

Value Partners Classic Fund

NAV per unit: A Units - USD269.78 | B Units - USD121.62 | C Units - USD15.36
Fund size : USD1,578.2 million

★★★★
Morningstar Rating™¹
As at 31-08-2016

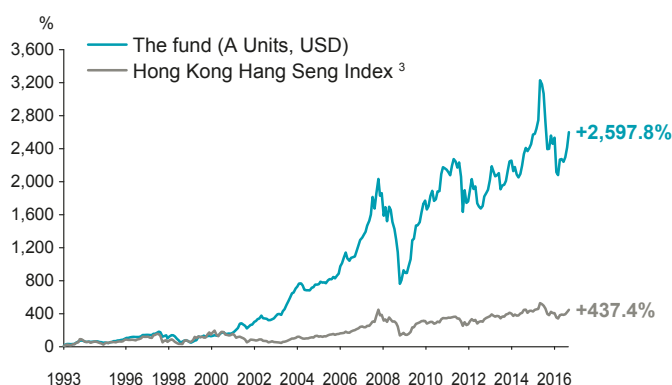
31 August 2016

- 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.
- 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 ²



NAVs & codes

Classes ⁴	NAV	ISIN	Bloomberg
A Units USD	269.78	HK0000264868	VLPARAI HK
B Units USD	121.62	HK0000264876	VLPARBI HK
C Units USD	15.36	HK0000264884	VLPARCI HK
C Units HKD ⁵	119.1429	HK0000264884	VLPARCI HK
C Units RMB	10.46	HK0000264926	VLCHCRM HK
C Units AUD Hedged	12.66	HK0000264892	VLCHAUD HK
C Units CAD Hedged	12.33	HK0000264900	VLCHCAD HK
C Units HKD Hedged	10.44	HK0000264934	VLCHCHH HK
C Units NZD Hedged	12.71	HK0000264918	VLCHNZD HK
C Units RMB Hedged	10.1300	HK0000264942	VLCHCRH HK

Performance update ²

	A Units USD	Hang Seng Index ³	B Units USD	C Units USD
One month	+7.4%	+5.3%	+7.4%	+7.6%
Year-to-date	+2.6%	+8.0%	+2.2%	+2.4%
One year	+8.3%	+10.3%	+7.7%	+7.9%
Three years	+31.0%	+18.3%	+29.0%	+29.8%
Five years	+25.2%	+35.4%	+22.1%	+22.9%
Since launch	+2,597.8%	+437.4%	+1,116.2%	+53.6%
Annualized return [^]	+15.1%	+7.4%	+13.1%	+6.4%
Annualized volatility [^]	22.1%	26.6%	22.9%	20.7%

Annual performance from 2009 to 2016 ²

	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 (YTD)	+2.6%	+2.2%	+2.4%

The fund – A Units USD: Monthly performance from 1 Jan 2009 to 31 Aug 2016 ²

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 (YTD)	-15.9%	-1.5%	+8.7%	+0.2%	-1.4%	+2.4%	+5.0%	+7.4%					+2.6%

[^] 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.

Important information 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.

Top 10 securities holdings

Name	Industry ⁷	%
Weibo	Software & services	7.6
SIIC Environment	Utilities	6.3
Logan Property	Real estate	5.5
Alibaba Group	Software & services	4.5
Taiwan Semiconductor Manufacturing	Semiconductors & semiconductor equipment	4.1
PetroChina	Energy	3.7
Gree Electric Appliances	Consumer durables & apparel	3.4
Mintch Group	Automobiles & components	3.4
Kweichow Moutai	Food, beverage & tobacco	3.1
China Unicom	Telecom services	3.0

These stocks constitute 45% of the fund. The top ten securities holdings only include companies and/ or REITs the fund invested, excluding any index tracking fund or ETF.

Portfolio characteristics

As at 31 Aug 2016	2016 ⁸
Price/earnings ratio	11.8 times
Price/book ratio	2.1 times
Dividend yield	3.0%

Geographical exposure by listing ⁹

Hong Kong	23%
H Shares	17%
China A Shares	15%
United States	13%
Red Chips	9%
Taiwan	8%
Singapore	6%
China B Shares	4%
South Korea	2%
Cash ¹⁰	1%

Short exposure includes: Cash, -0.9%; H Shares, -0.3%; Hong Kong, -0.3% and Red Chips, -0.1%.

Sector exposure ^{7,9}

Information technology	26%
Consumer discretionary	21%
Utilities	9%
Banks	7%
Consumer staples	7%
Real estate	7%
Telecom services	6%
Health care	5%
Energy	4%
Derivatives	3%
Insurance	3%
Others	3%
Cash ¹⁰	1%

Total short exposure is -1.6%.

Short exposure includes: Cash, -0.9%; Consumer staples, -0.3%; Consumer discretionary, -0.2%; Derivatives, -0.1% and Others, -0.1%.

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

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. Unit price is published daily in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.

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 ¹¹	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: Alan Wang, CFA; Michelle Yu, CFA

Recent fund awards



Top Fund Awards 2015 (Hong Kong) ¹²
Greater China Equity – Outstanding Performer
~ Bloomberg Businessweek, Chinese edition



Best Greater China fund over US\$500 million ¹³
~ HFM Awards 2015

1. © 2016 Morningstar, Inc. All Rights Reserved (for A Units). 2. Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg, data as of 31 Aug 2016, in USD, NAV to NAV, with dividends reinvested. Performance data is net of all fees. 3. Index refers to Hang Seng Price Return Index up to 31 Dec 2004, thereafter it is the Hang Seng Total Return Index. Hang Seng Total Return Index includes dividend reinvestment whereas Hang Seng Price Return Index does not take into account reinvestment of dividends. 4. 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. 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) on 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. Classification is based on Global Industry Classification Standard (GICS). 8. 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. Note that the manager's internal estimates may differ significantly from S&P Capital IQ and Bloomberg estimates. 9. Exposure refers to net exposure (long exposure minus short exposure). Due to rounding, percentages shown may not add up to 100%. 10. Cash refers to net cash on hand excluding cash for collaterals and margins. 11. 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). 12. Based on data provided by Morningstar Asia and Bloomberg Professional Services up to 30 Sep 2015. 13. Based on performance data over the past 12 months as of 30 Apr 2015, among peer funds under Best Greater China fund over US\$500 million category.

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. This report has not been reviewed by the SFC. Issuer: Value Partners Hong Kong Limited.