

#### Important Information

- I. Value Partners All China Bond Fund (the "Fund") primarily invests in fixed income securities issued by any central and/or local governments, government agencies, supra-nationals, banks or companies which are domiciled in the People's Republic of China ("PRC") or which exercise the predominant part of their business or economic activities in the PRC.
- II. The Fund is subject to concentration risk and emerging market risk as a result of the concentration of its investments in the PRC markets. The Fund may be more volatile than a broadly based fund as it is more susceptible to fluctuation in value resulting from adverse economic or political conditions in the PRC markets.
- III. The Fund may also invest in PRC interbank bond market and is therefore subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk. The relevant rules and regulations on investment in the PRC interbank bond market are subject to change and may adversely impact the Fund.
- IV. The Fund may invest in securities which may be unrated or below investment grade and financial derivative instruments. The Fund is therefore exposed to additional risks, including volatility risk, valuation risk, leverage risk, liquidity risk, correlation risk, counterparty/credit risk, legal risk, over-the-counter transaction risk and settlement risk.
- V. In respect of the distribution units for the Fund, the Manager currently intends to make monthly dividend distribution. However, the distribution rate is not guaranteed. Distribution yield is not indicative of the return of the Fund. Distribution may be paid from capital of the Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount you originally invested or capital gains attributable to that and may result in an immediate decrease of the net asset value per unit of the Fund.
- VI. You should not make investment decision on the basis of this marketing material alone. Please read the explanatory memorandum for details and risk factors.

Q1 2022 Fund leaflet

# Value Partners All China Bond Fund

## 360° investing in China's onshore and offshore bond markets



### ▲ Finding yield in low rate environments

Unearth quality yield-generating assets with target monthly payouts of **around 6%**<sup>1</sup>  
(Aims to make monthly dividend distributions. Actual dividend payouts are not guaranteed and dividends may be paid out of the capital of the Fund.) Please refer to Important Information V

### ▲ Gateway to the world's second-largest bond market<sup>2</sup>

Fully capture the growth opportunities of China's bond market

### ▲ Capture better risk-adjusted returns

Lower correlation with other global risk assets to achieve greater diversification

### ▲ 28 years of investment experience in China's markets

One of the first to cover both the onshore and offshore market

 **Value Partners**  
*Investing through discipline*

<sup>1</sup>. Expected dividend amount (NAV) x 12. The manager intends to declare and pay monthly dividends equal to all or substantially all of the net income attributable to each of the Distribution Classes. However, there is neither a guarantee that such dividends will be made nor will there be a target level of dividend payout. No dividends will be paid with respect to the Accumulation Classes. Distribution may be paid from capital of the Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount that have been originally invested or capital gains attributable to that and may result in an immediate decrease in the value of units. Please refer to the Explanatory Memorandum for further details including the distribution policy. Investors should note that yield figures are estimated and for reference only and do not represent the performance of the Fund, and that there is no guarantee as to the actual frequency and/or amount of dividend payments. <sup>2</sup>. Source: Wind, as at December 2020.

## Investment objective and strategy

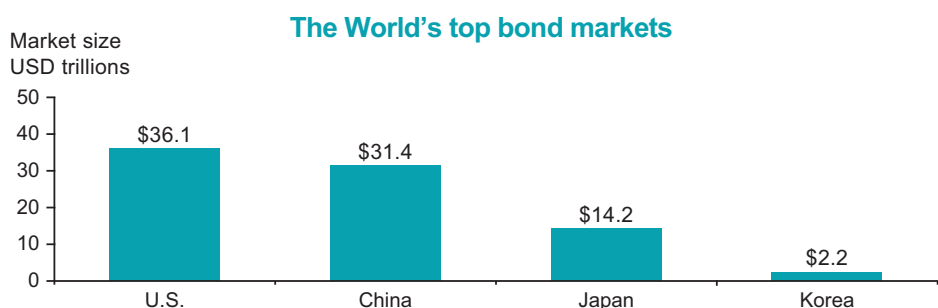
The Fund aims to provide capital appreciation by investing primarily in fixed income securities issued by any central and/or local governments, government agencies, supra-nationals, banks or companies which are domiciled in China, or which exercise the predominant part of their business or economic activities in China.

The Fund aims to achieve lower portfolio volatility by actively screening and selecting a combination of lower volatility fixed income securities. It will be managed through bottom-up research and a rigorous screening process which focuses on bonds that offer potential long-term value.

## Why Value Partners All China Bond Fund?

### Unlocking opportunities in the second-largest bond market in the world<sup>2</sup>

- China bond market is currently the second-largest in the world<sup>2</sup> to the U.S, with 4Q 2020 seeing it valued at USD31.4 trillion
- China's GDP growth is expected to rank number one in 2030



Source: BIS, Bloomberg Finance L.P., IMF, as of 4Q20

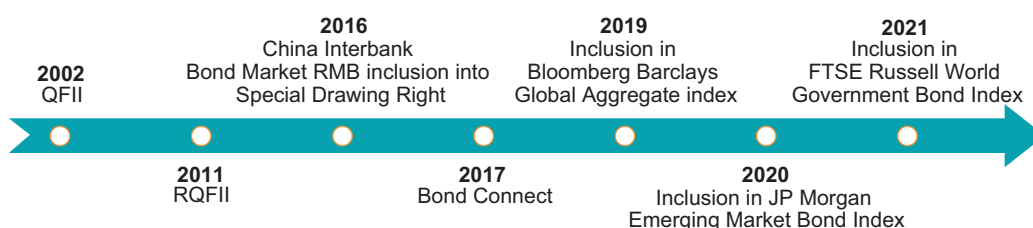
### Forecast of China's GDP

Decade	China GDP ranking
1980s	8
1990s	8
2000s	5
2010s	2
2020s	2
<b>2030s (E)</b>	<b>1</b>

Source: CCDC, CEIC, as at March 2021

### Foreign investors flock to China's bond market

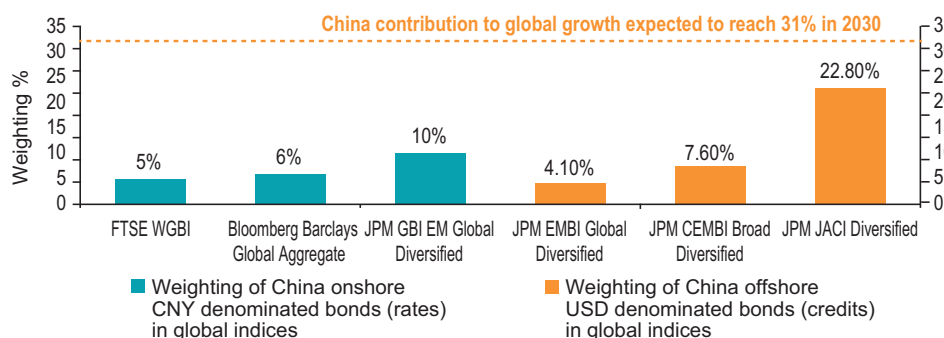
- Since 2002, the Chinese government has implemented numerous reforms aimed at attracting foreign investment. The foreign ownership ratio in China's bond market is only 4%<sup>3</sup>. A potentially sizable inflow of foreign money is expected in the years to come



Source: Wind, bloomberg, FTSE Russell, as at March 2021

- Chinese bonds' attractive yields, good liquidity, and ongoing inclusion in major global bond indices have resulted in a significant increase in interest from investors around the globe

### China bonds in global indices - Index weighting still low

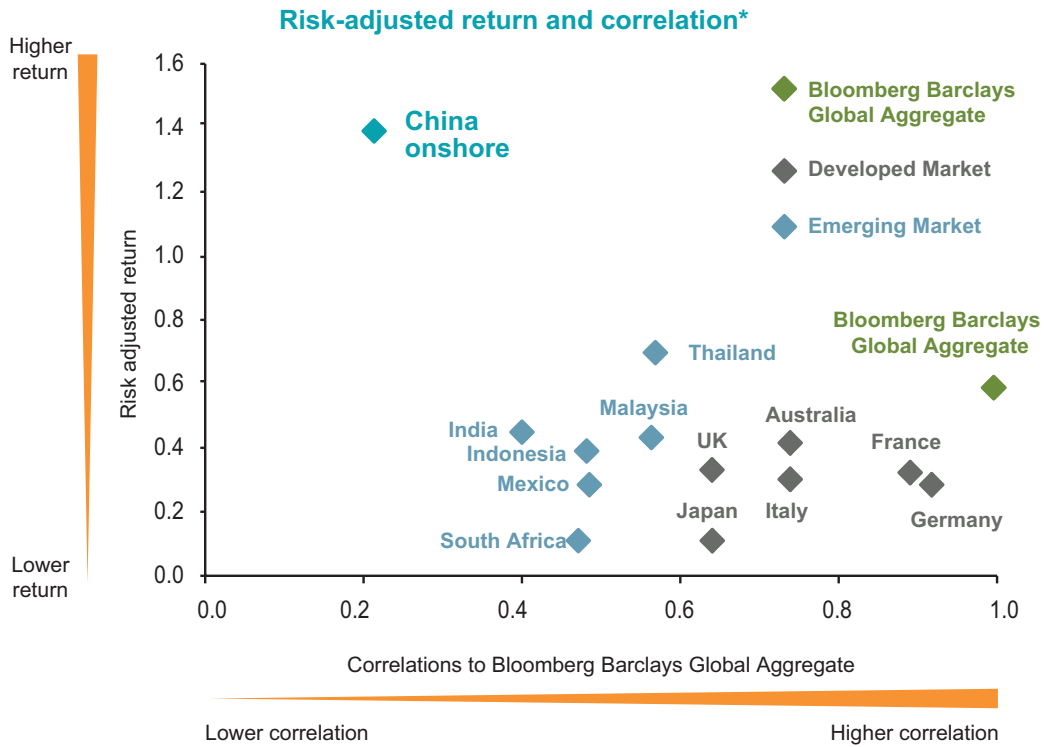


Decade	China contribution to global growth
1980s	1%
1990s	21%
2000s	15%
2010s	32%
2020s	28%
<b>2030s (E)</b>	<b>31%</b>

Source: CCDC, CEIC, as at March 2021

## Better risk-adjusted returns





- The China onshore bond market behaves quite differently from the rest of the world. It exhibits lower volatility and has low levels of correlation with other global risk assets, which should provide diversification in investor's portfolio
- The onshore bonds offer more attractive risk-adjusted return compared to other bonds



## 360° investing in both onshore and offshore Chinese bonds

- Actively screening and selecting a combination of fixed income securities, the Fund invests in onshore and offshore Chinese bonds to achieve lower portfolio volatility
- Our bottom-up approach enables us to have flexibility in our sector, rating, and portfolio duration allocations

### Capture opportunities in China's onshore and offshore bond markets

 <p>Diversified investment in around 70 bonds and 20 sectors in China market</p>	 <p>Target monthly payouts of around 6%<sup>1</sup> (Aims to make monthly dividend distributions. Actual dividend payouts are not guaranteed and dividends may be paid out of the capital of the Fund.) Please refer to Important Information V</p>	 <table border="0"> <tr> <td> <p><b>Key sectors in onshore bond market</b></p> <ul style="list-style-type: none"> <li>- Sovereign &amp; Government related bonds</li> </ul> <p><b>Benefits:</b></p> <ol style="list-style-type: none"> <li>1. High credit rating</li> <li>2. Low volatility</li> <li>3. Low levels of correlation with other global risk assets</li> </ol> </td> <td> <p><b>Key sectors in offshore bond market</b></p> <ul style="list-style-type: none"> <li>- Corporate bonds such as Financial, Quasi-Sov, TMT, etc</li> </ul> <p><b>Benefits:</b></p> <ol style="list-style-type: none"> <li>1. Attractive yield</li> <li>2. Good liquidity</li> </ol> </td> </tr> </table>	<p><b>Key sectors in onshore bond market</b></p> <ul style="list-style-type: none"> <li>- Sovereign &amp; Government related bonds</li> </ul> <p><b>Benefits:</b></p> <ol style="list-style-type: none"> <li>1. High credit rating</li> <li>2. Low volatility</li> <li>3. Low levels of correlation with other global risk assets</li> </ol>	<p><b>Key sectors in offshore bond market</b></p> <ul style="list-style-type: none"> <li>- Corporate bonds such as Financial, Quasi-Sov, TMT, etc</li> </ul> <p><b>Benefits:</b></p> <ol style="list-style-type: none"> <li>1. Attractive yield</li> <li>2. Good liquidity</li> </ol>
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 <p><b>&gt;65% investment grade</b></p> <p>Expected average credit rating is investment grade</p>	 <p>China onshore bond exhibits lower volatility and offers better risk-adjusted returns</p>	 <p><b>3.09 years</b></p> <p>Short duration to reduce sensitivity to U.S. interest rates</p>		

The above reference portfolio is for illustrative purposes only, and the actual allocation may vary.  
Source: Value Partners, as at Aug 2021

## An award-winning fixed income team

- A seasoned team of 12 investment professionals with in-depth knowledge and proven investment experience in Asian bond markets and specialized sectors
- Conducting 360-degree fundamental research analysis, along with around 6,500 due diligence meetings every year, we search for companies with the best growth potential and investment value
- Leveraging Value Partners' extensive research resources in Asia, rigorous credit analysis, and prudent investment process, our award-winning fixed-income team and products are highly recognized in the industry

### Latest awards



**Best Fund Provider –  
High Yield Bond**  
Asian Private Banker Asset  
Management Awards for  
Excellence 2021<sup>4</sup>



**Top 3 Investment House  
In Asian G3 Bonds  
(Asset Managers Category)**  
The Asset Benchmark Research 2020<sup>5</sup>



**CIO of the Year  
(Fixed Income) – Hong Kong  
Gordon IP**  
I&M Professional Investment  
Awards 2020<sup>6</sup>



**CIO of the Year in Asia  
(Fixed Income) – Regional  
Gordon IP**  
I&M Professional Investment  
Awards 2020<sup>6</sup>



**Download the Value Partners Mobile App now!**  
Access the latest fund information<sup>^</sup> and market updates!

<sup>^</sup> Fund information refers to Value Partners' funds authorized by the Securities and Futures Commission of Hong Kong. Authorization does not imply official recommendation.  
3. Source: CCDC, CEOC, as at March 2021. 4. The assessment of each award category is based on 3 weighted criteria, and one weighted criterion based on feedback from private banking fund selectors. The weightings includes product performance (30%), asset gathering (20%), service competency/quality (20%) and fund selector feedback (30%). 5. Asset Benchmark Research ranks the Top investment houses in Asian G3 bonds based on the number of votes won by their Astute Investors. 6. The award reflects performance up to 31 December 2019.

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