

# Value Partners Classic Fund

NAV per unit: **A Units - USD362.84** | **B Units - USD162.62** | **C Units - USD20.39**  
Fund size : **USD1,562.0 million**

★★★★★  
Morningstar Rating™<sup>1</sup>  
As at 31-10-2017

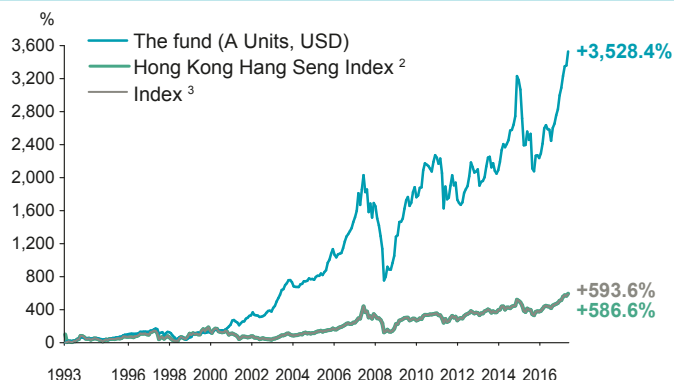
31 October 2017

- Value Partners Classic Fund (The "Fund") primarily invests in markets of the Asia-Pacific region, with a Greater China focus.
- The Fund invests in China-related companies and emerging markets which involve certain risks not typically associated with investment in more developed markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The Fund is also subject to concentration risk due to its concentration in Asia-Pacific region, particularly China-related companies. 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 may also invest in derivatives which can involve material risks, e.g. counterparty default risk, insolvency or liquidity risk, and may expose the Fund to significant losses.
- 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 in the value of units.
- 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

The fund aims to achieve consistent superior return and uses a bottom-up approach to invest in value stocks in the Asia Pacific region, particularly those in Greater China region, which the Manager believes are being traded at deep discounts to their intrinsic value.

## Performance since launch



## NAVs & codes

Classes <sup>4</sup>	NAV	ISIN	Bloomberg
A Units USD	362.84	HK0000264868	VLPARAI HK
B Units USD	162.62	HK0000264876	VLPARBI HK
C Units USD	20.39	HK0000264884	VLPARCI HK
C Units HKD <sup>5</sup>	159.0654	HK0000264884	VLPARCI HK
C Units RMB	13.64	HK0000264926	VLCHCRM HK
C Units AUD Hedged	16.75	HK0000264892	VLCHAUD HK
C Units CAD Hedged	16.32	HK0000264900	VLCHCAD HK
C Units HKD Hedged	14.00	HK0000264934	VLCHCHH HK
C Units NZD Hedged	17.69	HK0000264918	VLCHNZD HK
C Units RMB Hedged	14.06	HK0000264942	VLCHCRH HK
C Units MDis USD	10.04	HK0000360880	VLCCMDU HK
C Units MDis HKD	10.05	HK0000360898	VLCCMDH HK
C Units MDis RMB	10.08	HK0000362241	VLCCMDR HK
C Units MDis RMB Hedged	10.04	HK0000362258	VLCCMRH HK

## The fund – A Units USD: Monthly performance from 1 Jan 2009 to 31 Oct 2017

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2009	-3.2%	-0.2%	+8.2%	+8.2%	+20.1%	+1.3%	+11.5%	+0.1%	+2.5%	+7.5%	+5.9%	+2.2%	+82.9%
2010	-5.8%	+2.2%	+7.1%	+3.1%	-6.1%	+1.1%	+5.0%	+0.2%	+10.5%	+3.8%	-0.7%	-0.7%	+20.2%
2011	-1.5%	-1.6%	+5.4%	+3.5%	-1.3%	-3.2%	+2.8%	-7.5%	-19.8%	+15.3%	-7.8%	+1.0%	-17.2%
2012	+7.8%	+6.3%	-5.7%	+1.6%	-10.2%	-2.1%	-1.3%	+1.7%	+6.4%	+2.3%	+1.9%	+5.9%	+14.0%
2013	+7.9%	-2.5%	-2.9%	+0.6%	+1.2%	-9.0%	+2.3%	+0.5%	+2.2%	+6.2%	+4.8%	+0.4%	+11.2%
2014	-5.5%	+2.3%	-4.0%	-1.6%	+2.0%	+4.6%	+6.2%	+3.0%	-1.5%	+1.6%	+1.9%	+4.6%	+13.5%
2015	+0.3%	+2.4%	+3.7%	+17.1%	-1.5%	-3.5%	-11.0%	-11.6%	+0.2%	+6.5%	-3.8%	+2.9%	-1.5%
2016	-15.9%	-1.5%	+8.7%	+0.2%	-1.4%	+2.4%	+5.0%	+7.4%	+1.4%	-1.8%	-0.2%	-5.0%	-3.2%
2017 (YTD)	+6.1%	+1.9%	+3.7%	+2.6%	+5.7%	+3.0%	+4.5%	+3.5%	+0.3%	+4.9%			+42.5%

<sup>^</sup> Annualized return and volatility are calculated from inception. 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.

### Top 10 securities holdings

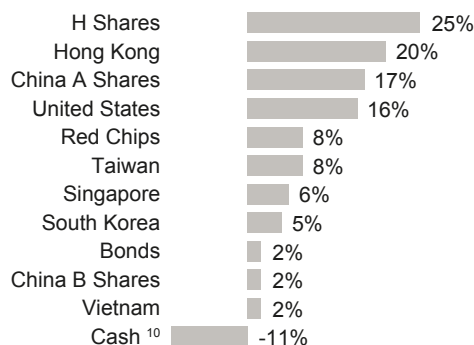
Name	Industry <sup>7</sup>	% <sup>9</sup>
Alibaba Group Holding Ltd	Software & services	9.7
SIIC Environment Holdings Ltd	Utilities	5.6
Weibo Corp	Software & services	5.1
Taiwan Semiconductor Manufacturing Co Ltd	Semiconductors & semiconductor equipment	5.0
Kweichow Moutai Co Ltd	Food, beverage & tobacco	4.9
Huaneng Renewables Corp Ltd	Utilities	3.7
Ping An Insurance Group Co of China Ltd	Insurance	3.6
AAC Technologies Holdings Inc	Technology, hardware & equipment	3.2
CSPC Pharmaceutical Group Ltd	Pharmaceuticals, biotechnology & life sciences	2.6
PetroChina Co Ltd	Energy	2.6

These stocks constitute 46% <sup>9</sup> of the fund.

### Portfolio characteristics

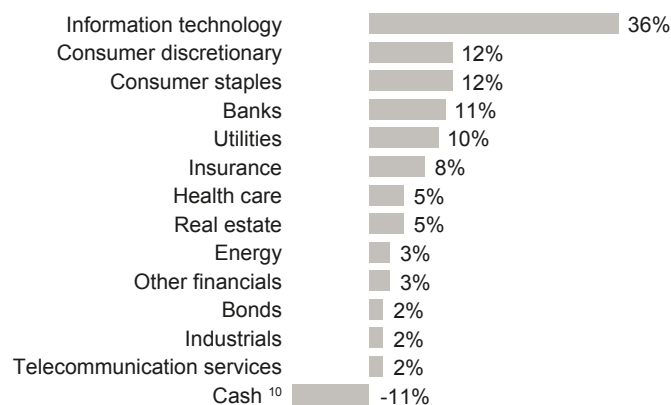
As at 31 Oct 2017	2017 <sup>8</sup>
Price/earnings ratio	12.1 times
Price/book ratio	1.5 times
Dividend yield	2.8%

### Geographical exposure by listing <sup>9</sup>



Short exposure includes: H Shares, -1.5%.

### Sector exposure <sup>7,9</sup>



Total short exposure is -1.5%.

Short exposure includes: Consumer discretionary, -1.5%.

All fund information is as of 31 Oct 2017 unless otherwise stated. Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg. Performance in USD, NAV to NAV, with dividend reinvested and net of all fees.

<sup>1</sup> © 2017 Morningstar, Inc. All Rights Reserved (for A Units). <sup>2</sup> Hang Seng Price Return Index was used till 31 Dec 2004, thereafter it is the Hang Seng Total Return Index. Hang Seng Total Return Index takes into account of dividend reinvestment whereas Hang Seng Price Return Index does not. <sup>3</sup> Index refers to Hang Seng Price Return Index till 31 Dec 2004, thereafter it is the Hang Seng Total Return Index up to 30 Sep 2017. With effect from 1 Oct 2017, it is the MSCI Golden Dragon Net Total Return Index, which takes into account of dividend reinvestment after deduction of withholding tax. All indices are for reference only. <sup>4</sup> 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/NZD/RMB Hedged Classes are not recommended for investors whose base currency of investment is not in the aforesaid currencies. <sup>5</sup> Investors should note that the base currency of "C" Units will normally take place at the prevailing rate (as determined by the Fund's Trustee or Custodian) on the corresponding fund dealing day. Investor should be aware of possible risks resulting from fluctuations of exchange rates against USD. <sup>6</sup> Calculated based on the since inception return of C Units. <sup>7</sup> Classification is based on Global Industry Classification Standard (GICS). <sup>8</sup> 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. <sup>9</sup> Exposure refers to net exposure (long exposure minus short exposure). Exposure of equity swaps is measured by the value of the underlying stock holdings. (Due to rounding, percentages shown may not add up to 100%). <sup>10</sup> Cash refers to net cash on hand excluding cash for collaterals and margins. <sup>11</sup> 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). <sup>12</sup> The awards were judged based on performance over the past 12 months, up to 30 Apr 2017. <sup>13</sup> Based on data provided by Morningstar Asia and Bloomberg Professional Services up to 30 Sep 2015.

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 in this report 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.

For Singapore investors: The Fund is registered as a restricted foreign scheme in Singapore and will only be distributed to (i) institutional investors and (ii) accredited investors and certain other persons in Singapore in accordance with section 304 and 305 of the Securities and Futures Act. Value Partners Asset Management Singapore Pte Ltd, Singapore Company Registration No. 200808225G

For Swiss Qualified Investors: The sales prospectus, the Articles of Association, the Key Investor Information Document as well as the annual and semi-annual reports of the Fund are available free of charge from the Representative. Both the place of performance and the place of jurisdiction for units/shares in the Fund offered or distributed in or from Switzerland shall be the seat of the Swiss representative.

Swiss Representative and Paying Agent: BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich.

This document has not been reviewed by the Securities and Futures Commission of Hong Kong. Issuer: Value Partners Hong Kong Limited.

### Fund facts

Manager:	Value Partners Hong Kong Limited
Base currency:	USD
Trustee:	HSBC Institutional Trust Services (Asia) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	A Units USD - 1 Apr 1993 B Units USD - 15 May 1996 C Units USD - 15 Oct 2009 C Units AUD/CAD/NZD Hedged - 17 Mar 2014 C Units RMB Hedged - 28 Oct 2015 C Units HKD Hedged - 30 Nov 2015 C Units RMB - 1 Dec 2015 C Units MDis USD - 16 Oct 2017 C Units MDis HKD - 16 Oct 2017 C Units MDis RMB - 16 Oct 2017 C Units MDis RMB Hedged - 16 Oct 2017

A, B and C units are invested in the same fund, A and B units were no longer issued from 12 Apr 2002 and 15 Oct 2009 respectively. Only C units are currently available.

### Fee structure

	A Units	B Units	C Units
Minimum subscription	Closed	Closed	USD10,000 or equivalent
Minimum subsequent subscription	Nil	Nil	USD5,000 or equivalent
Subscription fee	Closed	Closed	up to 5%
Management fee	0.75% p.a.	1.25% p.a.	1.25% p.a.
Performance fee <sup>11</sup>	15% of profit (High-on-high principle)		
Redemption fee	Nil		
Dealing day	Daily redemption	Daily redemption	Daily dealing

### 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; Luo Jing, CFA; Kai Mak; Yu Chen Jun

### Recent fund awards



Fund of the Year 2017 <sup>12</sup>  
~ HFM Asia Performance Awards 2017

Best Greater China fund over US\$500 million <sup>12</sup>  
~ HFM Asia Performance Awards 2017



Top Fund Awards 2015 (Hong Kong) <sup>13</sup>  
Greater China Equity – Outstanding Performer  
~ Bloomberg Businessweek, Chinese edition