

# China Convergence Fund

## A Sub-Fund of Value Partners Intelligent Funds

NAV per unit: Class A USD - USD198.42

Fund size : USD145.6 million



Morningstar Rating™  
As at 30-06-2022

June 2022

- 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.

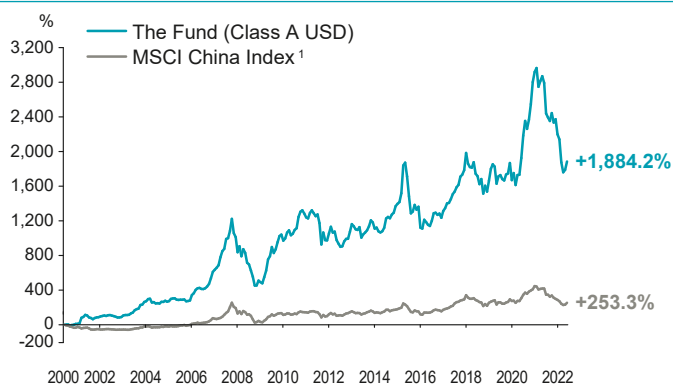
### Investment objective

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 <sup>2</sup>	NAV	ISIN	Bloomberg
Class A USD	198.42	KYG9317Q1047	VAPAICB KY
Class A AUD Hedged	11.94	KYG9317Q1385	VAPAAHD KY
Class A CAD Hedged	13.42	KYG9317Q1468	VAPACAH KY
Class A NZD Hedged	13.90	KYG9317Q1534	VAPANZH KY
Class A RMB Hedged	8.85	KYG9317Q2789	VAFCCAR KY

### Performance since launch



### Performance update

	Class A USD	MSCI China Index <sup>1</sup>
Year-to-date	-19.8%	-11.3%
One month	+5.1%	+6.6%
One year	-31.4%	-31.8%
Three years	+9.4%	-1.7%
Five years	+23.4%	+11.2%
Total return since launch	+1,884.2%	+253.3%
Annualized return since launch <sup>^</sup>	+14.5%	+5.9%

### The Fund – Class A USD: Monthly performance from 1 Jan 2013 to 30 Jun 2022

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
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	+4.0%	+1.5%	-7.1%	+2.4%	+1.9%	-2.7%	-12.2%	-1.8%	-1.7%	+3.7%	-4.3%	+1.6%	-14.8%
2022 (YTD)	-7.1%	-2.6%	-11.8%	-5.8%	+1.5%	+5.1%							-19.8%

<sup>^</sup> Annualized return is calculated from inception based on published NAV.

## Top holdings

Name	Industry <sup>3</sup>	%
China Power International Development Ltd	Utilities	5.3
Kweichow Moutai Co Ltd	Food, beverage & tobacco	5.2
Tongkun Group Co Ltd	Materials	4.5
Tencent Holdings Ltd	Media & entertainment	4.4
Centre Testing International Group Co Ltd	Commercial services & supplies	4.3
China Mobile Ltd	Telecom services	4.2
China Merchants Bank Co Ltd	Banks	4.1
Midea Group Co Ltd	Consumer durables & apparel	3.9
AIA Group Ltd	Insurance	3.7
Meituan	Retailing	3.7

These securities constitute 43% of the Fund.

## Portfolio characteristics

As at 30 Jun 2022<sup>4</sup>

Price/earnings ratio	15.7 times
Price/book ratio	2.4 times
Portfolio yield	1.9%

	Class A USD	MSCI China Index <sup>1</sup>
Annualized volatility (3 years) <sup>5</sup>	21.3%	18.4%

## Geographical exposure by listing<sup>6</sup>

China A-shares	64%
Hong Kong	25%
Red Chips	10%
H-shares	3%
United States	3%
Cash <sup>7</sup>	-5%

## Sector exposure<sup>3,6</sup>

Consumer discretionary	23%
Industrials	17%
Consumer staples	14%
Communication services	10%
Materials	9%
Utilities	8%
Banks	6%
Health care	6%
Insurance	4%
Information technology	3%
Other financials	3%
Real estate	2%
Cash <sup>7</sup>	-5%

## 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 Class A RMB Hedged - 23 Feb 2022

## Fee structure

	Class A
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 <sup>8</sup>	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: Kelly Chung, CFA; Chung Man Wing; Yu Chen Jun; Michelle Yu, CFA

Senior Fund Managers: Lillian Cao; Anthony Chan, CFA; Doris Ho;

Glenda Hsia; Luo Jing, CFA; Frank Tsui

## Key awards



**Best Total Return - Greater China Equity Fund (5-year) - 2<sup>nd</sup> Runner-up<sup>9</sup>**  
~ HKCAMA and Bloomberg, Offshore China Fund Awards 2018

### Value Partners:

**Asia ex-Japan Equity House: Best-in-Class<sup>10</sup>**  
**Greater China Equity House: Outstanding Achiever<sup>10</sup>**  
~ Benchmark Fund of the Year Awards 2018, Hong Kong

**Offshore China Equity (10-year)<sup>11</sup>**  
~ Insight & Mandate, Professional Investment Awards 2018

Scan QR code for fund documents<sup>12</sup>:



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](mailto:fis@vp.com.hk).

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