management fee

Up to 1.50% 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

FGEIASA LX

## ISIN Code

LU2264538146

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UEN: 200312672W

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

## Market Review (Cont'd)

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territory. Over in Europe, PMI remained expansionary at 54.6 while services PMI came in at 56.1.

Inflation in the US remains high with April coming in at 8.3%. The Fed indicated that 75bps hikes were not under consideration but the 50bps hikes over the next 2 meetings were likely. Unemployment rate in the US remains low at 3.6% in May near the 3.5% multi-year low prior to the pandemic. Despite robust corporate earnings thus far, there are signs of weakening earnings. JP Morgan CEO, Jamie Dimon, describe the risks to the US economy has morphed from "storm clouds" at JPM's Investor Day to a possible "hurricane", warning that people need to brace themselves.

## Investment Strategy

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The earning season report card has been strong with more companies meeting or beating expectations. Top-down GDP growth for DM and US is slowing but remain above trend till 2023.

US broader monetary conditions are tightening significantly and is a headwind. Higher interest rates may prove more of a risk. Renewed geopolitical fears (Russia-Ukraine invasion) remain significant and a key source of stagflation risk. Valuations has corrected but remains a risk as real rates continue to normalize. Markets continue to front run weaker fundamentals.

As such, we have maintained a negative view on global equity at this juncture. It is premature to be too bearish and conclude that returns will be negative for 2022, but looking ahead, with growth continuing to slow, there may be more downside than sustainable upside.

We have shifted the portfolio in anticipation to a new world where there is high inflation and slower growth. We are focusing on companies that benefit from higher pricing, for example upstream producers or beneficiary of the higher commodity price and companies that have strong pricing power and good economic moats.

### Geographical Breakdown

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Australia	3.5%
Canada	2.4%
France	1.5%
Germany	2.9%
Japan	1.1%
Singapore	1.0%
Taiwan	4.5%
UK	1.1%
US	68.8%
Other	0.3%
Cash and cash equivalents	12.9%

### Sector Breakdown

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Communication Services	8.3%
Consumer Discretionary	7.3%
Consumer Staples	5.1%
Energy	10.0%
Financials	10.9%
Health Care	6.2%
Industrial	10.6%
Information Technology	22.1%
Materials	2.6%
Utilities	4.0%
Cash and cash equivalents	12.9%

### Top 5 Holdings

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Advanced Micro Devices Inc.	6.6%
ConocoPhillips	6.6%
Microsoft Corporation	6.0%
Alphabet Inc	5.8%
Deere & Company	4.8%

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