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

April 2023

Investment Objective

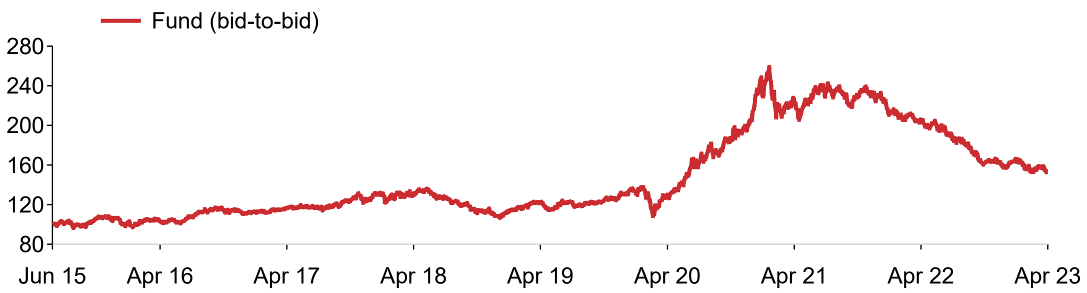
The investment objective of the Fund is to generate long term positive return, which include both capital appreciation and income.

Investment Focus and Approach

The Investment Manager seeks to achieve the objective of the Fund by investing primarily in, but not limited to, equities, stock warrants, index futures, cash and cash equivalents. The investment universe will include, but not limited to, equities and equities-related securities listed on exchanges in the Asia Pacific region, as well as equities and equities-related securities of companies which have operations in, exposure to, or derive part of their revenue from the Asia Pacific region, wherever they may be listed. The Investment Manager may also make indirect investments in equities via participatory notes and other eligible access products (where the underlying assets would comprise equities defined above). The Fund's investment in China "A" Shares listed on PRC Stock Exchanges may be made through the Stock Connects and/or any other means as may be permitted by the relevant regulations from time to time, for up to 35% of the Fund's net asset value.

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 (%)



Performance Statistics

2023 YTD Return (bid-to-bid)	**-2.26%**	**Sharpe Ratio***	**0.3**
		Sortino Ratio*	**0.57**
		Maximum Drawdown*	**-35.70%**

	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	-2.82	-5.90	-5.34	-25.51	5.68	3.28	5.61	13.95
Fund (offer-to-bid)	-7.45	-10.38	-9.84	-29.06	3.98	2.28	4.95	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

MSCI Asia ex Japan Index delivered negative returns during the month -2.1% (in US dollar terms) largely due to a sell-down in China and Taiwan. A combination of elevated geopolitical tensions and concerns related to slower than expected recovery in China overwhelmed the positive global equity sentiment. In addition, industry bellwether TSMC lowered its growth guidance which dampened sentiment for the all-important Information Technology sector in the region.

On the other hand, Indonesia and India were the best performing markets in the region up 6.5% and 4.2% respectively. Both, domestically driven economies continue to exhibit strong economic growth momentum. After the April rally, Indonesia is now the best performing market in the region year-to-date. By sector, Energy and Financials outperformed while Communication Services, Consumer Discretionary and Information Technology sectors underperformed during the month.

Inception date
25 Jun 2015

Fund size
SGD 265.15 million

Base Currency
USD

Pricing Date
30 Apr 2023

NAV*
SGD 15.35

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
FUAASGD LX

ISIN Code
LU1242518931

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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)

Economic data points, especially for China were mixed. Both Manufacturing and Non-Manufacturing PMI for China moderated MoM to 49.2 and 56.4 respectively and were below expectations. Industrial production for March was also slightly below expectations 3.0% YoY. Retail sales for March however surprised on the upside, expanding 10.6% YoY vs expectation of 7.5%. Initial data points from Golden Week holiday also point towards strong services led consumption recovery. PMIs across other Asian countries were also largely supportive. India's manufacturing PMI improved MoM from 56.4 in March to 57.2 in April while Services PMI jumped to a record high of 62.0. Manufacturing PMIs for Korea, Thailand and Indonesia also improved MoM while Taiwan and Philippines weakened sequentially. Inflation prints across Asia have started to moderate and thus central banks in the region are likely to be less hawkish, especially as Fed fund rates appear to be near peak.

Investment Strategy

We have a constructive view on Asian Equities as a combination of gradual recovery in Chinese consumption coupled with supportive policy environment will boost growth in Asia's largest economy. Additionally, domestically driven economies like India and Indonesia continue to exhibit robust growth momentum driven by resilient consumption and a nascent investment cycle. Lastly, North Asia's technology while going through a cyclical downturn currently remains a longer-term secular growth sector.

While consumption recovery in China has been weaker than expected, we still expect demand to pick up in 2H23 as the economy picks up steam. Additionally, we expect government policy to remain supportive for growth on both fiscal and monetary fronts. Chinese government has also instituted a number of reforms after the recent NPC which are likely to boost productivity for the SOEs and thus driven overall improvement in ROE for the market.

Most importantly, we believe earning downgrades for Asia are close to bottoming out. For China, while GDP growth estimates have witnessed significant upward revisions following the re-opening, earnings forecasts are yet to be revised up. Earnings revisions turning positive will be a key catalyst for China and Asia as a whole.

MSCI Asia ex-Japan Index is trading below its five-year mean forward price to earnings multiple but adjusting for higher interest rates the market is trading above mean, as reflected in the earnings yield gap measure. However, with inflation on a declining trend, interest rates have peaked across most of the region. We thus expect central banks in the region to be less hawkish going forward which should support valuations.

Key developments to monitor for Asian equities are (1) Any change in policy direction in China (2) inflation expectations and corresponding actions by the Fed that could lead to a re-rating or further derating of emerging markets including Asia (3) Deep recession in US/Europe that will severely impact export dependent sectors/markets and (4) escalating geopolitical tensions amongst US, China, EU and Russia.

*All returns in USD unless otherwise mentioned

Geographical Breakdown

China	27.6%
France	5.3%
Hong Kong	8.8%
India	6.5%
Japan	3.1%
Korea	7.5%
Singapore	2.6%
Taiwan	6.6%
Thailand	1.3%
US	11.5%
Cash and cash equivalents	19.4%

Sector Breakdown

Communication Services	16.1%
Consumer Discretionary	16.1%
Energy	7.2%
Financials	4.4%
Health Care	4.7%
Industrial	5.9%
Information Technology	21.0%
Materials	2.2%
Real Estate	3.0%
Cash and cash equivalents	19.4%

Top 5 Holdings

Tencent Holdings	6.5%
Nvidia Corp	5.4%
China Mobile Ltd	5.3%
LVMH Moet Hennessy	5.3%
Taiwan Semiconductor Manufacturing	4.6%

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