

Guotai Junan Greater China Growth Fund

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

Monthly Report - 30 Sep 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 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
Dealing Frequency Daily
Base Currency Hong Kong Dollar
NAV HKD 132.98
Bloomberg Code GJGCHGR HK Equity
ISIN Code HK0000315355

Fund Performance (Class A)

Calendar Year Performance	2008 ¹	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 ²
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	5.21
Hang Seng Total Return Index (%) ³	-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	-7.49

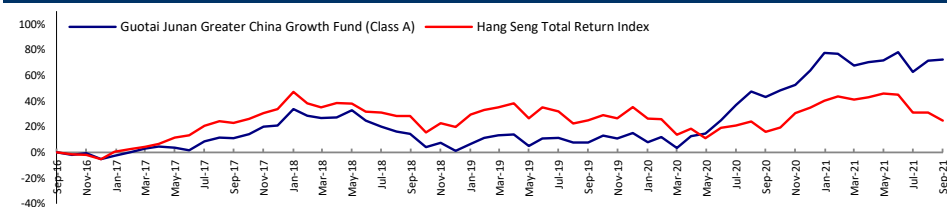
1. Calculated since 1 Jan 2008 2. Measured as of 30 Sep 2021
 3. A reference index for comparative purposes only

Cumulative Performance	1 Mth	3 Mths	6 Mths	YTD	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	0.54	-3.20	2.88	5.21	20.37	50.63	72.34
Hang Seng Total Return Index (%) ³	-4.71	-13.88	-11.51	-7.49	7.54	-2.74	24.84

Last update: 30 Sep 2021

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

5 Year Performance



Source: Guotai Junan Assets (Asia) Limited

Last update: 30 Sep 2021

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

Subscription and Redemption

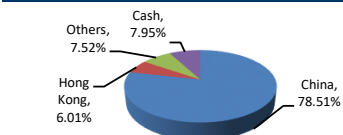
Min. Initial Subscription HKD 10,000
Subscription Fee Up to 5%
Annual Management Fee 1.5% p.a.
Redemption Fee*
 Less than 6 mths 1%
 6 mths or more but less than 12 mths 0.75%
 12 mths or more but less than 18 mths 0.50%
 18 mths or more but less than 24 mths 0.25%
 24 mths or more Waived
 *Please refer to the Explanatory Memorandum for fee details

Top Ten Holdings⁴

Company	%
Petrochina Co Ltd-H	6.92
China Mobile Ltd	5.50
China Petroleum & Chemical-H	5.07
China Telecom Corp Ltd-H	4.86
Guangdong Investment Ltd	4.76
Cnooc Ltd	4.69
Ck Hutchison Holdings Ltd	4.14
China Merchants Bank	3.72
Anhui Conch Cement Co Ltd-H	3.70
United Microelectron-Sp Adr	3.63

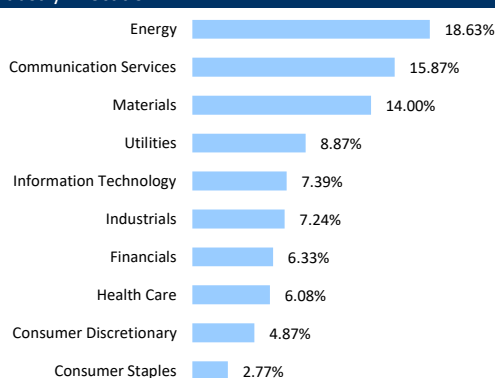
4. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd.

Exposure by Major Revenue Source⁵



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

Industry Allocation⁶



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

Contact

Ms. Helen Cheung
 Phone: (852) 2509 7740
 Fax: (852) 2509 7784

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

Market Outlook and Investment Strategy

In September, US equity market retreated mainly attributed to a hike in the US 10-year Treasury yield, as investors began to price in a tighter monetary policy outlook. According to the latest FOMC meeting minutes, the Fed has announced that tapering would likely start later in 2021 (probably in November), and an increasing number of board members believed rates could rise as early as 2022. The pace of rate hikes was faster than the market expectation, resulting in a rise in Treasury yields following the FOMC meeting. While Congress passed a stopgap measure funding the Federal government through December, the debt ceiling standoff remained unresolved and could begin to impact government funding in mid-October. The new oral antiviral medicine Molnupiravir by Merck and Ridgeback offers a glimmer of hope to further economic recovery, whereas potential risks of side effects (tumorigenesis and detrimental mutations) need to be evaluated carefully. Overall, the pace of economic recovery will mainly depend on policy supports, the vaccination progress, and the effectiveness of vaccines and medicines against new variants of COVID-19.

In September, A-share continued suffering huge volatilities due to Evergrande saga, regulatory uncertainties, and power outages in some areas. The CSI300 Index rebounded by 1.26%, and the ChiNext Index edged up by 0.95%. In the tenth meeting of the Central Committee, President Xi stressed to promote common prosperity amid the high quality development; coordinate work on forestalling major financial risks; establish a scientific public policy system and a reasonable distribution system that benefits everyone with a focus on primary and inclusive projects that facilitate people's well-being and guarantee their basic needs; enlarge the proportion of middle-income groups. Vaccination continued accelerating, over 2.2 billion doses of vaccine were inoculated nationwide by the end of September. Economic activities were disrupted as the local COVID-19 cases still hovered. Looking forward, we expect policymakers to make cross-cyclical adjustments to macro policies and maintain continuity, stability, and sustainability. We tend to be patient in short-term, and we are cautiously optimistic with the long-term development of Chinese economy. We think certain cyclical names (energy, telecom operators) will continue outperforming on the back of demand recovery and inflation expectation.

In Hong Kong, investors' concern were mainly on regulatory uncertainties and the ripple effect of Evergrande. The HSI nosedived by 5.04% to 24,575.64, and the HSTECH slumped by 7.66% to 6,101.52. The unemployment rate fell to 4.7% in the June to August period, the lowest jobless rate since 1Q20. Retail sales rose 10.6% YoY in August boosted by consumer discretionary (jewellery). The Secretary of Labor and Welfare said the labor market should improve further, and consumption vouchers will support the consumption-related activities. Vaccine wise, about 65% of HK residents received at least one dose of COVID-19 vaccine by the end of September. 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.

Taiwan equity market retreated mainly due to worsening supply chain stress and geopolitical uncertainties in September. As the chip shortage has forced cuts to US auto production, the White House asked leading chip makers including TSMC for confidential information. 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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