

China Convergence Fund

A Sub-Fund of Value Partners Intelligent Funds

NAV per unit: Class A USD - USD306.36

Fund size : USD330.6 million



Morningstar Rating™
As at 28-02-2021

February 2021

- China Convergence Fund (The "Fund") primarily invests in A and B-shares listed on the stock exchanges of Shanghai and Shenzhen as well as in H-shares listed in Hong Kong.
- The Fund invests in China and therefore is subject to emerging market risks. Generally, investments in emerging markets are more volatile than investments in developed markets due to additional risks relating to political, social, economic and regulatory uncertainty.
- The Fund is also subject to concentration risk due to its concentration in China-related companies. Adverse development in such region may affect the value of the underlying securities in which the Fund invests.
- The Fund may directly invest in A-shares and other eligible securities through the qualified foreign institutional investors ("QFII") quota. Investors will be subject to certain risks including repatriation risk, custodial risk, regulatory risk. In addition, the QFII policy and rules are subject to change. All these may adversely impact the Fund.
- 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.

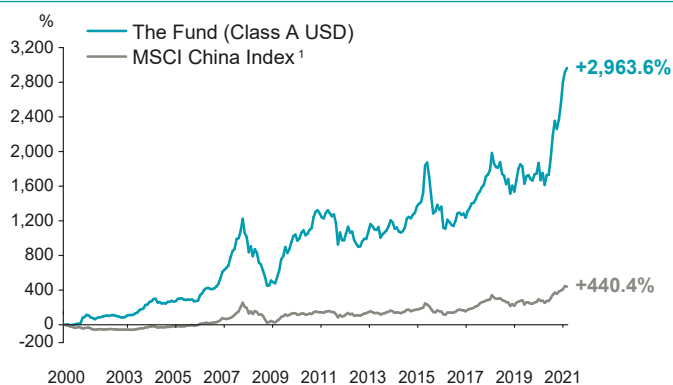
Investment objective

The Fund aims to achieve long-term capital appreciation by investing primarily in equity securities of China-related companies. This includes securities listed on a Mainland China stock exchange, the Hong Kong Stock Exchange and major stock exchanges in other jurisdictions. The investable universe covers, but is not limited to A, B and H-shares as well as American Depositary Receipts.

NAVs & codes

Classes ²	NAV	ISIN	Bloomberg
Class A USD	306.36	KYG9317Q1047	VAPAICB KY
Class A AUD Hedged	18.85	KYG9317Q1385	VAPAAHD KY
Class A CAD Hedged	20.99	KYG9317Q1468	VAPACAH KY
Class A NZD Hedged	21.75	KYG9317Q1534	VAPANZH KY

Performance since launch



Performance update

	Class A USD	MSCI China Index ¹
Year-to-date	+5.6%	+6.3%
One month	+1.5%	-1.0%
One year	+65.5%	+43.1%
Three years	+56.4%	+30.9%
Five years	+153.3%	+151.8%
Total return since launch	+2,963.6%	+440.4%
Annualized return since launch [^]	+18.0%	+8.5%

The Fund – Class A USD: Monthly performance from 1 Jan 2012 to 26 Feb 2021

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2012	+7.6%	+6.6%	-5.5%	+1.0%	-8.4%	-3.8%	-3.5%	+0.6%	+5.8%	+2.7%	+0.1%	+7.4%	+9.3%
2013	+7.5%	-2.0%	-2.9%	-0.6%	+2.7%	-9.9%	+3.5%	+1.8%	+2.2%	+3.9%	+5.6%	-1.8%	+9.2%
2014	-5.6%	+1.0%	-3.6%	-1.0%	+1.2%	+3.4%	+8.8%	+1.3%	-1.2%	+3.2%	+1.6%	+5.4%	+14.6%
2015	+1.8%	+1.3%	+6.7%	+19.8%	+1.7%	-8.1%	-12.6%	-12.5%	+1.5%	+5.5%	-3.8%	+2.4%	-0.5%
2016	-16.6%	-0.9%	+8.5%	-2.1%	-2.5%	-1.1%	+4.8%	+6.7%	+0.4%	-1.8%	+1.1%	-3.5%	-8.7%
2017	+5.9%	+2.3%	+3.8%	+0.3%	+2.9%	+3.7%	+1.8%	+3.1%	+1.6%	+5.5%	+1.3%	+2.9%	+41.3%
2018	+10.5%	-6.0%	-2.0%	-0.4%	+3.3%	-6.7%	-1.5%	-5.1%	+3.4%	-9.4%	+5.6%	-4.0%	-13.2%
2019	+7.7%	+7.8%	+2.8%	-1.4%	-10.3%	+4.9%	+0.8%	-2.5%	-0.9%	+3.9%	+0.7%	+6.5%	+20.2%
2020	-10.1%	+4.6%	-7.5%	+6.8%	+0.2%	+10.6%	+12.8%	+7.4%	-3.8%	+4.5%	+7.3%	+9.6%	+47.5%
2021 (YTD)	+4.0%	+1.5%											+5.6%

[^] Annualized return is calculated from inception based on published NAV.

Top holdings

Name	Industry ³	%
China Vanke Co Ltd	Real estate	11.2
Tencent Holdings Ltd	Media & entertainment	8.8
TAL Education Group	Consumer services	6.1
Zijin Mining Group Co Ltd	Materials	6.0
China Merchants Bank Co Ltd	Banks	5.7
Pinduoduo Inc	Retailing	5.2
Inner Mongolia Yili Industrial Group Co Ltd	Food, beverage & tobacco	5.1
Sino Biopharmaceutical Ltd	Pharmaceuticals, biotechnology & life sciences	5.1
AIA Group Ltd	Insurance	4.3
Longfor Group Holdings Ltd	Real estate	4.1

These securities constitute 62% of the Fund.

Portfolio characteristics

As at 26 Feb 2021⁴

Price/earnings ratio	14.9 times	
Price/book ratio	2.3 times	
Portfolio yield	2.3%	
	Class A USD	MSCI China Index¹
Annualized volatility (3 years) ⁵	20.6%	19.9%

Geographical exposure by listing⁶

China A-shares	37%
Hong Kong	28%
Red Chips	10%
United States	10%
H-shares	6%
Others	5%
Cash ⁷	4%

Short exposure includes: Hong Kong, -5.8%, United States, -0.5% and Others, -0.3%.

Sector exposure^{3, 6}

Consumer discretionary	19%
Real estate	19%
Communication services	15%
Banks	9%
Consumer staples	9%
Health care	7%
Materials	6%
Insurance	4%
Information technology	3%
Others	5%
Cash ⁷	4%

Total short exposure is -6.6%.

Short exposure includes: Health care, -4.8%; Banks, -1.1%; Consumer discretionary, -0.5% and Others, -0.2%.

Fund facts

Manager:	Value Partners Limited
Base currency:	USD
Trustee:	HSBC Trustee (Cayman) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	Class A USD - 14 Jul 2000 Class A AUD Hedged - 27 Oct 2015 Class A CAD Hedged - 7 Jan 2016 Class A NZD Hedged - 7 Jan 2016

Fee structure

Minimum subscription	USD10,000 or equivalent
Minimum subsequent subscription	USD5,000 or equivalent
Subscription fee	Up to 5%
Management fee	1.25% p.a.
Performance fee ⁸	15% of profit (High-on-high principle)
Redemption fee	Nil
Dealing day	Daily

Senior investment staff

Co-Chairmen & Co-Chief Investment Officers:

Cheah Cheng Hye; Louis So

Senior Investment Directors: Norman Ho, CFA; Renee Hung

Investment Directors: Chung Man Wing; Yu Chen Jun; Michelle Yu, CFA; Yu Xiao Bo

Senior Fund Managers: Lillian Cao; Anthony Chan, CFA; Kelly Chung, CFA; Doris Ho; Glenda Hsia; Amy Lee, CFA, CAIA; Luo Jing, CFA; Frank Tsui

Key awards



**Best Total Return - Greater China Equity Fund (5-year)
- 2nd Runner-up⁹**
~ HKCAMA and Bloomberg, Offshore China Fund Awards 2018

Value Partners:

Asia ex-Japan Equity House: Best-in-Class¹⁰
Greater China Equity House: Outstanding Achiever¹⁰
~ Benchmark Fund of the Year Awards 2018, Hong Kong

Offshore China Equity (10-year)¹¹
~ Insight & Mandate, Professional Investment Awards 2018

Scan QR code for fund documents¹²:



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.

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