

Value Partners Fund Series

Value Partners Asian Innovation Opportunities Fund



NAV per unit: Class A USD Acc - USD11.37 | Class A USD MDis - USD11.24
Fund size : USD11.0 million

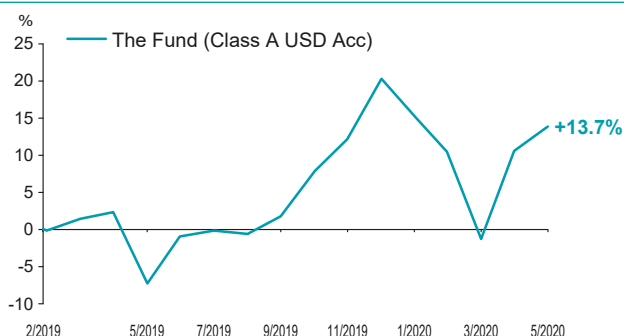
May 2020

- Value Partners Asian Innovation Opportunities Fund (the "Fund") invests predominantly in Asian equity and/or fixed income securities of companies that are related to innovative technologies or business innovations.
- The Fund's investments are concentrated in the Asian market and therefore subject to emerging market risks. Generally, investments in emerging markets are more volatile than investments in developed markets due to additional risks relating to political, social, economic and regulatory uncertainty.
- The Fund is also subject to concentration risks due to its concentration in the sectors relating to innovative technology or business innovation. Such companies are characterised by relatively higher uncertainty and volatility in price performance when compared to other economic sectors.
- The Fund may invest in small and mid-capitalisation companies. The stocks of such companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.
- The Fund may invest in unrated or below investment grade bonds 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.
- In respect of the distribution classes 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.
- You should not make investment decision on the basis of this material alone. Please read the explanatory memorandum for details and risk factors.

Investment objective

To maximise return and income by investing primarily (i.e. not less than 70% of its Net Asset Value) in Asian equity and/or fixed income securities relating to Asian companies that are listed, or have their registered offices in Asia or that generate a predominant share of their sales and/or their profits in Asia which are related to innovative technologies or business innovations including but not limited to information technology, consumption services, healthcare and financials.

Performance since launch



Performance update

| | The Fund (Class A USD Acc) |
|---|----------------------------|
| Year-to-date | -5.4% |
| One month | +2.9% |
| Three months | +3.1% |
| Six months | +1.5% |
| One year | +22.8% |
| Total return since launch | +13.7% |
| Annualized return since launch [^] | +10.7% |

Dividend information – Class MDis ¹

| Classes ² | Dividend amount / unit | Annualized yield ³ | Ex-dividend date |
|---------------------------|------------------------|-------------------------------|------------------|
| Class A AUD Hedged MDis | 0.0114 | 1.3% | 29-5-2020 |
| Class A CAD Hedged MDis | 0.0165 | 1.8% | 29-5-2020 |
| Class A HKD Unhedged MDis | 0.0189 | 2.0% | 29-5-2020 |
| Class A NZD Hedged MDis | 0.0123 | 1.4% | 29-5-2020 |
| Class A RMB Hedged MDis | 0.0249 | 2.7% | 29-5-2020 |
| Class A SGD Hedged MDis | 0.0164 | 1.8% | 29-5-2020 |
| Class A USD Unhedged MDis | 0.0190 | 2.0% | 29-5-2020 |

NAVs & codes

| Classes ² | NAV | ISIN | Bloomberg |
|---------------------------|-------|--------------|------------|
| Class A AUD Hedged MDis | 10.88 | HK0000475878 | VPAIAAH HK |
| Class A CAD Hedged MDis | 11.07 | HK0000475886 | VPAIACH HK |
| Class A HKD Unhedged Acc | 11.24 | HK0000475902 | VPAIOAU HK |
| Class A HKD Unhedged MDis | 11.11 | HK0000475910 | VPAIAHU HK |
| Class A NZD Hedged MDis | 10.76 | HK0000475928 | VPAIANH HK |
| Class A RMB Hedged MDis | 11.15 | HK0000475936 | VPAIARH HK |
| Class A SGD Hedged Acc | 11.22 | HK0000475944 | VPAIASH HK |
| Class A SGD Hedged MDis | 11.10 | HK0000475951 | VPASIAH HK |
| Class A USD Unhedged Acc | 11.37 | HK0000475969 | VPASIAU HK |
| Class A USD Unhedged MDis | 11.24 | HK0000475977 | VPASAUU HK |

Top holdings – equities

| Holdings | Sector ⁴ | Geography | % |
|----------------------------------|----------------------------------|--------------------------|-----|
| Samsung Electronics Co Ltd | Technology, hardware & equipment | South Korea | 8.4 |
| Nexon Co Ltd | Media & entertainment | Japan | 6.6 |
| Alibaba Group Holding Ltd | Retailing | United States/ Hong Kong | 6.3 |
| Genius Electronic Optical Co Ltd | Technology, hardware & equipment | Taiwan | 6.3 |
| KT&G Corp | Food, beverage & tobacco | South Korea | 3.9 |

These equities constitute 32% of the Fund.

Top holdings – fixed income

| Holdings | Sector ⁴ | Geography | % |
|---------------------------------|----------------------------------|-----------|-----|
| SoftBank Group Corp | Telecommunication services | Japan | 4.6 |
| 5.125% 09/19/2027 | | | |
| Proven Honour Capital Ltd | Technology, hardware & equipment | China | 1.9 |
| 4.125% 05/19/2025 | | | |
| Lenovo Perpetual Securities Ltd | Technology, hardware & equipment | China | 1.8 |
| 5.375% PERP 09/16/2066 | | | |

These fixed income securities constitute 8% of the Fund.

The Fund – Class A USD Acc: Monthly performance from 26 Feb 2019 to 29 May 2020

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual |
|------------|-------|-------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 2019 | N/A | -0.3% | +1.6% | +0.9% | -9.4% | +6.8% | +0.8% | -0.4% | +2.4% | +6.0% | +3.9% | +7.3% | +20.2% |
| 2020 (YTD) | -4.3% | -4.1% | -10.6% | +12.1% | +2.9% | | | | | | | | -5.4% |

[^] Annualized return and volatility are calculated from inception based on published NAV. Volatility is a measure of the theoretical risk in terms of standard deviation; in general, the lower the number, the less risky the investment, and vice versa.

Portfolio characteristics

| | |
|------------------------------------|-------------|
| As at 29 May 2020 | 2020 |
| Portfolio yield ⁵ | 2.3% |
| The Fund (Class A USD Acc) | |
| Annualized volatility [^] | 21.4% |

Asset type by geography (%) ⁶

| | Equities | Fixed Income | Total |
|-------------------|----------|--------------|-------|
| Taiwan | 25.2 | - | 25.2 |
| Japan | 16.0 | 4.6 | 20.6 |
| South Korea | 18.7 | - | 18.7 |
| Hong Kong | 8.4 | - | 8.4 |
| United States | 6.8 | - | 6.8 |
| China A-shares | 6.7 | - | 6.7 |
| China | - | 3.7 | 3.7 |
| Cash ⁷ | - | - | 9.9 |
| Total | 81.8 | 8.3 | 100.0 |

Asset type by sector (%) ⁴

| | Equities | Fixed Income | Total |
|--|----------|--------------|-------|
| Technology, hardware & equipment | 34.5 | 3.7 | 38.2 |
| Retailing | 12.3 | - | 12.3 |
| Semiconductors & semiconductor equipment | 11.7 | - | 11.7 |
| Media & entertainment | 7.7 | - | 7.7 |
| Consumer durables & apparel | 4.8 | - | 4.8 |
| Telecommunication services | - | 4.6 | 4.6 |
| Food, beverage & tobacco | 3.9 | - | 3.9 |
| Pharmaceuticals, biotechnology & life sciences | 3.9 | - | 3.9 |
| Health care equipment & services | 3.0 | - | 3.0 |
| Cash ⁷ | - | - | 9.9 |
| Total | 81.8 | 8.3 | 100.0 |

Credit ratings of fixed income

| | | | |
|------------------------|------|------------------------------------|------|
| BB | 4.6% | Investment grade | 0.0% |
| Non-rated ⁸ | 3.7% | High yield | 4.6% |
| | | Average credit rating ⁹ | BB |

Fund facts

| | |
|----------------|--|
| Manager: | Value Partners Hong Kong Limited |
| Base currency: | USD |
| Trustee: | HSBC Institutional Trust Services (Asia) Limited |
| Launch date: | 26 Feb 2019 |
| | Class A AUD Hedged MDIs |
| | Class A CAD Hedged MDIs |
| | Class A HKD Unhedged Acc |
| | Class A HKD Unhedged MDIs |
| | Class A NZD Hedged MDIs |
| | Class A RMB Hedged MDIs |
| | Class A SGD Hedged Acc |
| | Class A SGD Hedged MDIs |
| | Class A USD Unhedged Acc |
| | Class A USD Unhedged MDIs |

Fee structure (Class A)

| Share classes | Acc | MDIs |
|---------------------------------|---|---|
| | HKD/USD unhedged, SGD hedged ¹ | HKD/USD unhedged, AUD/CAD/NZD/RMB/SGD hedged ¹ |
| Minimum subscription | USD10,000 or equivalent | |
| Minimum subsequent subscription | USD5,000 or equivalent | |
| Subscription fee | Up to 5% | |
| Redemption fee | Nil | |
| Management fee | 1.5% p.a. | |
| Performance fee | N/A | |
| Dealing day | Daily | |

Senior investment staff

Co-Chairmen & Co-Chief Investment Officers:

Cheah Cheng Hye; Louis So

Deputy Chief Investment Officer: Renee Hung

Senior Investment Director: Norman Ho, CFA

Investment Directors: Chung Man Wing; Michelle Yu, CFA; Yu Xiao Bo

Senior Fund Managers: Anthony Chan, CFA; Kelly Chung, CFA; Doris Ho;

Glenda Hsia; Amy Lee, CFA, CAIA; Luo Jing, CFA; Frank Tsui; Yu Chen Jun

Fixed income investment team:

Chief Investment Officer, Fixed Income: Gordon Ip, CFA

Senior Fund Managers: Elaine Hu; Edwin Kam, CFA; Conor Yuan

Key corporate awards

CIO of the Year in Asia (Fixed Income) ¹⁰CIO of the Year (Fixed Income, Hong Kong) ¹⁰

Winner: Mr. Gordon IP

~ Insight & Mandate, Professional Investment Awards 2020

Top Investment House in Asian G3 Bonds ¹¹Top Investment House in Asian Local Currency Bond ¹¹

(both for the Hedge Fund category)

~ The Asset Benchmark Research Awards 2019

Asia ex-Japan Equity House: Best-in-Class

Greater China Equity House: Outstanding Achiever

~ Benchmark Fund of the Year Awards 2018, Hong Kong ¹²Scan QR code for fund documents ¹³:

Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg, data as at the last valuation date of the month as stated above, unless stated otherwise. Performance is calculated on NAV to NAV in base currency with dividend reinvested and net of fees. All indices are for reference only. Our portfolio disclosure policy can be obtained from the Investment Manager upon request to email fis@vp.com.hk.

1. 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. 2. Each hedged share class will hedge the Fund's base currency back to its currency of denomination on a best efforts basis. However, the volatility of the hedged classes measured in the Fund's base currency may be higher than that of the equivalent class denominated in the Fund's base currency. The hedged classes may be suitable for investors who wish to reduce the impact of changes in exchange rates between their local currency and the Fund's base currency. 3. Annualized yield of MDIs Class is calculated as follows: (Latest dividend amount/NAV as at ex-dividend date) x 12. 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. 4. Classification is based on Global Industry Classification Standard (GICS). 5. Portfolio yield is the weighted average of the total dividend yield of all securities in the portfolio. 6. Equities are classified by country of listing and fixed income securities are classified by country of risk. 7. Cash: 9.9%, includes receivables and payables (except cash for collaterals and margins). 8. Including bonds whose issuers do not seek credit ratings. 9. The average credit rating is calculated by assigning a sequential integer to all credit ratings from AAA (highest) to D (lowest), taking a simple, asset-weighted average of debt holdings by market value and rounding to the nearest rating. The letter rating may be based on bond ratings from different agencies and is provided to indicate the average credit rating of the portfolio's underlying bonds without taking into account derivative positions and unrated securities. As the risk of default increases disproportionately as a bond's rating decreases, the simple weighted average of credit ratings is not a statistical measurement of the portfolio's default risk. 10. The award reflects performance up to 31 Dec 2019. 11. The Asset Benchmark Research Awards 2019 judged performance of top investment houses based on the number of votes from top-rated analysts, economists and strategists. 12. The award reflects performance up to 30 Sep 2018. 13. For Hong Kong investors only. Investors should note investment involves risk. The price of units may go down as well as up and past performance is not indicative of future results. Investors should read the explanatory memorandum for details and risk factors in particular those associated with investment in emerging markets. Information herein has been obtained from sources believed to be reliable but Value Partners Hong Kong Limited does not guarantee the accuracy or completeness of the information provided by third parties. Investors should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you.

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