

China Convergence Fund

A Sub-Fund of Value Partners Intelligent Funds

NAV per unit: Class A USD - USD168.71

Fund size : USD299.1 million

31 August 2017

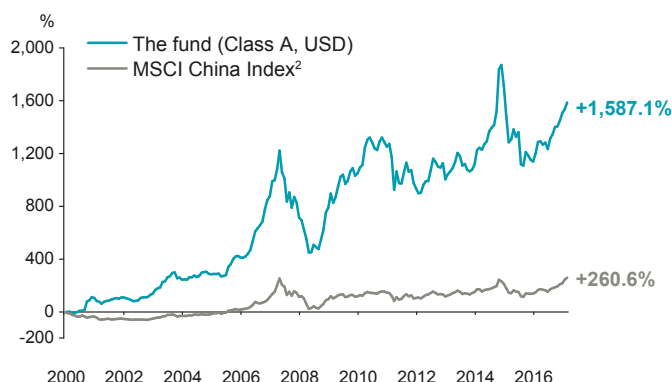
- China Convergence Fund (The "Fund") primarily invests in A and B shares listed on the stock exchanges of Shanghai and Shenzhen as well as in H shares listed in Hong Kong.
- The Fund invests in China and therefore is subject to emerging market risks. Generally, investments in emerging markets are more 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 provide unitholders with long-term capital appreciation by investing primarily in A and B shares listed on the stock exchanges of Shanghai and Shenzhen, as well as H shares listed in Hong Kong.

Note: On inception, in Jul 2000, the fund's objective was to invest primarily in B shares. In Jul 2001, the mandate was extended to include H shares. In Mar 2005, the mandate was further extended to include China A shares.

Performance since launch ¹



Performance update ¹

	Class A USD	The fund Class Z	MSCI China Index ²
One month	+3.1%	+3.1%	+4.2%
Year-to-date	+26.4%	+18.5%	+41.7%
One year	+21.6%	+16.1%	+35.0%
Three years	+25.5%	+22.3%	+32.2%
Five years	+67.9%	N/A	+77.3%
Since launch	+1,587.1%	+40.4%	+260.6%
Annualized return [^]	+17.9%	+8.6%	+7.8%
Annualized volatility [^]	25.5%	19.0%	26.5%

NAVs & codes

Classes	NAV	ISIN	Bloomberg
Class A USD	168.71	KYG9317Q1047	VAPAICB KY
Class A AUD Hedged	11.13	KYG9317Q1385	VAPAAHD KY
Class A CAD Hedged	12.00	KYG9317Q1468	VAPACAH KY
Class A NZD Hedged	12.45	KYG9317Q1534	VAPANZH KY
Class Z USD	14.04	KYG9317Q1203	VAPAICZ KY

The fund – Class A USD: Monthly performance from 1 Jan 2009 to 31 Aug 2017 ¹

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2009	-3.0%	-2.3%	+12.4%	+11.6%	+17.9%	+4.3%	+11.9%	-7.0%	+4.6%	+8.4%	+6.8%	+1.5%	+87.1%
2010	-6.1%	+2.4%	+6.2%	+2.3%	-4.8%	+1.6%	+3.9%	+1.6%	+10.8%	+4.5%	+1.2%	-2.6%	+21.3%
2011	-3.2%	-0.9%	+4.8%	+2.2%	-2.5%	-2.4%	+1.5%	-7.3%	-19.4%	+13.5%	-7.6%	-0.3%	-22.4%
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 (YTD)	+5.9%	+2.3%	+3.8%	+0.3%	+2.9%	+3.7%	+1.8%	+3.1%					+26.4%

[^] Annualized return and volatility are calculated from inception on 14 Jul 2000. 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.

Top 10 securities holdings

Name	Industry ³	%
Alibaba Group Holding Ltd	Software & services	6.9
Tencent Holdings Ltd	Software & services	5.3
PetroChina Co Ltd	Energy	4.3
Wuliangye Yibin Co Ltd	Food, beverage & tobacco	4.2
Bank of China Ltd	Banks	4.0
Ping An Insurance (Group) Co of China Ltd	Insurance	4.0
Midea Group Co Ltd	Consumer durables & apparel	3.9
Taiwan Semiconductor Manufacturing Co Ltd	Semiconductors & semiconductor equipment	3.6
China South Publishing and Media Group Co Ltd	Media	3.4
Largan Precision Co Ltd	Technology, hardware & equipment	3.4

These stocks constitute 43% of the fund.

Portfolio characteristics

As at 31 Aug 2017	2017 ⁵
Price/earnings ratio	12.9 times
Price/book ratio	1.5 times
Dividend yield	2.9%

Geographical exposure by listing⁵

H Shares	37%
China A Shares	20%
Red Chips	12%
Hong Kong	9%
Taiwan	9%
United States	7%
China B Shares	4%
Cash ⁶	1%
Others	1%

Short exposure includes: Hong Kong, -4.7%.

Sector exposure^{3,5}

Consumer discretionary	22%
Information technology	20%
Banks	11%
Other financials	11%
Health care	10%
Energy	7%
Consumer staples	5%
Utilities	5%
Insurance	4%
Industrials	3%
Cash ⁶	1%
Others	1%

Total short exposure is -4.7%.

Short exposure includes: Health care, -2.8%; Information technology, -1.1% and Banks, -0.8%.

Fund facts

Manager:	Value Partners Limited
Base currency:	USD
Trustee:	Bank of Bermuda (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 Z - 24 Jul 2013

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

Fee structure

	Class A	Class Z
Minimum subscription	USD10,000 or equivalent	USD10,000,000
Minimum subsequent subscription	USD5,000 or equivalent	USD100,000
Subscription fee		Up to 5%
Management fee	1.25% p.a.	0.75% p.a.
Performance fee ⁷	15% of profit (High-on-high principle)	
Redemption fee		Nil
Dealing day		Daily

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: Chung Man Wing; Kenny Tjan, CFA;
Michelle Yu, CFA; Yu Xiao Bo
Senior Fund Managers: Kelly Chung, CFA; Doris Ho; Glenda Hsia;
Philip Li, CFA; Kai Mak

1. Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg, data as of 31 Aug 2017, in USD, NAV to NAV, with dividends reinvested. Performance data is net of all fees.
 2. Starting from Jul 2009, the MSCI China Index will be used as the reference index for the entire history of the fund. Hang Seng H Shares Index, Shanghai Composite Index and Shenzhen Composite Index were no longer shown for comparison. The Index is for reference only. 3. Classification is based on Global Industry Classification Standard (GICS). 4. 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 and P/B ratio. Note that the manager's internal estimates may differ significantly from S&P Capital IQ and Bloomberg estimates. 5. Exposure refers to net exposure (long exposure minus short exposure). Due to rounding, percentages shown may not add up to 100%. 6. Cash refers to net cash on hand excluding cash for collaterals and margins. 7. 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).

The Fund is not registered under the United States Securities Act of 1933, as amended ("the Securities Act") or the securities laws of any of the states of the United States. The units of the Fund ("Units") may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "US Person" except pursuant to an exemption with the consent of the Trustee and/or the Manager of the Fund in a transaction which does not result in a violation of applicable United States federal or state securities laws.

The Units are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or exemption therefrom, as well as in accordance with the requirements set forth in the Explanatory Memorandum and Supplemental Disclosure Statement for US Persons ("Memorandum"). Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

The Units are suitable only for sophisticated investors who do not require immediate liquidity for their investments, for whom an investment in the Fund does not constitute a complete investment program and who fully understand and are able to bear the loss of their investment in the Fund. The Fund's investment program, by its nature, may be considered to involve a substantial degree of risk. Prospective investors should not subscribe for Units unless satisfied that he or she and his or her investment representative have asked for and received all information which would enable him or her or both of them to evaluate the merits and risks of the proposed investment. The Units are not, and are not expected to be, liquid, except as described in the Memorandum.

Offering materials for the offering of the Units have not been filed with or approved or disapproved by the United States Securities and Exchange Commission or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this offering or passed upon the accuracy or completeness of any offering materials. Any representation to the contrary is unlawful.

This material does not constitute an offer or solicitation in any state or other jurisdiction in which an offer or solicitation is not authorized. No representations or warranties of any kind are intended or should be inferred with respect to the economic return or the tax consequences from an investment in the Fund. No assurance can be given that existing laws will not be changed or interpreted adversely. Prospective investors are not to construe this material as legal or tax advice. Each investor should consult his or her own counsel and accountant for advice concerning the various legal, tax and economic considerations relating to his or her investment.