

Value Partners Classic Fund

NAV per unit: A Units - USD352.63 | B Units - USD156.46 | C Units - USD19.63
Fund size : USD1,133.9 million



★★★★
Morningstar Rating™¹
As at 30-11-2019

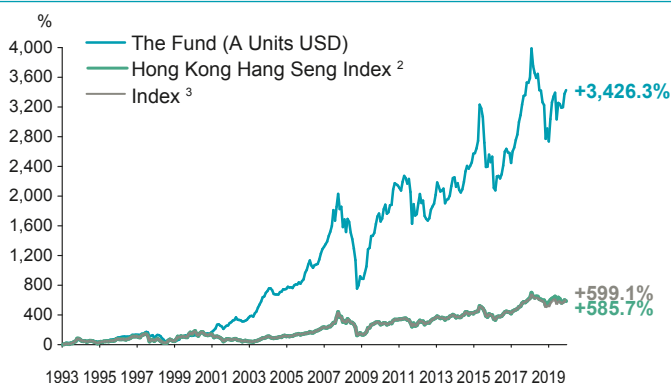
November 2019

- 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 returns through an investment discipline that places emphasis on the fundamental value of potential investments, which the Manager believes are being traded at deep discounts to their intrinsic values. The Fund will concentrate on investing in the markets of the Asia Pacific region (particularly in Greater China region) but without fixed geographical, sectoral or industry weightings.

Performance since launch



NAVs & codes

| Classes ⁴ | NAV | ISIN | Bloomberg |
|--------------------------|----------|--------------|------------|
| A Units USD | 352.63 | HK0000264868 | VLPARA1 HK |
| B Units USD | 156.46 | HK0000264876 | VLPARBI HK |
| C Units USD | 19.63 | HK0000264884 | VLPARCI HK |
| C Units HKD ⁵ | 153.6411 | HK0000264884 | VLPARCI HK |
| C Units RMB | 14.28 | HK0000264926 | VLCHCRM HK |
| C Units AUD Hedged | 15.91 | HK0000264892 | VLCHAUD HK |
| C Units CAD Hedged | 15.55 | HK0000264900 | VLCHCAD HK |
| C Units HKD Hedged | 13.15 | HK0000264934 | VLCHCHH HK |
| C Units NZD Hedged | 16.55 | HK0000264918 | VLCHNZD HK |
| C Units RMB Hedged | 13.58 | HK0000264942 | VLCHCRH HK |
| C Units MDis USD | 8.93 | HK0000360880 | VLCCMDU HK |
| C Units MDis HKD | 8.89 | HK0000360898 | VLCCMDH HK |
| C Units MDis RMB | 9.28 | HK0000362241 | VLCCMDR HK |
| C Units MDis RMB Hedged | 8.73 | HK0000362258 | VLCCMRH HK |

The Fund – A Units USD: Monthly performance from 1 Jan 2009 to 29 Nov 2019

| 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 | +6.1% | +1.9% | +3.7% | +2.6% | +5.7% | +3.0% | +4.5% | +3.5% | +0.3% | +4.9% | -0.1% | +1.8% | +44.9% |
| 2018 | +10.8% | -5.7% | -2.5% | -1.8% | +1.5% | -5.8% | -0.2% | -4.4% | -1.1% | -13.7% | +4.8% | -5.8% | -23.1% |
| 2019 (YTD) | +10.6% | +7.2% | +2.4% | +1.5% | -10.3% | +7.1% | -0.5% | -1.5% | +0.3% | +5.5% | +1.4% | | +24.4% |

¹ 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.

Performance update

| | A Units USD | B Units USD | C Units USD | Hang Seng Index ² | Index ³ |
|------------------------------------|-------------|-------------|-------------|------------------------------|--------------------|
| One month | +1.4% | +1.4% | +1.4% | -1.9% | +1.2% |
| Year-to-date | +24.4% | +23.8% | +23.8% | +5.7% | +15.2% |
| One year | +17.2% | +16.6% | +16.6% | +3.0% | +10.7% |
| Three years | +31.6% | +29.6% | +28.9% | +27.7% | +30.2% |
| Five years | +38.1% | +34.8% | +34.3% | +30.5% | +33.0% |
| Since launch | +3,426.3% | +1,464.6% | +96.3% | +585.7% | +599.1% |
| Annualized return ⁴ | +14.3% | +12.4% | +6.9% | +7.5% | +7.6% |
| Annualized volatility ⁴ | 21.6% | 22.2% | 19.7% | 25.5% | 25.5% |

Annual performance from 2009 to 2019

| | A Units USD | B Units USD | C Units USD |
|------------|-------------|-------------|--------------------|
| 2009 | +82.9% | +82.0% | +7.7% ⁶ |
| 2010 | +20.2% | +19.6% | +21.2% |
| 2011 | -17.2% | -17.6% | -17.6% |
| 2012 | +14.0% | +13.4% | +13.4% |
| 2013 | +11.2% | +10.6% | +10.8% |
| 2014 | +13.5% | +13.0% | +13.3% |
| 2015 | -1.5% | -2.0% | -2.0% |
| 2016 | -3.2% | -3.7% | -3.7% |
| 2017 | +44.9% | +44.1% | +43.3% |
| 2018 | -23.1% | -23.5% | -23.5% |
| 2019 (YTD) | +24.4% | +23.8% | +23.8% |

Dividend information – C Units MDis⁷

| Classes ⁴ | Dividend per unit ⁸ | Annualized yield ⁹ | Ex-dividend date |
|-------------------------|--------------------------------|-------------------------------|------------------|
| C Units MDis USD | 0.0286 | 3.8% | 29-11-2019 |
| C Units MDis HKD | 0.0286 | 3.9% | 29-11-2019 |
| C Units MDis RMB | 0.0299 | 3.9% | 29-11-2019 |
| C Units MDis RMB Hedged | 0.0324 | 4.5% | 29-11-2019 |

Top holdings

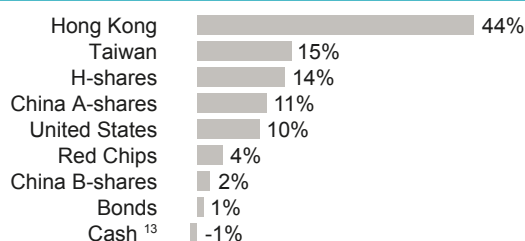
| Name | Industry ¹⁰ | % ¹² |
|---|--|-----------------|
| Alibaba Group Holding Ltd | Retailing | 10.7 |
| Meituan Dianping | Retailing | 9.1 |
| Taiwan Semiconductor Manufacturing Co Ltd | Semiconductors & semiconductor equipment | 6.0 |
| Kweichow Moutai Co Ltd | Food, beverage & tobacco | 4.6 |
| SIIC Environment Holdings Ltd | Utilities | 3.8 |
| China Construction Bank Corp | Banks | 3.4 |
| Techtronic Industries Co Ltd | Capital goods | 3.1 |
| Industrial & Commercial Bank of China Ltd | Banks | 2.5 |
| Largan Precision Co Ltd | Technology, hardware & equipment | 2.5 |
| Agricultural Bank of China Ltd | Banks | 2.2 |

These securities constitute 48% ¹² of the Fund.

Portfolio characteristics

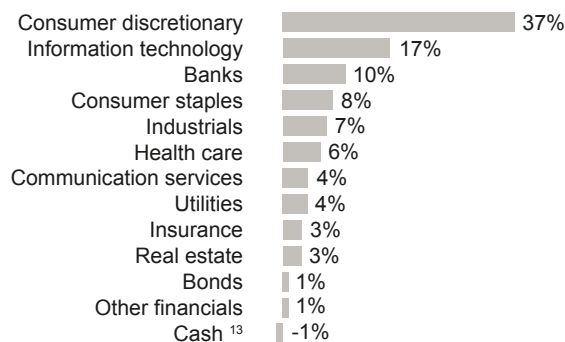
| As at 29 Nov 2019 | 2020 ¹¹ |
|----------------------|--------------------|
| Price/earnings ratio | 9.6 times |
| Price/book ratio | 1.3 times |
| Portfolio yield | 3.6% |

Geographical exposure by listing ¹²



Short exposure includes: Hong Kong, -0.6%.

Sector exposure ^{10, 12}



Total short exposure is -0.6%.

Short exposure includes: Health care, -0.6%.

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 |

Dividend Policy ⁷: C Units MDis – aim at monthly distribution, subject to Manager’s discretion

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 ¹⁴ | 15% of profit (High-on-high principle) | | |
| Redemption fee | | Nil | |
| Dealing day | Daily redemption | Daily redemption | Daily dealing |

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

Key corporate awards



Benchmark Fund of the Year Awards 2018,

Hong Kong

Asia ex-Japan Equity House: Best-in-Class ¹⁵

~ Benchmark

I&M Professional Investment Awards 2018

House Performance Awards:

Offshore China Equity (10-year) ¹⁶

~ Insights & Mandate

Listed Company Awards of Excellence 2018

Outstanding Listed Company

(Main Board Category) ¹⁷

~ Hong Kong Economic Journal

Scan QR code for fund documents¹⁸:



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. © 2019 Morningstar, Inc. All Rights Reserved (for A Units). 2. 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. 3. Index refers to Hang Seng Index (Price Return) since fund inception till 31 Dec 2004, thereafter it is the Hang Seng Index (Total Return) up to 30 Sep 2017, Hang Seng Index (Total Return) includes dividend reinvestment whereas Hang Seng Index (Price Return) does not take into account reinvestment of dividends. With effect from 1 Oct 2017, it is the MSCI Golden Dragon Index (Total Net Return), which takes into account of dividend reinvestment after deduction of withholding tax. 4. 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. 5. Investors should note that the base currency of "C" Units is in USD. The HKD is for reference only and should not be used for subscription or redemption purpose. Conversion to the base currency of "C" Units will normally take place at the prevailing rate (as determined by the Fund's Trustee or Custodian) of the corresponding fund dealing day. Investor should be aware of possible risks resulting from fluctuations of exchange rates against USD. 6. Calculated based on the since inception return of C Units. 7. The Manager currently intends to make monthly dividend distribution in respect of the C Unit MDis Classes; actual dividend payout will be subject to the Manager's discretion. 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 more details. 8. The receiving bank may charge a fee for incoming payments. Such fees will reduce the actual amount of dividends received by the investor. 9. 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. 10. Classification is based on Global Industry Classification Standard (GICS). 11. 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. 12. 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%). 13. Cash refers to net cash on hand excluding cash for collaterals and margins. 14. Performance fee will only be charged if at the end of the financial year the NAV (before deduction of performance fee and relevant distributions) exceeds the "high watermark", which is the all-time year-end high of the Fund's NAV for the accumulation classes (and dividend adjusted equivalent for distribution paying classes). 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). 15. The award reflects performance up to 30 September 2018. 16. The award reflects performance up to 31 December 2017. 17. The award recognises listed companies that were able to demonstrate outstanding business performance, create value for investors and showcase strong corporate governance over the past year. The award was bestowed on 5 November 2018. 18. 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 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. 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