

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

November 2022

## Investment Objective

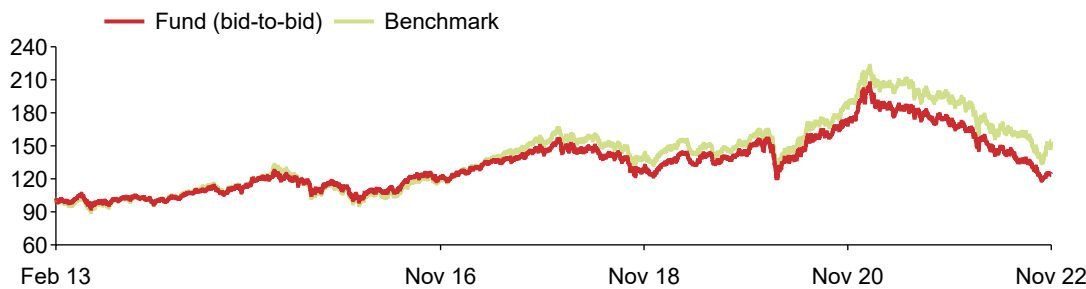
The investment objective of the Fund is to achieve competitive risk adjusted returns on a relative basis.

## 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.
<b>Fund (bid-to-bid)</b>	3.10	-10.89	-17.29	-26.84	-4.75	-3.23	2.17	12.09
<b>Fund (offer-to-bid)</b>	-1.81	-15.13	-21.23	-30.32	-6.28	-4.17	1.67	NA
<b>Benchmark</b>	14.77	-4.84	-8.36	-18.35	0.78	0.19	4.55	13.52

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

Benchmark: MSCI AC Asia ex Japan Net Index.

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

## Market Review

Asian markets as represented by the MSCI Asia ex Japan Index delivered highest monthly returns since 1998 with the index up 18.7% (in USD terms) during the month. Sharp move up in the regional index was driven largely by a dramatic rally in Chinese equities with MSCI China up almost 30% (in USD terms) during the month. Hong Kong and Taiwan also rallied sharply while Indonesia and India, the two Asian market which have help up relatively well in 2022 were the laggards. By sector, Communication Services and Consumer Discretionary sectors, which have a large representation of the Chinese internet stocks outperformed while Energy and Utilities were the underperformers.

Rally was led largely by rising expectations that China will be moving away from its stringent zero COVID policy which in turn will help drive consumption growth in world's second largest economy. In addition, China has also announced a slew of measures to support the economy and stabilise the property sector which also raised expectations that the worst may be over Chinese equities. Government announced 20 specific measures aimed at relaxing COVID policies and 16 measures to support the property market. PBOC also announced a 25bps cut in RRR to support growth. In addition, relatively dovish commentary from Fed and a potential thaw in US-China relations following a meeting between Joe Biden and Xi Jinping also aided risk on sentiment.

Economic data points across Asia however indicates sequential weakness. China's manufacturing PMI fell from 49.2 in October to 48.0 in November. Similarly, non-manufacturing PMI also weakened sequentially with November print coming in at 46.7 as compared to 48.7 in October. Retail sales growth for October was also below expectations at -0.5% YoY. India's manufacturing PMI ticked up further from 55.3 in October to 55.7 in November. PMIs for Taiwan and Korea recovered but remains in

## Inception date

19 Feb 2013

## Fund size

SGD 12.14 million

## Base Currency

USD

## Pricing Date

30 Nov 2022

## NAV\*

SGD 12.34

## 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

FHIASAS LX

## ISIN Code

LU0577902538

The Fund is available for SRS subscription.

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\* 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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contractionary zone reflecting the slowdown in technology sector. Most ASEAN countries also reported sequentially weaker manufacturing PMIs with Indonesia and Malaysia reporting the sharpest fall. Inflation prints across Asia remain elevated but seems to have largely peaked out.

## Investment Strategy

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We have a constructive medium-term view on Asian Equities, as the region's largest economy, China, has started to address challenges in the real estate market by rolling out nationwide initiatives that support developers and thus reducing risk of a systemic failure. Further to that, there are signs of easing of Dynamic Zero Covid policy. Government has announced various measures over the past couple of weeks which included a reduction in quarantine days and easing of testing requirements, which suggests that China is on the path to normalization.

However, we do see challenges in the immediate term as the easing of Covid policy is likely to trigger another Covid wave which could lead to slowdown in consumption and further supply chain disruption which could weigh on the economy. Further to that, any further easing of Covid Zero policy will take time to roll out and it would be in a measured pace.

Outside of China, more domestically oriented economies like India and Indonesia are witnessing healthy economic growth momentum that should translate to earnings recovery. Additionally, commodity prices have moderated from recent highs that will enhance macro-stability across the region.

While inflation remains a headwind for Asia indirectly, as the region is impacted by US interest rates, we do believe that inflationary pressures in Asia are indeed less pronounced as compared to developed markets. This is predominantly because Asian central banks have been running fairly conservative monetary policies through the pandemic.

Corporate earnings continued to face downward revisions across Asia from a combination of consumption slowdown in China, demand headwinds in the technology sector as well as some cost pressures which are translating to a margin squeeze.

## Geographical Breakdown

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Cash and cash equivalents 100.0%

## Sector Breakdown

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Cash and cash equivalents 100.0%

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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](http://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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