

Guotai Junan Greater China Growth Fund

Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"



Monthly Report - 31 Jan 2024

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	2010 ¹	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
The Fund (%)	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	-13.36
Hang Seng Total Return Index (%) ³	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	-10.46

1. Calculated since 1 Jan 2010 2. Measured as of 31 Jan 2024

3. A reference index for comparative purposes only

Cumulative Performance	1 Mth	3 Mths	6 Mths	YTD ²	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	-10.85	-14.50	-26.19	-10.85	-29.66	-46.07	-10.25
Hang Seng Total Return Index (%) ³	-9.16	-9.16	-21.96	-9.16	-26.34	-39.62	-34.63

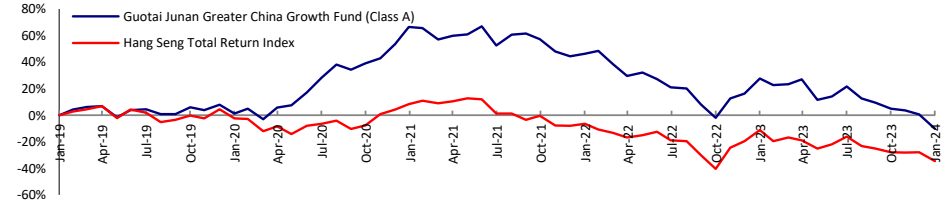
Fund Facts

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 73.88
Bloomberg Code	GJGCHGR HK Equity
ISIN Code	HK0000315355

Last update: 31 Jan 2024

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 Jan 2024

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

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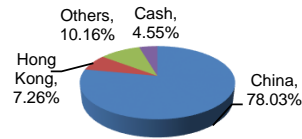
*The Fund is approved as Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme" of HK SAR

Top Ten Holdings⁴

Company	%
Aia Group Ltd	7.26
Kunlun Energy Co Ltd	6.17
Alibaba Group Holding Ltd	6.16
Baidu Inc-Class A	6.04
China Mobile Ltd	5.79
Trip.Com Group Ltd	4.80
China Bluechemical Ltd - H	4.68
China State Construction Int	4.31
Ping An Insurance Group Co-H	4.27
Cspc Pharmaceutical Group Lt	3.67

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

Exposure by Major Revenue Source⁵



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

Industry Allocation⁶

Communication Services	17.22%
Financials	17.21%
Consumer Discretionary	15.73%
Utilities	10.95%
Health Care	8.88%
Industrials	8.83%
Materials	8.04%
Consumer Staples	5.58%
Information Technology	3.01%

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

Market Outlook and Investment Strategy

US stocks remained upbeat in January as the economy continued to show strength and investors viewed a recession as unlikely. The S&P 500, the Nasdaq Composite and the Dow rallied by 1.59%, 1.02% and 1.22%, respectively. Data wise, US inflation went up to 3.4% in December from 3.1% in November, higher than market forecasts of 3.2%, as energy prices went down at a slower pace. The core personal consumption expenditures (PCE) price index, the Fed's preferred inflation gauge, rose 2.9% YoY in 2023, still above the Fed's 2% target, but below expectations and the lowest since February 2021. Investors seemed confused about how policymakers would weigh progress in slowing inflation against signs of a strong labor market and positive surprises from other economic data. Rate cut expectations this year fell sharply over the month, especially after the month-end FOMC meeting. The federal funds rates were unchanged, as expected. However, Fed Chair Jerome Powell stated that he didn't think it's likely that the Fed would cut in March. As a result, equities gave back some of the early gains in January. Going forward, we believe the impact of peaking interest rates and softened demand will weigh on the US economy in 2024. The outlook still remains challenging, while a soft landing should be achievable.

A-share slumped in January as attempts to support the economy failed to mitigate concerns about weakening growth, deflationary spiral, and property woes. The CSI300 Index retreated by 6.29%, and the ChiNext Index tumbled by 16.81%. Recent economic data suggested economic recovery remained fragile with more supports from the government needed. The official NBS Manufacturing PMI edged up to 49.2 in January from 49.0 in December, marking the 4th straight month of contraction. The official NBS Non-Manufacturing PMI edged up to 50.7 in January from 50.4 in December, slightly above market forecasts of 50.6. China Q4 GDP expanded by 5.2% YoY, faster than a 4.9% growth in Q3 but less than market forecasts of 5.3%. Persistent deflationary pressures weighed on sentiment. CPI fell by 0.8% YoY in January 2024, the most in more than 14 years and worse than market forecasts of a 0.5% fall. It was the fourth straight month of decline in CPI, the longest streak of drop since October 2009. Given investors risk appetite remained low, defensive names outperformed in general thanks to their high dividend yield, strong free cash flow and less sensitivity in a weak macro environment. Towards the month-end, the PBoC announced to cut the reserve ratio requirement (RRR) by 50 basis points for most banks on February 5, marking the first RRR cut this year after two 25bps cuts in 2023. Unfortunately, coupled with National Team buying power and more share buyback plans, these effort barely stopped the bear in the Greater China equities. A number of investors got rid of their positions regardless of costs, which sparked fears of a liquidity crunch. Looking forward, the economic outlook is quite challenging as reflected by insufficient demand and lack of confidence. We believe the policy stance will stick to pro-growth and more measures will be announced to protect further downside of the economy. Considering internal uncertainties and external challenges, we are cautiously optimistic with the long-term development of Chinese economy.

Similar to A-share, Hong Kong equity market experienced a disastrous January. The HSI retreated by 9.16%, and the HSTECH nosedived by 20.15%. Recent economic data demonstrated some improvements, while the continuity of momentum remained uncertain. HK imports and exports continued to improve, rising by 11.6%, 11% YoY in December, respectively. HK retail sales rose by 4.8% YoY in December, easing from an upwardly revised 12.4% advance in November. The annual inflation rate fell to 2.4% in December from 2.6% in November. For the equities, the healthcare space was sold off mainly due to the Biosecur Act Bill against China biotech and CXO companies. In short, this Bill would restrict US government and other agencies from signing contract, obtaining product or services with companies of concern, including Wuxi Aptec. Looking ahead, we remain bearish on HK local economy. 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 should be more structural opportunities for long term investments.

Disclaimer

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