

# Guotai Junan Greater China Growth Fund

"Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"

Monthly Report - 31 Jul 2021



## 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 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 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 (Class A)

Calendar Year Performance	2008 <sup>1</sup>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 <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	42.28	-0.65
Hang Seng Total Return Index (%) <sup>3</sup>	-46.40	56.65	8.57	-17.38	27.46	6.55	5.48	-3.92	4.30	41.29	-10.54	13.04	-0.29	-2.87

1. Calculated since 1 Jan 2008 2. Measured as of 31 Jul 2021  
3. A reference index for comparative purposes only

Cumulative Performance	1 Mth	3 Mths	6 Mths	YTD	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	-8.58	-4.49	-8.33	-0.65	18.92	35.51	70.76
Hang Seng Total Return Index (%) <sup>3</sup>	-9.58	-8.29	-6.49	-2.87	8.32	0.02	40.44

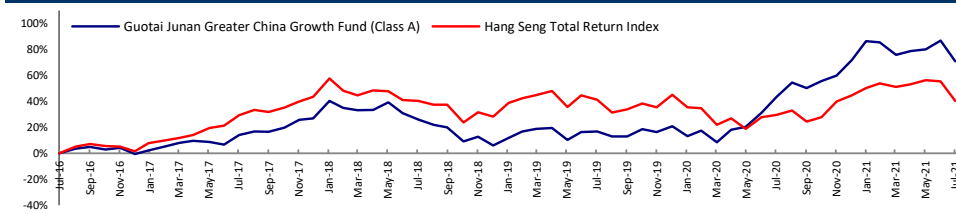
Last update: 31 Jul 2021

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

## Fund Facts

**Manager** Victor Tsang  
**Inception Date** 19 Nov 2007  
**Domicile** Hong Kong  
**Trustee & Registrar** HSBC Institutional Trust Services (Asia) Limited  
**Auditor** Ernst & Young  
**Dealing Frequency** Daily  
**Base Currency** Hong Kong Dollar  
**NAV** HKD 125.58  
**Bloomberg Code** GJGCHGR HK Equity  
**ISIN Code** HK0000315355

## 5 Year Performance



Source: Guotai Junan Assets (Asia) Limited

Last update: 31 Jul 2021

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

\*Please refer to the Explanatory Memorandum for fee details

## Contact

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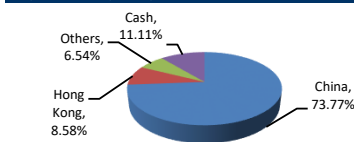
\*The Fund is approved as Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme" of HKSAR

## Top Ten Holdings<sup>4</sup>

Company Name	%
Petrochina Co Ltd-H	6.40
Tencent	5.68
China Petroleum & Chemical-H	4.92
Ck Hutchison Holdings Ltd	4.77
China Resources Power Holdin	4.50
China Telecom Corp Ltd-H	4.37
China Bluechemical Ltd - H	4.12
Cnooc Ltd	3.80
United Microelectron-Sp Adr	3.56
Sinopec Shanghai Petrochem-H	3.44

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

## Exposure by Major Revenue Source<sup>5</sup>



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

## Industry Allocation<sup>6</sup>

Energy	17.52%
Materials	16.45%
Utilities	10.35%
Communication Services	10.05%
Information Technology	7.99%
Health Care	5.71%
Financials	4.93%
Industrials	4.77%
Consumer Discretionary	4.71%
Real Estate	3.96%
Consumer Staples	2.46%

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

## Market Outlook and Investment Strategy

In July, US equity market rallied as the US 10-yr Treasury yield continued going down. According to the latest FOMC meeting minutes, the Fed decided to hold rates steady, keep assets purchasing, and stated the US economy was recovering despite lingering COVID-19 concerns. Despite the optimism, Fed Chair Powell said the US economy was still a good deal away from making "substantial further progress" toward the Fed's dual mandates of stable prices and maximum employment. Although more than 58% of US residents received at least one dose of COVID-19 vaccine by the end of July, the highly contagious Delta variant widely spread, causing soaring daily new cases in the US. We think the Fed will remain accommodative in short-term. The pace of economic recovery will mainly depend on the vaccination progress and the effectiveness of vaccines (including an additional dose) against new variants of COVID-19.

A-share market experienced huge volatilities on the back of policy uncertainties in July. The CSI300 Index tumbled by 7.90%, and the ChiNext Index edged down by 1.06%. Economic activities were impacted as the disruption of local COVID-19 cases still hovered. The PBOC surprisingly cut the reserve requirement ratio (RRR) by 50 bps for all banks effective from July 15th, releasing 1 trillion yuan liquidity into the economy. The PBOC also announced key tasks for the second half of the year: Give top priority to stability and coordinate efforts to improve the green financial system in order to prevent and defuse systematic financial risks. The Political Bureau of the CPC Central Committee meeting stressed the domestic economic recovery remained unstable and uneven. Policymakers need to make cross-cyclical adjustments to macro policies and maintain continuity, stability, and sustainability. China also planned to introduce an action plan for reaching a peak in carbon emissions by 2030, correct the campaign to reduce carbon emissions, and resolutely curb the indiscriminate development in high-consumption and high-emission projects. Vaccination continued to accelerate. According to National Health Commission of China, over 1.6 billion doses of vaccine were inoculated nationwide by the end of July. Overall, we remain moderately positive in short-term, and we are cautiously optimistic with the long-term development of Chinese economy. We think certain cyclical names (energy and telecom operators) will continue outperforming in near term on the back of productivity recovery and inflation expectation.

Hong Kong economy extended the trend of recovery. The unemployment rate retreated to 5.5% in 2Q21 amid receding local pandemic. Preliminary estimates showed HK GDP grew 7.5% YoY in 2Q21, while a government spokesman said the economic recovery remained uneven. Vaccine wise, about 46% of HK residents received at least one dose of COVID-19 vaccine by the end of July. Through the month, the HSI dived by 9.94% to 25,961.03, and the HSTECH slumped by 16.85% to 6,780.97. Looking forward, we think the HK local economy still faces challenges, and we will keep flexible cash level to catch up opportunities from market fluctuations.

In July, although the COVID-19 situation became under control, Taiwan equity market retreated. Looking forward, although geopolitical uncertainties and the pandemic may affect the development of Taiwan, we are optimistic with Taiwan market in long run. Given TSMC has gained dominance in the next generation semiconductor technology against Samsung and Intel, the global demand for 5G technology, high performance computing, and data centers would be even stronger post the pandemic. In addition, the shortage of chips push the price higher, which is beneficial to the whole Taiwan tech supply chain and the tech dominated TAIEX Index.

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