

Value Partners Greater China High Yield Income Fund

NAV per unit: USD15.25 (P Acc USD) / USD9.22 (P MDis USD)

Fund size : USD3,782.17 million

31 August 2017

- Value Partners Greater China High Yield Income Fund (the "Fund") primarily invests in a portfolio of fixed and floating rate bonds and other debt securities, including convertible bonds, in the Greater China region.
- The Fund may invest in high yielding securities which may be unrated or below investment grade and debt securities issued by special purpose vehicles. The Fund is therefore exposed to higher credit/insolvency risk and default risk.
- The Fund primarily invests in the Greater China region and therefore is subject to emerging market and concentration 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. Adverse development in such region may affect the value of the underlying securities in which the Fund invests.
- In respect of the distribution shares 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 of the net asset value per share of 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 marketing material alone. Please read the explanatory memorandum for details and risk factors.

Investment objective

To provide capital appreciation to investors through primarily investing in Greater China debt securities including but not limited to high yield, convertible, and mainland Chinese offshore bonds.

Commentary

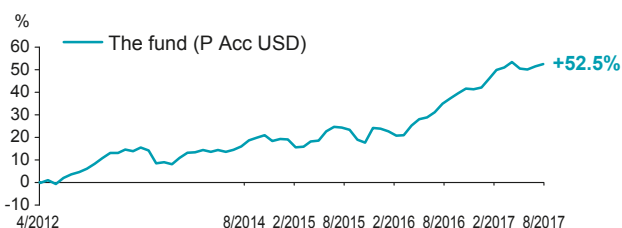
Portfolio review:

Driven by fund inflow, the Asian credit markets continued to find strong support in August. High-yield issues once again outperformed high-grade ones as investors' desire to capture yield continued to support the market, while idle money being put to work also helped. The political saga between the U.S. and North Korea has little impact on investors' risk appetite in the yield-chasing trend. During the month, we were quite active in Chinese industrial names as well as in our equity-linked strategy. We participated actively in the new issues market across the entire credit spectrum.

Outlook:

Investors' demand for yield seems unabated. Geopolitical risks and high equity valuation may further direct fund flow into fixed income and credits. U.S. politics, the Fed's plan for future rate hike and balance sheet reduction will continue to dominate the landscape. We will follow the market closely and continue to trade the trend and deploy our capital accordingly.

Performance since launch ¹



Performance update ¹

	The fund (P Acc USD)
One month	+0.7%
Year-to-date	+7.3%
One year	+11.1%
Three years	+26.1%
Five years	+45.9%
Since launch	+52.5%
Annualized return	+8.1%
Annualized volatility	6.1%

The fund – P Acc USD: Monthly performance from 27 Mar 2012 to 31 Aug 2017 ¹

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2012	N/A	N/A	-0.3%	+1.2%	-1.7%	+2.7%	+1.6%	+1.0%	+1.4%	+2.1%	+2.3%	+2.1%	+13.0%
2013	+0.0%	+1.3%	-0.6%	+1.4%	-1.1%	-5.0%	+0.5%	-0.8%	+2.6%	+2.1%	+0.2%	+0.9%	+1.2%
2014	-0.7%	+0.7%	-0.7%	+0.8%	+1.3%	+2.3%	+1.0%	+0.9%	-2.2%	+0.8%	-0.2%	-2.9%	+1.1%
2015	+0.3%	+2.0%	+0.3%	+3.5%	+1.6%	-0.2%	-0.8%	-3.6%	-1.1%	+5.5%	-0.2%	-1.0%	+6.1%
2016	-1.5%	+0.2%	+3.6%	+2.2%	+0.6%	+1.8%	+2.9%	+1.8%	+1.6%	+1.5%	-0.2%	+0.6%	+15.9%
2017 (YTD)	+2.8%	+2.6%	+0.7%	+1.6%	-1.9%	-0.3%	+0.9%	+0.7%					+7.3%

Dividend information – Class MDis ²

Classes ³	Dividend amount / unit	Annualized yield ⁴	Ex-dividend date
P MDis USD	0.0632	8.2%	31-8-2017
P MDis HKD	0.0632	8.2%	31-8-2017
P MDis SGD Hedged	0.0649	7.7%	31-8-2017
A MDis AUD Hedged	0.0705	9.2%	31-8-2017
A MDis CAD Hedged	0.0622	8.1%	31-8-2017
A MDis EUR Hedged	0.0575	6.9%	31-8-2017
A MDis GBP Hedged	0.0606	7.6%	31-8-2017
A MDis NZD Hedged	0.0720	9.1%	31-8-2017

Top 10 securities holdings

Name	Sector ⁵	Country	%
Gajah Tunggal Tbk PT 7.75% 02/06/2018	Automobiles & components	Indonesia	2.0
Energy Resources LLC 0% 09/30/2022	Materials	Mongolia	1.7
Gajah Tunggal Tbk PT 8.375% 08/10/2022	Automobiles & components	Indonesia	1.6
Golden Wheel Tiandi Holdings Co Ltd 8.25% 11/03/2019	Real estate	China/Hong Kong	1.6
Tunghsu Venus Holdings Ltd 7% 06/12/2020	Technology, hardware & equipment	China/Hong Kong	1.6
Yida China Holdings Ltd 6.95% 04/19/2020	Real estate	China/Hong Kong	1.5
Rock International Investment Inc 6.625% 03/27/2020	Materials	China/Hong Kong	1.5
China Evergrande Group 7.5% 06/28/2023	Real estate	China/Hong Kong	1.4
Prime Bloom Holdings Ltd 7.5% 12/19/2019	Textiles	China/Hong Kong	1.4
AMTD Group Co Ltd 7.625% PERP	Diversified financials	China/Hong Kong	1.3

Sector exposure ^{5,6}

Real estate	38.0%
Others	9.4%
Energy	8.3%
Materials	5.9%
Transportation	4.5%
Banks	4.3%
Automobiles & components	4.2%
Diversified financials	4.1%
Telecommunication services	3.9%
Retailing	3.4%
Cash ⁷	3.2%
Capital goods	2.2%
Textiles	1.9%
Consumer services	1.9%
Semiconductors & semiconductor equipment	1.7%
Technology, hardware & equipment	1.6%
Consumer durables & apparel	1.5%
Average duration	2.7 years
Yield to Maturity ⁸	8.5%
Number of bond issuers	154

Geographical exposure ⁶

China/Hong Kong	63.4%
Others	19.0%
Indonesia	9.4%
Australia	5.0%
Cash ⁷	3.2%

Credit ratings

A	0.1%
BBB	0.1%
BB	5.3%
B & Below	58.3%
Others ⁹	33.0%
Cash ⁷	3.2%
Investment grade	0.2%
High yield	63.6%
Average credit rating	B-

Currency breakdown

USD	98.5%
HKD	1.3%
AUD	0.1%
SGD	0.1%

NAVs & Codes

Classes ³	NAV	ISIN	Bloomberg
P Acc USD	15.25	KYG9319N1097	VPGPCUA KY
P Acc HKD	15.27	KYG9319N1253	VPGPCPA KY
P MDis USD	9.22	KYG9319N1170	VPGPUMD KY
P MDis HKD	9.24	KYG9319N1337	VPGPMD KY
P MDis SGD Hedged	10.07	KYG9319N1824	VPPSHMA KY
A MDis AUD Hedged	9.15	KYG9319N2327	VPGCAUD KY
A MDis CAD Hedged	9.24	KYG9319N2400	VPGCCAD KY
A MDis GBP Hedged	9.58	KYG9319N3317	VPGCAGH KY
A MDis EUR Hedged	10.01	KYG9319N3499	VCHAMEH KY
A MDis NZD Hedged	9.52	KYG9319N2574	VPGCHNZ KY

Fund facts

Manager:	Value Partners Hong Kong Limited
Base currency:	USD
Administrator:	HSBC Trustee (Cayman) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	P Acc & MDis USD/HKD – 27 Mar 2012 A MDis AUD/CAD/NZD – 23 Sep 2013 P MDis SGD – 26 Sep 2014 A MDis EUR – 5 Feb 2015 A MDis GBP – 14 Apr 2015
Dividend policy ² :	MDis – Aim at Monthly distribution, subject to Manager's discretion

Fee structure (Class A and Class P)

Minimum subscription	HK\$80,000/USD10,000 or equivalent
Subscription fee	Up to 5%
Management fee	1.5% p.a.
Performance 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
Fixed income investment team:
Chief Investment Officer, Fixed Income: Gordon Ip, CFA
Senior Fund Managers: Elaine Hu; Jason Yan, CFA, ACCA
Fund Managers: Edwin Kam, CFA; Yee Choon Lim

Recent fund awards



Fund Manager of the Year – Long-only Fixed Income (Highly Commended) ¹⁰
Value Partners' Investment Director – Gordon Ip
 ~ The Asset, Triple A, Asset Servicing, Investor and Fund Management Awards 2017

2016 HKCAMA – Bloomberg Offshore China Fund Awards ¹¹
 • Best Total Return – Greater China Fixed Income (1 Year)
 • Best Total Return – Greater China Fixed Income (3 Years)
 ~ The Chinese Asset Managers Association of Hong Kong & Bloomberg

1. Source: HSBC Institutional Trust Services (Asia) Limited, data as of 31 Aug 2017 in USD, NAV to NAV, with dividends reinvested. Performance data is net of all fees. 2. The manager intends to declare and pay monthly dividends equal to all or substantially all of the net income attributable to each of the Distribution Classes. However, there is neither a guarantee that such dividends will be made nor will there be a target level of dividend payout. No dividends will be paid with respect to the Accumulation Classes. 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 further details including the distribution policy. 3. The fund may invest in financial derivative instruments ("FDI") for hedging purposes. In adverse situations, the fund's use of FDI may become ineffective in hedging and the fund may suffer significant losses. 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. Risks associated with FDI include counterparty risk, credit risk and liquidity risk. Such exposure may lead to a high risk of capital loss. The AUD/CAD/EUR/GBP/NZD/SGD Hedged Classes are not recommended for investors whose base currency of investment is not in the aforesaid currencies. 4. Annualized yield of Class MDis is calculated as follows: (dividend amount/NAV as of 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. 5. Classification is based on Global Industry Classification Standard (GICS). 6. Exposure refers to net exposure (long exposure minus short exposure). Due to rounding, percentages shown may not add up to 100%. 7. Cash refers to net cash on hand excluding cash for collaterals and margins. 8. Investors should note that Yield to Maturity is for reference only and does not represent the actual performance of the Fund or the dividend yield received by investors, nor does a positive yield imply a positive return. 9. Including bonds whose issuers do not seek credit ratings (Greater China Bonds 16.0%; Equity-linked Bonds 7.3%; Corporate Paper Bonds 3.3%; VP Funds 2.6%; Bank Paper Bonds 1.7%; Macro Hedge 1.3%; Others 0.8%). 10. The period covered by the awards is from 1 Jan 2016 to 31 Dec 2016. 11. The awards recognize the Greater China focused fixed income funds issued by CAMAHK members with at least 1 year of historical performance as of 30 Sept 2016.

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For Singapore investors: The Fund is registered as a restricted foreign scheme in Singapore and will only be distributed to (i) institutional investors and (ii) accredited investors and certain other persons in Singapore in accordance with section 304 and 305 of the Securities and Futures Act. Value Partners Asset Management Singapore Pte Ltd, Singapore Company Registration No. 200808225G

For Swiss Qualified Investors: The sales prospectus, the Articles of Association, the Key Investor Information Document as well as the annual and semi-annual reports of the Fund are available free of charge from the Representative. Both the place of performance and the place of jurisdiction for units/shares in the Fund offered or distributed in or from Switzerland shall be the seat of the Swiss representative.

Swiss Representative and Paying Agent: BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich.

Investors should note investment involves risk and past performance is not indicative of future results. Investors should refer to the explanatory memorandum for details and risk factors in particular those associated with investment in China and other markets in the Asian region, non-investment grade debt securities, and in companies with medium or small capitalization. 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 document has not been reviewed by the Securities and Futures Commission. Issuer: Value Partners Hong Kong Limited.