

# Value Partners China A-Share Select Fund

NAV per unit: Class A RMB (CNH) – RMB14.78

Fund size : USD93.0 million (RMB613.3 million)

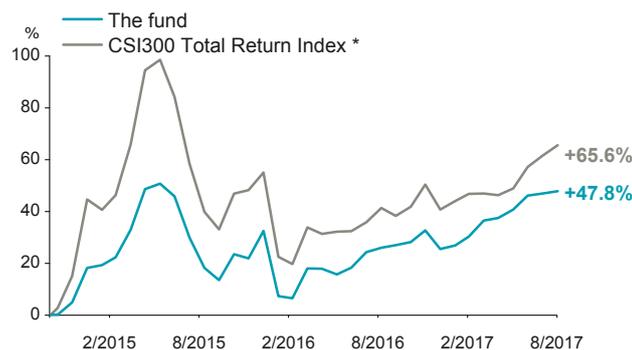
31 August 2017

- Value Partners China A-Share Select Fund (The "Fund") invests primarily in RMB-denominated equities in China.
- The Fund is also subject to concentration risk as a result of investing only in China. Adverse developments in such region may affect the value of the underlying securities in which the Fund invests. The value of the Fund can be extremely volatile and could go down substantially within a short period of time. It is possible that the entire value of your investment could be lost.
- The Fund intends to invest predominantly in China A Shares directly, via its Manager's RQFII quota. Investors will be subject to certain risks including repatriation risk, custodial risk, regulatory risk and risks associated with the Manager's RQFII status. In addition, the RQFII policy and rules are relatively new and there may be uncertainty in implementation and such policy and rules are subject to change. All these may adversely impact the Fund.
- The Fund and its primary investments are denominated in RMB. RMB is currently not a freely convertible currency and is subject to foreign exchange control policies, as well as repatriation restrictions imposed by the PRC government. Investors whose base currencies of investments are not in RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and the RMB.
- The Fund may invest in debt securities including those that are below investment grade/unrated, and may involve greater risks, including credit risk, issuer-specific risk, counterparty risk and sovereign debt risk. The fund may also invest in derivatives which can involve material risks, e.g. counterparty default risk, insolvency or liquidity risk. All these may expose the Fund to significant losses.
- 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 achieve long-term capital growth and income appreciation by predominately investing in RMB-denominated equities in the PRC utilizing the Manager's RQFII quota.

## Performance since launch



## Performance update

	Class A RMB (CNH)	CSI300 Total Return Index*	Shanghai Composite Index*
One month	+0.6%	+2.5%	+2.7%
Three months	+5.0%	+11.2%	+7.8%
Year-to-date	+17.9%	+17.7%	+8.3%
Since launch	+47.8%	+65.6%	+42.6%

## Top 5 securities holdings

Name	Industry <sup>1</sup>	%
Ping An Insurance (Group) Company of China Ltd	Insurance	5.8
Bank of China Limited	Banks	5.7
China CITIC Bank Corporation Limited	Banks	5.6
China Everbright Bank Company Limited	Banks	5.6
China South Publishing and Media Group Co Ltd	Media	4.0

These stocks constitute 27% of the fund.

## Portfolio characteristics

As at 31 Aug 2017	2017 <sup>2</sup>
Price/earnings ratio	12.6 times
Price/book ratio	1.6 times
Dividend yield	2.5%

## Geographical exposure by listing<sup>3</sup>

Shanghai A Shares	68%
Shenzhen A Shares	21%
Cash <sup>4</sup>	11%

## Sector exposure<sup>1,3</sup>

Banks	24%
Consumer discretionary	15%
Cash <sup>4</sup>	11%
Materials	11%
Insurance	9%
Health care	8%
Consumer staples	6%
Information technology	5%
Energy	4%
Industrials	4%
Other financials	3%

## The fund – Class A RMB (CNH): Monthly performance from 29 Oct 2014 to 31 Aug 2017

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	+0.0%	+4.8%	+12.7%	+18.1% <sup>5</sup>
2015	+0.9%	+2.5%	+8.7%	+11.9%	+1.4%	-3.3%	-11.0%	-9.0%	-4.0%	+8.8%	-1.3%	+8.7%	+12.1%
2016	-19.0%	-0.7%	+10.8%	-0.1%	-1.9%	+2.2%	+5.1%	+1.4%	+0.8%	+0.9%	+3.5%	-5.4%	-5.3%
2017 (YTD)	+1.1%	+2.7%	+4.8%	+0.7%	+2.4%	+3.8%	+0.5%	+0.6%					+17.9%

\* CSI300 Total Return Index includes dividend reinvestment whereas Shanghai Composite Index does not take into account reinvestment of dividends. The indices are for reference only.

## NAVs &amp; codes

Classes <sup>6</sup>	NAV	ISIN	Bloomberg
Class A RMB (CNH)	14.78	HK0000220001	VPCAARM HK
Class A USD Unhedged	13.85	HK0000220019	VPCAAUU HK
Class A USD Hedged	13.39	HK0000220027	VPCAAUH HK
Class A HKD Unhedged	13.98	HK0000220035	VPCAAHU HK
Class A HKD Hedged	13.39	HK0000220043	VPCAAHH HK
Class A GBP Unhedged	15.79	HK0000220076	VPCAAGU HK
Class A GBP Hedged	13.16	HK0000220084	VPCAAGH HK
Class A AUD Unhedged	12.58	HK0000220092	VPCAAAU HK
Class A AUD Hedged	13.66	HK0000220100	VPCAAAH HK
Class A CAD Hedged	12.56	HK0000220126	VPCAACH HK
Class A EUR Unhedged	12.73	HK0000220050	VPCAAEU HK
Class A EUR Hedged	13.16	HK0000220068	VPCAAEH HK
Class A NZD Unhedged	12.04	HK0000220134	VPCAANU HK
Class A NZD Hedged	13.45	HK0000220142	VPCAANH HK

## Fund facts

Manager & RQFII holder:	Value Partners Hong Kong Limited
Trustee:	HSBC Institutional Trust Services (Asia) Limited
Base currency:	Renminbi
Custodian:	The Hongkong and Shanghai Banking Corporation Limited
PRC custodian:	HSBC Bank (China) Company Limited
Launch date:	Class A RMB (CNH) Hedged - 16 Oct 2014 Class A USD Unhedged - 29 Oct 2014 Class A AUD/CAD/EUR/HKD/NZD/USD Hedged - 12 Nov 2014 Class A HKD Unhedged - 13 Nov 2014 Class A GBP Hedged - 14 Nov 2014 Class A GBP Unhedged - 26 Nov 2014 Class A AUD Unhedged - 28 Nov 2014 Class A NZD Unhedged - 16 Jan 2015 Class A EUR Unhedged - 29 Feb 2016

## Fee structure

	Class A
Minimum subscription	RMB60,000 or equivalent
Minimum subsequent subscription	RMB30,000 or equivalent
Subscription fee	Up to 5%
Management fee	1.5% p.a.
Performance fee <sup>7</sup>	15% of profit (High-on-High)
Dealing day	Daily

## Senior investment staff

**Chairman & Co-Chief Investment Officer:** Cheah Cheng Hye  
**Deputy Chairman & Co-Chief Investment Officer:** Louis So  
**Deputy Chief Investment Officer:** Renee Hung  
**Senior Investment Director:** Norman Ho, CFA  
**Investment Directors:** Chung Man Wing; Kenny Tjan, CFA;  
 Michelle Yu, CFA; Yu Xiao Bo  
**Senior Fund Managers:** Kelly Chung, CFA; Doris Ho; Glenda Hsia;  
 Philip Li, CFA; Kai Mak

All fund information is as of 31 Aug 2017 unless otherwise stated. Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg. Performance in RMB, NAV to NAV, with dividend reinvested and net of all fees. 1. Classification is based on Global Industry Classification Standard (GICS). 2. The profile is based on market consensus forecast as derived from S&P Capital IQ and Bloomberg. Harmonic mean methodology is applied to calculate the forecast P/E ratio and P/B ratio. Note that the manager's internal estimates may differ significantly from S&P Capital IQ and Bloomberg estimates. 3. Exposure refers to net exposure (long exposure minus short exposure). Due to rounding, percentages shown may not add up to 100%. 4. Cash refers to net cash on hand excluding cash for collaterals and margins. 5. Performance shown is calculated based on the fund's since launch return. The fund was launched on 29 Oct 2014. 6. The fund may invest in financial derivative instruments ("FDI") for hedging purposes. In adverse situations, the fund's use of FDI may become ineffective in hedging and the fund may suffer significant losses. 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. Risks associated with FDI include counterparty risk, credit risk and liquidity risk. Such exposure may lead to a high risk of capital loss. The AUD/CAD/EUR/GBP/HKD/NZD/USD Hedged Classes are not recommended for investors whose base currency of investment is not in the aforesaid currencies. 7. Performance fee will only be charged if the NAV at the end of the financial year or upon realization of units exceeds the "high watermark", which is the all-time year-end high of the fund's NAV. If in any one year, the fund suffers a loss, no performance fee can be charged in subsequent years until the loss is recovered fully (the high-on-high principle).

The Fund is not registered under the United States Securities Act of 1933, as amended ("the Securities Act") or the securities laws of any of the states of the United States. The units of the Fund ("Units") may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "US Person" except pursuant to an exemption with the consent of the Trustee and/or the Manager of the Fund in a transaction which does not result in a violation of applicable United States federal or state securities laws.

The Units are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or exemption therefrom, as well as in accordance with the requirements set forth in the Explanatory Memorandum and Supplemental Disclosure Statement for US Persons ("Memorandum"). Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

The Units are suitable only for sophisticated investors who do not require immediate liquidity for their investments, for whom an investment in the Fund does not constitute a complete investment program and who fully understand and are able to bear the loss of their investment in the Fund. The Fund's investment program, by its nature, may be considered to involve a substantial degree of risk. Prospective investors should not subscribe for Units unless satisfied that he or she and his or her investment representative have asked for and received all information which would enable him or her or both of them to evaluate the merits and risks of the proposed investment. The Units are not, and are not expected to be, liquid, except as described in the Memorandum.

Offering materials for the offering of the Units have not been filed with or approved or disapproved by the United States Securities and Exchange Commission or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this offering or passed upon the accuracy or completeness of any offering materials. Any representation to the contrary is unlawful.

This material does not constitute an offer or solicitation in any state or other jurisdiction in which an offer or solicitation is not authorized. No representations or warranties of any kind are intended or should be inferred with respect to the economic return or the tax consequences from an investment in the Fund. No assurance can be given that existing laws will not be changed or interpreted adversely. Prospective investors are not to construe this material as legal or tax advice. Each investor should consult his or her own counsel and accountant for advice concerning the various legal, tax and economic considerations relating to his or her investment.