

# Guotai Junan Greater China Growth Fund

Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"

Monthly Report - 31 Dec 2022



## 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	2009 <sup>1</sup>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
The Fund (%)	99.44	12.15	-33.37	18.42	12.02	1.37	-6.99	-8.66	27.53	-16.33	13.85	42.28	-6.00	-19.49
Hang Seng Total Return Index (%) <sup>2</sup>	56.65	8.57	-17.38	27.46	6.55	5.48	-3.92	4.30	41.29	-10.54	13.04	-0.29	-11.83	-12.54

1. Calculated since 1 Jan 2008 2. Measured as of 31 Dec 2022

3. A reference index for comparative purposes only

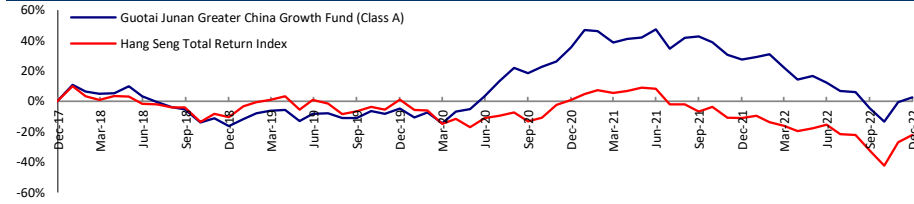
Cumulative Performance	1 Mth	3 Mths	6 Mths	YTD <sup>2</sup>	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	3.14	7.54	-8.63	-19.49	-19.49	7.67	2.56
Hang Seng Total Return Index (%) <sup>3</sup>	6.39	15.03	-8.12	-12.54	-12.54	-23.11	-22.25

## 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 95.65  
**Bloomberg Code** GJGCHGR HK Equity  
**ISIN Code** HK0000315355

Last update: 31 Dec 2022 The performance is measured in NAV-to-NAV in fund currency with net income reinvested

## 5 Year Performance



Source: Guotai Junan Assets (Asia) Limited Last update: 31 Dec 2022  
 The performance is measured in NAV-to-NAV in fund currency with net income reinvested

## Subscription and Redemption

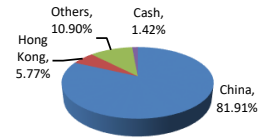
**Min. Initial Subscription** HKD 10,000  
**Subscription Fee** Up to 5%  
**Annual Management Fee** 1.5% p.a.  
**Redemption Fee\***  
 Less than 6 mths 1%  
 6 mths or more but less than 12 mths 0.75%  
 12 mths or more but less than 18 mths 0.50%  
 18 mths or more but less than 24 mths 0.25%  
 24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

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

Company	%
China Unicom Hong Kong Ltd	8.89
China Petroleum & Chemical-H	8.89
Petrochina Co Ltd-H	8.57
Cnoco Ltd	8.46
China Telecom Corp Ltd-H	8.06
China Mobile Ltd	8.03
Swire Pacific Ltd-CI B	6.59
Zijin Mining Group Co Ltd-H	4.38
Ck Asset Holdings Ltd	3.98
China Resources Power Holdin	2.97

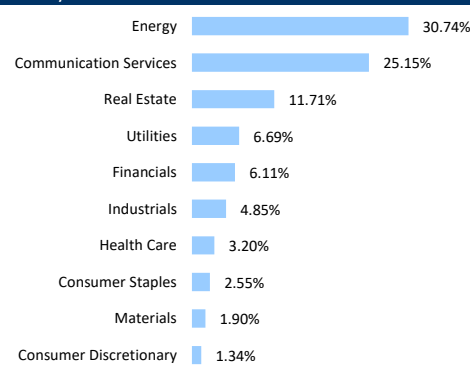
4. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd.

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



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

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



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

## Contact

Ms. Sylvia Xu  
 Phone: (852) 2509 2186  
 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

US equities retreated in the second half of December, as recession fear and high inflation concerns were rekindled by the hawkish Fed statements. The annual inflation rate slowed for a 5th straight month to 7.1% in November, below consensus of 7.3%. The 10-yr US Treasury yield walked a V-shape and closed higher at 3.8% towards December-end. On the geopolitical front, the ongoing Russia-Ukraine war was still complicated, which disrupted energy supply chain and fueled the inflationary pressure globally. In the December FOMC meeting, the Fed announced a 50bps rate hike, in line with market expectation. While acknowledging some inflation signals were moderating, policymakers expected the federal funds rate to reach a median of 5.10% (well above the 2022 year-end target range of 4.25% to 4.50%), indicating more rate hikes would come. COVID wise, one of the Omicron subvariants XBB.1.5 gained appeared to be the next dominant variant in the US. Some early studies showed the new subvariant was more transmissible with higher immune-escape capability. Going forward, we think high inflation and softened demand will continue to weigh on the US economy. The outlook remains quite challenging, with a soft or hard landing largely depends on policy supports and sustained COVID disruption.

Despite soaring COVID infection, A-share remained upbeat in December as investors continued to price in the grand China reopening. The CSI300 Index climbed by 0.48%, and the ChiNext Index edged up by 0.06%. Economic data was lackluster as expected, given soaring COVID cases disrupted economic activities nationwide. People were stocking up relevant medications, vitamins, and test kits. Meanwhile, the Central Economic Work Conference stressed on stabilizing growth, employment and prices, and keep the economy operating within an appropriate range. On geopolitical front, Chinese leaders attended the first China-Gulf Arab States Cooperation Council Summit and delivered keynote speeches, stating China would continue to import more crude oil and liquefied natural gas from GCC countries, strengthen cooperation in oil & gas development and clean & low-carbon energy technologies, and conduct RMB settlement of oil and gas trade. Moreover, the Ministry of Finance has issued 750 billion yuan of 3-year special Treasury bonds to step up supports for the real economy. Looking forward, we think the disruption of COVID will be alleviated as the number of infection has already peaked in many places. We believe that recent policy adjustments reflected a reprioritization on economic growth. Considering internal uncertainties and external challengers, we expect a mild recovery in 2023 and we are cautiously optimistic with the long-term development of Chinese economy.

For similar reasons, Hong Kong equity market continued to rebound in December. The HSI rose by 6.37%, and the HSTECH jumped by 8.7%. Economic data were still disappointing. HK exports and imports fell by 24.1% and 20.3% YoY in November, respectively. The retail sales contracted by 5.3% YoY in November, the largest drop since March. HK government was working to resume quarantine-free travel with mainland China as early as January, and quotas would be set in the first stage of the plan. Looking ahead, although HK local economy will still be affected by worsening external conditions, the quarantine exemption and other supportive measures will bring some hope of recovery. It takes time for both the real economy and investors' confidence to restore. We have been patient and prudent to catch up opportunities from irrational selloffs. There will be more structural opportunities for long term investments given the worst (such as lockdowns and regulatory headwinds) should be behind us.

## Disclaimer

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