

Important Information

- I. Value Partners Classic Fund (The "Fund") primarily invests in markets of the Asia-Pacific region, with a Greater China focus.
- II. 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.
- III. 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.
- IV. 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.
- V. 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.
- VI. You should not make investment decision on the basis of this material alone. Please read the explanatory memorandum for details and risk factors.



Q4 2019 Fund leaflet

Value Partners Classic Fund

Monthly distribution classes
available in
HKD, USD and RMB
aim to distribute income
on a monthly basis

Growth Potential and Income lead to **Double Happiness**



- ▲ **Strong 26-year track record: Ranked No.1** in the Greater China equity fund category¹ (A Units)
- ▲ **One of the largest investment teams in Asia** focusing on uncovering value opportunities
- ▲ **Monthly distribution classes with payouts of around 4% p.a.**²
(The classes aim to distribute income on a monthly basis. Dividend yield is not guaranteed and dividend may be distributed out of capital) Please refer to Important Information V

¹. Performance ranking is based on the performance of funds which are categorized under the Morningstar Greater China Equity Fund category and with performance history started before 1 April 1993. Based on the performance from 2 April 1993 to 30 June 2019. ². As at 30 September 2019. 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. 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.

Investment objective and strategy

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.

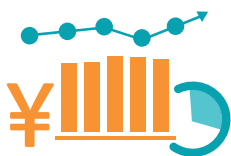
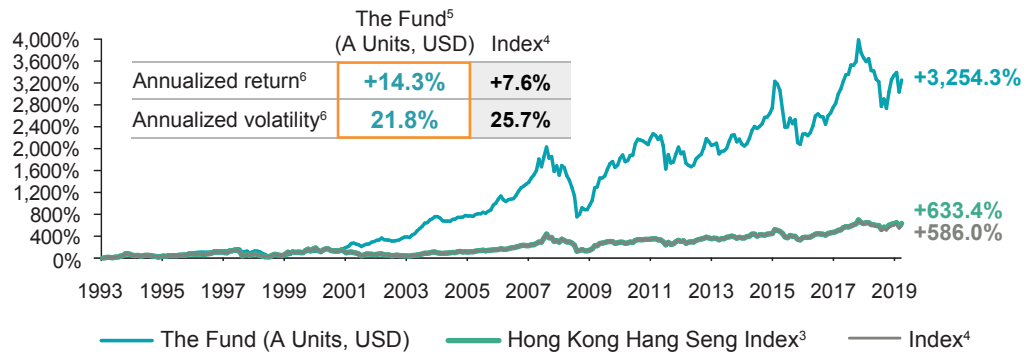
Why invest in Value Partners Classic Fund?



Renowned Greater China expert

- The Fund aims to generate excess returns throughout different market cycles and has consistently outperformed peer funds over the long run¹
- An award-winning investment team of about 70 financial specialists, who have an average industry experience of 18 years and an average tenure of 10 years with Value Partners, covering different sectors and regions
- Tap undiscovered investment opportunities with 360-degree fundamental research analysis combined with more than 6,500 due diligence meetings every year

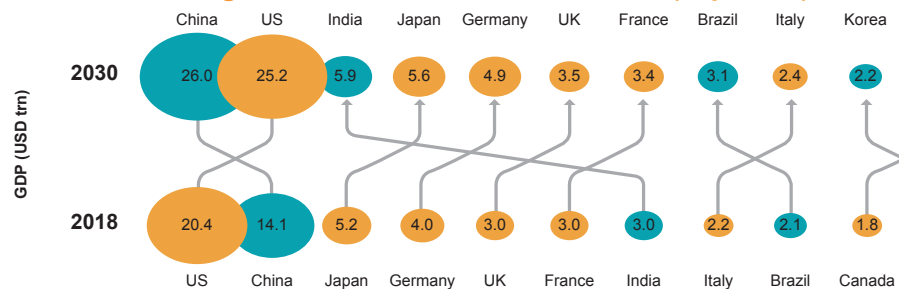
Outstanding performance throughout major market cycles



The Chinese economy is overall stable

- While the trade war uncertainty clouds growth prospects, it also brings opportunities for China to focus on expanding domestic demand
- China is expected to roll out more stimulus policies to offset macro headwinds
- China's economic growth stabilized with its 3Q2019 GDP growing at 6.0%⁷, while consumption growth has become a driving force to help support the domestic economy
- China has established its own "demand chain" to underpin growth, making its way to the world's largest economy in the upcoming 10 to 15 years highly convincible

World's largest economies in 2018 and 2030 (expected)



Source: HSBC

Note: Gross Domestic Products figures in constant 2018 USD terms, as of Dec 2018

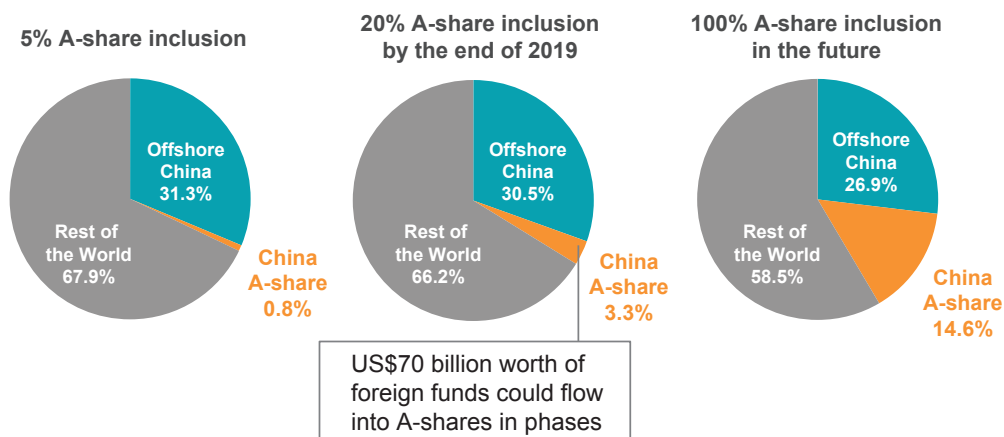
3. Hang Seng Price Return Index was used till 31 Dec 2004, thereafter it is the Hang Seng Total Return Index. Hang Seng Total Return Index takes into account of dividend reinvestment whereas Hang Seng Price Return Index does not. **4.** Index refers to Hang Seng Index (Price Return) since fund inception 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. **5.** Value Partners Classic Fund ("the Fund") (A Units) was launched on 1 April 1993. Calendar year return of A Units in the past five years: 2014: +13.5%; 2015: -1.5%; 2016: -3.2%; 2017: +44.9%; 2018: -23.1%; 2019 (year-to-date): +18.3%. The Fund (C Units) was launched on 15 October 2009. Calendar return of C Units in the past five years: 2014: +13.3%; 2015: -2.0%; 2016: -3.7%; 2017: +43.3%; 2018: -23.5%; 2019 (year-to-date): +18.0%. Investors should note that figures for A Units shown above may differ from those of classes currently available for subscription of (C Units), due to differences in launch date of these classes. For C Units, the since launch return is +87.1%. The Manager does not accept any application for A Units until further notice. New investors and existing unitholders who wish to top up may subscribe in C Units. **6.** 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. **7.** Source: National Bureau of Statistics of China, as at 17 October 2019.



A-share globalisation: a long-term positive

- A-shares' weighting in global indices is expected to increase. China's market internalization process will optimize the structure of A-shares and benefit A-shares' long-term development by bringing more global fund inflows
- Value Partners offers comprehensive A-shares research and covers quality Chinese companies that are overlooked by other investors
- China A-shares valuation remains not demanding and stays around historical average, offering attractive opportunities for investors

The weighting of A-shares in MSCI indices will increase gradually



Source: MSCI, March 2019



Invest in key China themes

5G and hi-tech devices

- Mainland China invests heavily in 5G infrastructures, builds 5G networks at full speed and encourages indigenous innovation. Many enterprises have the technology know-how to meet the business opportunity
- Follow the 5G device supply chain and focus on investing in techniques, components, products and services required by 5G developments
- Hardware component manufacturers tend to benefit from smartphone upgrades and accelerated 5G technology adoption. As the U.S.-China competition has extended from trade to technology, Chinese mainland's demand for Taiwan's mid- to high-end production technologies will increase

Consumption upgrade

- A rising middle class and further urbanization in China supports a consumption-driven economy
- Young population's premiumization drives the country's consumption

Healthcare

- China's healthcare spending⁸ only takes up about 5% of GDP, lower than 8% in Japan and 15% in the U.S.
- There is a strong structural demand in healthcare. The sector's growth potential is significant with ongoing consolidation and reforms
- Impacts from the Chinese government's centralized bulk procurement program on companies vary. We focus on exploring healthcare companies that benefit from sales, R&D and patent advantages over a medium to long term period

8. Source: China Healthcare Statistical Book, 2017.

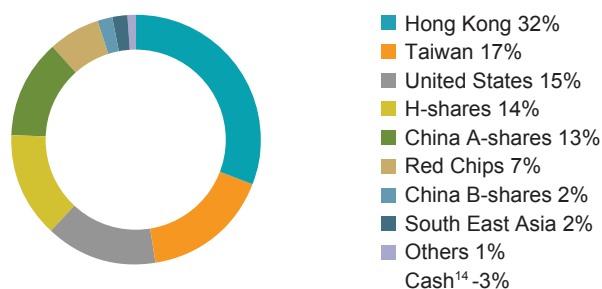


Value Partners Classic Fund

Fund facts (C Units)¹⁰

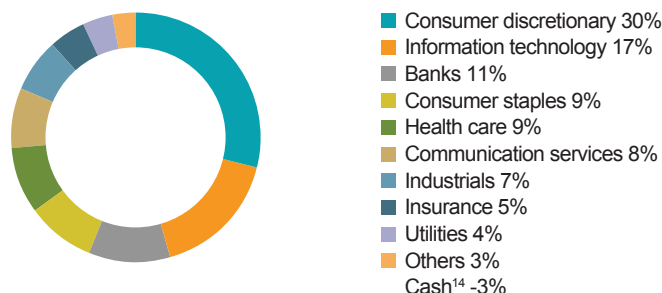
Share classes	USD	AUD/CAD/ NZD hedged ¹¹	RMB hedged ¹¹	HKD hedged ¹¹	RMB	MDis HKD/USD/ RMB unhedged & RMB hedged ¹¹
Launch date	15 October 2009	17 March 2014	28 October 2015	30 November 2015	1 December 2015	16 October 2017
Subscription fee	Up to 5%					
Management fee	1.25% p.a					
Performance fee ¹²	15% of profit (high-on-high principle)					
Redemption fee	Nil					
Dealing frequency	Daily dealing					

Geographical exposure by listing¹³



Short exposure includes: Hong Kong, -1.2% and Taiwan, -0.5%.

Sector exposure^{13, 15}



Total short exposure is -1.7%. Short exposure includes: Health care, -0.6%; Real estate, -0.6% and Derivatives, -0.5%.

Dividend information – C Units MDis²

Classes	Dividend per unit ¹⁶	Annualized yield	Ex-dividend date
C Units MDis USD	0.0275	3.9%	30-9-2019
C Units MDis HKD	0.0275	3.9%	30-9-2019
C Units MDis RMB	0.0288	3.9%	30-9-2019
C Units MDis RMB Hedged	0.0291	4.2%	30-9-2019

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

Recent awards



Corporate: Benchmark Fund of the Year Awards 2018, Hong Kong¹⁷

Onshore Provider of the Year

I&M Professional Investment Awards 2018¹⁸

**House Performance Awards:
Offshore China Equity (10-year)**

Fund: AsiaHedge Awards 2017¹⁹

Best Asia ex-Japan Fund

HFM Asia Performance Awards 2017

• **Fund of the Year 2017**²⁰

• **Best Greater China fund over US\$500 million**²¹



Download the Value Partners Mobile App now!
Access the latest fund information[^] and market updates!

[^] Fund information refers to Value Partners' funds authorized by the Securities and Futures Commission of Hong Kong. Authorization does not imply official recommendation. All fund performance information is quoted as of 30 September 2019, unless stated otherwise. Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in USD, NAV to NAV, with dividends reinvested. Fund performance is net of all fees. All indices are for reference only. **9.** © 2019 Morningstar, Inc. All Rights Reserved (for A Units). As at 30 September 2019. **10.** A Units and B Units are closed for subscription. New investors and existing unitholders who wish to top up may subscribe in C Units. **11.** 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. **12.** 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). **13.** 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%). **14.** Cash refers to net cash on hand excluding cash for collaterals and margins. **15.** Classification is based on Global Industry Classification Standard (GICS). **16.** The receiving bank may charge a fee for incoming payments. Such fees will reduce the actual amount of dividends received by the investor. **17.** The award reflects performance up to 30 September 2018. **18.** The award reflects performance up to 31 December 2017. **19.** Based on performance for the 12-month period from September 2016 to the end of August 2017. **20.** The awards were judged based on performance over the past 12 months, up to 30 April 2017. **21.** The award recognized funds that have outperformed their peers over the past 12 months, up to 30 April 2017.

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

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