

Value Partners Greater China High Yield Income Fund

NAV per unit : Class P USD Acc - USD8.56 | Class P USD MDis - USD3.36
Fund size : USD765.5 million

June 2022

- 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

The Fund aims to provide capital appreciation by primarily investing in Greater China debt securities, including but not limited to high yield, convertible and mainland Chinese offshore bonds.

Commentary

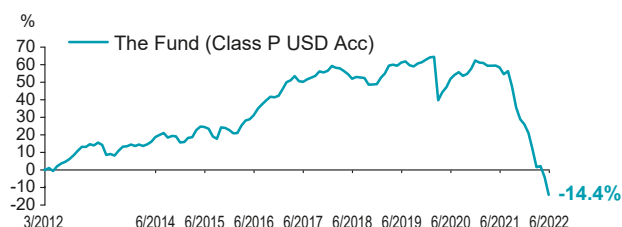
Portfolio review:

June was a volatile month for both the rates and credit markets. Although the benchmark 10-year US Treasury yield finished the month at about the same level at the beginning of the month, it was highly volatile, with the yield level reaching almost 3.5% in the month. Investment grade and high yield credits both underperformed. Due to idiosyncratic events and poor macro factors, China high yield bonds saw one of their worst monthly performances. For the month, we continued to manage the risk of our exposure to China property and selectively added to India and Indonesia names. Our priority remains to manage the quality and liquidity of our holdings.

Outlook:

We remain cautious about China's real estate market. We continue to search for any signs or evidence of concrete government measures to support the sector and monitor how they would impact issuers. We expect volatility to remain and continue to monitor the market and act accordingly based on market conditions.

Performance since launch



Performance update

	Class P USD Acc	Class A RMB Hedged Acc
Year-to-date	-32.0%	-31.2%
One month	-10.5%	-10.4%
One year	-45.9%	-44.6%
Three years	-46.9%	-43.9%
Five years	-43.0%	-38.6%
Total return since launch	-14.4%	-18.0%
Annualized return since launch [^]	-1.5%	-2.7%

The Fund – Class P USD Acc: 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	+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	+2.8%	+2.6%	+0.7%	+1.6%	-1.9%	-0.3%	+0.9%	+0.7%	+0.7%	+1.7%	-0.4%	+0.6%	+10.1%
2018	+1.8%	-0.6%	-0.3%	-1.0%	-1.2%	-1.7%	+0.7%	-0.2%	-0.2%	-2.5%	+0.1%	+0.1%	-4.9%
2019	+2.5%	+1.5%	+3.0%	+0.3%	-0.4%	+1.1%	+0.4%	-1.4%	-0.4%	+1.1%	+0.4%	+0.9%	+9.4%
2020	+0.8%	+0.2%	-15.1%	+3.2%	+2.1%	+3.2%	+1.5%	+1.0%	-1.3%	+0.7%	+1.9%	+3.0%	-0.3%
2021	-0.7%	-0.1%	-1.0%	+0.0%	+0.1%	-0.7%	-2.4%	+1.1%	-5.6%	-8.1%	-4.9%	-2.3%	-22.5%
2022 (YTD)	-4.0%	-7.2%	-9.5%	+0.6%	-6.3%	-10.5%							-32.0%

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

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NAVs & Codes

Classes ¹	NAV	ISIN	Bloomberg
Class P USD Acc	8.56	KYG9319N1097	VPGCPUA KY
Class P HKD Acc	8.59	KYG9319N1253	VPGCPHA KY
Class P USD MDis	3.36	KYG9319N1170	VPGPUMD KY
Class P HKD MDis	3.38	KYG9319N1337	VPGPHMD KY
Class P SGD Hedged MDis	3.63	KYG9319N1824	VPPSHMA KY
Class A EUR Hedged Acc	5.26	KYG9319N3804	VPGAEGA KY
Class A AUD Hedged MDis	3.22	KYG9319N2327	VPGCAUD KY
Class A CAD Hedged MDis	3.31	KYG9319N2400	VPGCCAD KY
Class A GBP Hedged MDis	3.39	KYG9319N3317	VPGCAGH KY
Class A EUR Hedged MDis	3.56	KYG9319N3499	VCHAMEH KY
Class A NZD Hedged MDis	3.38	KYG9319N2574	VPGCHNZ KY
Class A RMB Hedged Acc	8.20	KYG9319N2814	VPGCAHR KY
Class A RMB Hedged MDis	3.86	KYG9319N3077	VPGCRMB KY
Class A RMB MDis	3.63	KYG9319N3150	VPGCMDR KY

Dividend information – Class MDis ²

Classes ¹	Dividend amount / unit	Annualized yield ³	Ex-dividend date
Class P USD MDis	0.0303	10.8%	30-6-2022
Class P HKD MDis	0.0303	10.8%	30-6-2022
Class P SGD Hedged MDis	0.0325	10.7%	30-6-2022
Class A AUD Hedged MDis	0.0295	11.0%	30-6-2022
Class A CAD Hedged MDis	0.0295	10.7%	30-6-2022
Class A EUR Hedged MDis	0.0273	9.2%	30-6-2022
Class A GBP Hedged MDis	0.0300	10.6%	30-6-2022
Class A NZD Hedged MDis	0.0317	11.3%	30-6-2022
Class A RMB Hedged MDis	0.0394	12.2%	30-6-2022
Class A RMB MDis	0.0369	12.2%	30-6-2022

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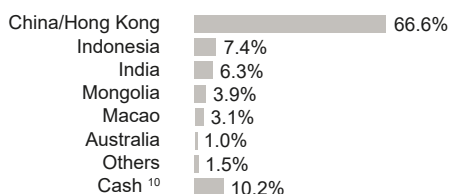
Top holdings ⁴

Name	Sector ⁵	Country / region	%
GCL New Energy Holdings Ltd 10% 01/30/2024	Utilities	China/Hong Kong	5.0
Mongolian Mining Corp/ Energy Resources LLC 9.25% 04/15/2024	Materials	Mongolia	3.9
eHi Car Services Ltd 7.75% 11/14/2024	Transportation	China/Hong Kong	2.7
China Hongqiao Group Ltd 6.25% 06/08/2024	Materials	China/Hong Kong	2.3
Vedanta Resources Finance II PLC 13.875% 01/21/2024	Materials	India	2.3
Wanda Properties Overseas Ltd 6.95% 12/05/2022	Real estate	China/Hong Kong	2.1
Alam Sutera Realty Tbk PT 6.25% 11/02/2025	Real estate	Indonesia	1.9
eHi Car Services Ltd 7% 09/21/2026	Transportation	China/Hong Kong	1.5
CIFI Holdings Group Co Ltd 4.45% 08/17/2026	Real estate	China/Hong Kong	1.4
Studio City Co Ltd 7% 02/15/2027	Consumer services	Macao	1.4

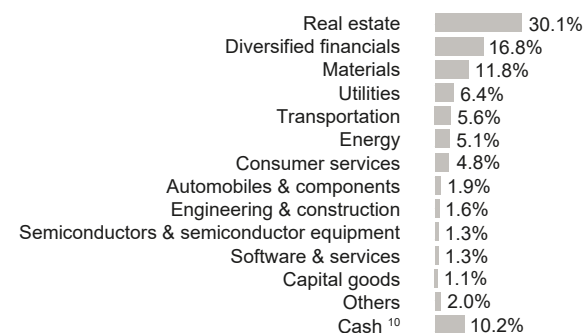
Portfolio characteristics

	Class P USD Acc	Class A RMB Hedged Acc
Annualized volatility (3 years) ⁶	14.6%	14.6%
Weighted modified duration ⁷		1.9 years
Yield to worst ⁸		45.7%
Number of bond issuers		101

Geographical exposure ⁹



Sector exposure ^{5,9}



Credit ratings ¹¹

A	0.6%	Investment grade	5.5%
BBB	4.9%	High yield	57.9%
BB	23.0%	Average credit rating ¹³	B+
B & Below	34.9%		
Non-Rated ¹²	26.4%		
Cash ¹⁰	10.2%		

Currency breakdown

USD	97.2%
HKD	2.9%
EUR	0.3%
SGD	0.3%
CNY	-0.7%

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:	Class P USD/HKD Acc & MDIs – 27 Mar 2012 Class A AUD/CAD/NZD Hedged MDIs – 23 Sep 2013 Class P SGD Hedged MDIs – 26 Sep 2014 Class A EUR Hedged MDIs – 5 Feb 2015 Class A GBP Hedged MDIs – 14 Apr 2015 Class A EUR Hedged Acc – 16 Jul 2018 Class A RMB Hedged Acc & MDIs – 11 Apr 2022 Class A RMB MDIs – 11 Apr 2022
Dividend policy ² :	MDIs – Aim at Monthly distribution, subject to Manager's discretion

Fee structure

	Class A and Class P	Class A RMB
Minimum subscription	HK\$80,000/USD10,000 or equivalent	RMB60,000
Minimum subsequent subscription	HK\$40,000/USD5,000 or equivalent	RMB30,000
Subscription fee	Up to 5.0%	
Management fee	1.5% p.a.	
Performance 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
Fixed income investment team:
Chief Investment Officer, Fixed Income: Gordon Ip, CFA
Head of Credit Research & Strategy: Anna Ho
Fund Manager: Danielle Li

Key awards



- Best Fund Provider – High Yield Bond ¹⁴**
~ Asian Private Banker Asset Management Awards for Excellence 2021
- Best Total Return – Greater China Fixed Income (5-Year, Winner) ¹⁵**
~ HKCAMA & Bloomberg, Offshore China Fund Awards 2020
- Best USD High Yield (5-Year) ¹⁶**
~ Refinitiv, Lipper Fund Awards 2020 (Hong Kong)

Scan QR code ¹⁷:



Fund documents Fund notices

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.

¹ 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. The hedged classes may be suitable for investors who wish to reduce the impact of changes in exchange rates between their local currency and the Fund's base currency. 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 Annualized yield of MDIs Class is calculated as follows: (Latest dividend amount/NAV as at 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. ⁴ Only debt securities including convertible bonds are stated in the top holdings table. ⁵ Classification is based on Global Industry Classification Standard (GICS). ⁶ Volatility is a measure of the theoretical risk in terms of standard deviation, based on monthly return over the past 3 years. ⁷ The weighted modified duration represents the average modified duration of the portfolio of the underlying bonds weighted by reference to their market value. ⁸ Investors should note that the Yield to worst figure is for reference only and does not represent the actual performance of the Fund or the dividend yield received by investors. A positive yield does not imply a positive return. ⁹ Exposure refers to net exposure (long exposure minus short exposure). Derivatives e.g. index futures are calculated based on P/L instead of notional exposure. ¹⁰ Cash includes receivables and payables (except cash for collaterals and margins). ¹¹ The highest credit rating assigned by one of the three major external agencies (S&P, Moody's or Fitch) will be used for fixed income securities. Issuer rating may be used for unrated securities. ¹² Including bonds whose issuers do not seek credit ratings (Greater China Paper 13.9%, Equity-linked Investments 7.4%, Others 5.1%). ¹³ The weighted average credit rating is derived by taking the weighted average of the credit rating for each underlying bond in the portfolio. Issuer rating may be used for unrated securities. The average credit rating is determined by assigning a sequential integer to all credit ratings from AAA (highest) to D (lowest), taking a simple, asset-weighted average of debt holdings by market value and rounding to the nearest rating. As the risk of default increases disproportionately as a bond's rating decreases, the simple weighted average of credit ratings is not a statistical measurement of the portfolio's default risk. ¹⁴ The assessment of each award category is based on 3 weighted criteria, and one weighted criterion based on feedback from private banking fund selectors. The weightings includes product performance (30%), asset gathering (20%), service competency/quality (20%) and fund selector feedback (30%). ¹⁵ The awards recognize the top performing Greater China Fixed Income funds issued by CAMA/HK members with at least 1 year of historical performance as of 30 Sep 2020. The Best Total Return calculation methodology, Bloomberg calculates the customized 1 year, 3 years and 5 years total return using Bloomberg calcroute field "RT095-Custom Total Return Holding Period". ¹⁶ The award reflects performance up to 31 Dec 2019. ¹⁷ For Hong Kong investors only.
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