

# Guotai Junan Greater China Growth Fund

Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"



Monthly Report - 31 Aug 2020

## Important Information

The Fund may invest in listed companies that derive a significant portion of their revenues from goods produced or sold, investments made or services performed in the Greater China region, which includes the People's Republic of China, the Hong Kong & Macau Special Administrative Regions and Taiwan.

The Fund may invest in the Greater China securities markets, which are emerging markets. As such, the Fund may involve a higher degree of risk and is usually more sensitive to price movements.

The value of the Fund can be volatile and could go down substantially within a short period of time.

The investment decision is yours. You should not invest unless the intermediary who sells this Fund to you has advised you that this Fund is suitable for you and has explained why, including how investing in it would be consistent with your investment objectives.

Investors should not make investment decisions based on this material alone. Please refer to the explanatory memorandum, including the risk factors involved.

The Manager may at its discretion pay dividends out of or effectively out of the capital of the Sub-Fund. Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment and may result in an immediate reduction of the Net Asset Value per Unit of the Sub-Fund.

## Investment Objective

To achieve medium- to long-term capital appreciation by investing in listed companies which are domiciled in or have operating incomes from the Greater China region (Mainland China, Hong Kong, Macau and Taiwan).

## Fund Performance

	2008 <sup>1</sup>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 <sup>2</sup>
The Fund (%)	-61.96	99.44	12.15	-33.37	18.42	12.02	1.37	-6.99	-8.66	27.53	-16.33	13.85	27.94
Hang Seng Total Return Index (%)	-46.40	56.65	8.57	-17.38	27.46	6.55	5.48	-3.92	4.30	41.29	-10.54	13.04	-8.31

<sup>1</sup> Calculated since 1 Jan 2008

<sup>2</sup> Measured as of 31 Aug 2020

	1 Mth	3 Mths	6 Mths	YTD	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	7.63	28.41	31.57	27.94	36.91	32.22	57.42
Hang Seng Total Return Index (%)	2.54	11.79	-1.39	-8.31	1.20	-0.26	39.49

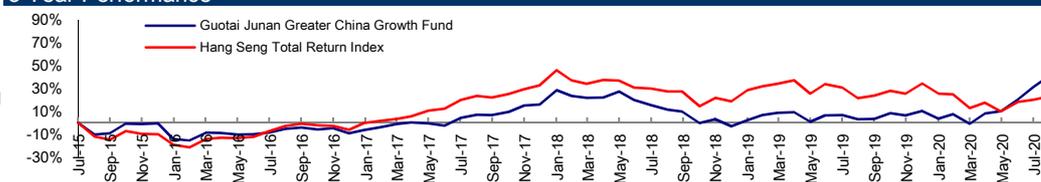
Last update: 31 Aug 2020

The performance is measured in NAV-to-NAV in fund currency with net income re-investment

## Fund Facts

**Manager** Guotai Junan Assets (Asia) Limited  
**Inception Date** 19 Nov 2007  
**Domicile** Hong Kong  
**Trustee & Registrar** HSBC Institutional Trust Services (Asia) Limited  
**Auditor** Ernst & Young Limited  
**Dealing Frequency** Daily  
**Base Currency** Hong Kong Dollar  
**NAV** HKD 113.66  
**Bloomberg Code** GJGCHGR HK Equity  
**ISIN Code** HK0000315355

## 5 Year Performance



Source: Guotai Junan Assets (Asia) Limited

Last update: 31 Aug 2020

The performance is measured in NAV-to-NAV in fund currency with net income re-investment

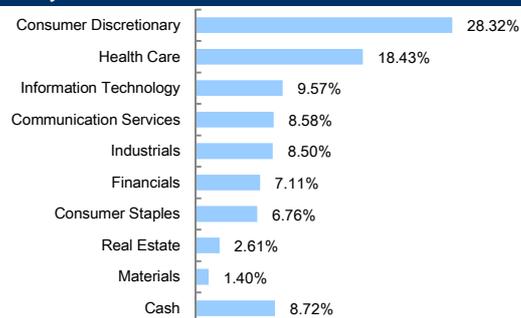
## Subscription and Redemption

**Min. Initial Subscription** HKD 10,000  
**Subscription Fee** Up to 5%  
**Annual Management Fee** 1.5% p.a.  
**Redemption Fee\***  
 Less than 6 mths 1%  
 6 mths or more but less than 12 mths 0.75%  
 12 mths or more but less than 18 mths 0.50%  
 18 mths or more but less than 24 mths 0.25%  
 24 mths or more Waived  
 \* Redemption fee will be waived for investors who subscribed through nominee account.

## Top Ten Holdings

Company Name	%
Tencent Holdings Ltd.	8.58
Wuxi Biologics Cayman Inc	8.52
Meituan Dianping	8.27
Alibaba Group Holding Ltd	6.33
Country Garden Services Holdin	4.71
Li Ning Co. Ltd.	4.08
Shandong Weigao Group Medical	3.60
Yihai International Holding Ltd	3.49
Alibaba Group Holding Ltd	3.32
Weimob Inc	3.24

## Industry Allocation<sup>4</sup>



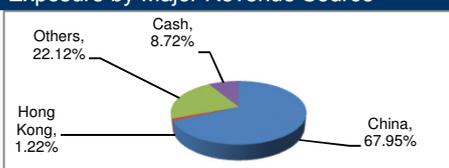
4. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd, based on the Global Industry Classification Standard.

## Contact

Ms. Carol Chen  
 Phone: (852) 2509 7505  
 Fax: (852) 2509 7784

\*The Fund is approved as Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme" of HKSAR

## Exposure by Major Revenue Source<sup>3</sup>



3. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd.

## Dividend Distribution History (Since Launch)

Record Date	Distribution Per Unit	Fund Price On Record Date
30-Jun-15	HKD 3.03	HKD 100.9

## Market Outlook and Investment

US stock market rose again, led by NASDAQ up 9.59%, followed by Dow Jones increased 7.57%, while S&P 500 was up 7.01%. Both S&P 500 and NASDAQ made fresh historical highs. The U.S. macro economy reported recovering data, as ISM Manufacturing PMI for the US increased to 56.00 in Aug of 2020, recovering from 54.20 in July and 52.6 in June and beating market forecasts of 54.5. The strong market performance indicated that investors choose to look forward and focus on economic recovery at post pandemic period, as well as the unprecedented supportive policies from the Fed, even though the concern on the second wave of corona virus cases shadowed the potential V shape recovery. We tend to be cautious toward the market condition, given the current pandemic situation in the US is still not under control. The market may be over-optimistic on the hope there would be a vaccine for the virus soon. But we would still keep flexible on our positions as the structural changes after the pandemic hit would destroy certain industries and favor some others.

Chinese reported rather strong data. The official manufacturing PMI in June remained in expansion territory reading at 51.0, while the Caixin manufacturing PMI rose to 53.1. CPI growth rate is stable at 2.7%, which is higher than the consensus of 2.6%, mainly due to price rising of pork and other food. As for the stock market, the CSI300 increased by 2.58% to 4,816.22.

About our investment strategy for Hong Kong/China market, we are still cautiously optimistic on the market for the rest of 2020. We favor domestic demand-oriented names, because the situation in China has been largely under control and the economic activity has almost resumed back to normal already. Hong Kong local names would continue to be under pressure thanks to both the political dilemma and another wave of virus case re-emerged. We believe leading sectors, such as consumers, information technology and pharmaceuticals, would deliver satisfied full year results thanks to the strong demand. We believe in longer term the fundamental results will act as the major driver of market direction, and we would keep flexible cash level accordingly.

For Taiwan, the Market Taiwan Manufacturing PMI rose to 52.2 in August 2020 from 50.6 a month earlier, while new export orders rebounded by 12.4%. Although in short term the geopolitics concern may cast some uncertainty over the development of the region, we were optimistic for Taiwanese market in longer term. Given that TSMC has gained dominance in the next generation semiconductor technology, against both Samsung and Intel, in the world post the pandemic, the demand for 5G technology, high performance computing and data centers would be even stronger. That would benefit the whole Taiwan tech supply chain, and the tech dominated Taiex Index.

## Disclaimer

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Investment involves risk. The prices of units may go up as well as down. Past performance is not indicative of future performance. Please refer to the Explanatory Memorandum for details including risk factors.

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