

China Convergence Fund

A Sub-Fund of Value Partners Intelligent Funds

NAV per unit: Class A USD - USD179.13

Fund size : USD130.9 million



Morningstar Rating™
As at 31-08-2022

August 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.

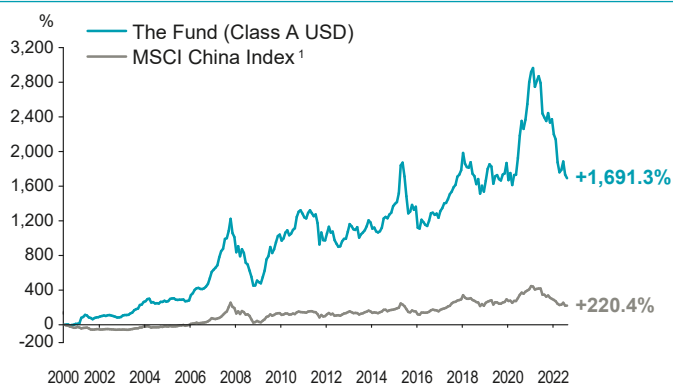
Investment objective

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 ²	NAV	ISIN	Bloomberg
Class A USD	179.13	KYG9317Q1047	VAPAICB KY
Class A AUD Hedged	10.76	KYG9317Q1385	VAPAAHD KY
Class A CAD Hedged	12.11	KYG9317Q1468	VAPACAH KY
Class A NZD Hedged	12.55	KYG9317Q1534	VAPANZH KY
Class A RMB Hedged	7.99	KYG9317Q2789	VAFCCAR KY

Performance since launch



Performance update

	Class A USD	MSCI China Index ¹
Year-to-date	-27.6%	-19.5%
One month	-2.2%	+0.2%
One year	-28.1%	-28.2%
Three years	+0.6%	-6.4%
Five years	+6.2%	-11.1%
Total return since launch	+1,691.3%	+220.4%
Annualized return since launch [^]	+13.9%	+5.4%

The Fund – Class A USD: Monthly performance from 1 Jan 2013 to 31 Aug 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%	-7.7%	-2.2%					-27.6%

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

Top holdings

Name	Industry ³	%
Kweichow Moutai Co Ltd	Food, beverage & tobacco	5.3
China Mobile Ltd	Telecom services	5.1
Meituan	Retailing	4.1
Centre Testing International Group Co Ltd	Commercial services & supplies	3.7
Midea Group Co Ltd	Consumer durables & apparel	3.7
Tongkun Group Co Ltd	Materials	3.7
AIA Group Ltd	Insurance	3.6
China Merchants Bank Co Ltd	Banks	3.6
Inner Mongolia Yili Industrial Group Co Ltd	Food, beverage & tobacco	3.6
Contemporary Amperex Technology Co Ltd	Capital goods	3.5

These securities constitute 40% of the Fund.

Portfolio characteristics

As at 31 Aug 2022⁴

Price/earnings ratio	16.1 times
Price/book ratio	2.3 times
Portfolio yield	2.0%

	Class A USD	MSCI China Index ¹
Annualized volatility (3 years) ⁵	21.8%	19.0%

Geographical exposure by listing⁶

China A-shares	67%
Hong Kong	19%
Red Chips	9%
United States	3%
Others	2%

Sector exposure^{3,6}

Consumer discretionary	20%
Consumer staples	17%
Industrials	16%
Communication services	9%
Banks	6%
Health care	6%
Information technology	6%
Materials	6%
Utilities	6%
Insurance	4%
Other financials	2%
Real estate	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 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 ⁷	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;

Luo Jing, CFA; Frank Tsui

Key awards



Best Total Return - Greater China Equity Fund (5-year) - 2nd Runner-up⁸
~ HKCAMA and Bloomberg, Offshore China Fund Awards 2018

Value Partners:

Asia ex-Japan Equity House: Best-in-Class⁹
Greater China Equity House: Outstanding Achiever⁹
~ Benchmark Fund of the Year Awards 2018, Hong Kong

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

Scan QR code for fund documents¹¹:



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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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 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.

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