

# Value Partners Greater China High Yield Income Fund



NAV per unit : Class P USD Acc - USD8.69 | Class P USD MDis - USD2.98  
Fund size : USD471.7 million

October 2023

- 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

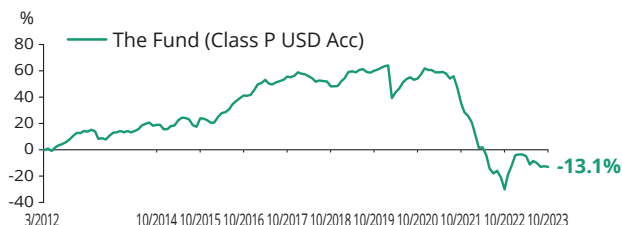
### Portfolio Review:

The Asian credit market ended October slightly down as the benchmark 10y UST yield soared again towards the 5% mark. Interest rate sensitive investment grade credits, especially those sit in the highest quality and long maturity spectrum, slightly underperformed. High yield credits, partially protected by their hefty credit spreads, outperformed marginally. During the month, we were active trading the investment grade new issue market, and also trimmed select china property names. A few issuers, in which we have positions, announced early buyback of their bonds. These corporate actions would contribute positively to the performance.

### Outlook:

We will continue to monitor China's economic and market performance and also keep a close eye on the global inflation outlook and act accordingly.

## Performance since launch



## Performance update

|                                  | Class P USD Acc | Class A RMB Hedged Acc |
|----------------------------------|-----------------|------------------------|
| Year-to-date                     | -1.0%           | -3.2%                  |
| One month                        | -0.7%           | -0.6%                  |
| One year                         | +24.7%          | +21.2%                 |
| Three years                      | -43.8%          | -43.2%                 |
| Five years                       | -41.5%          | -40.2%                 |
| Total return since launch        | -13.1%          | -19.3%                 |
| Annualized return since launch ^ | -1.2%           | -2.4%                  |

## The Fund – Class P USD Acc: Monthly performance from 1 Jan 2014 to 31 Oct 2023

| Year       | Jan   | Feb   | Mar    | Apr   | May   | Jun    | Jul   | Aug   | Sep   | Oct    | Nov    | Dec   | Annual |
|------------|-------|-------|--------|-------|-------|--------|-------|-------|-------|--------|--------|-------|--------|
| 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       | -4.0% | -7.2% | -9.5%  | +0.6% | -6.3% | -10.5% | -4.2% | +2.3% | -5.7% | -11.9% | +15.9% | +8.7% | -30.2% |
| 2023 (YTD) | +9.2% | +0.5% | +0.0%  | -1.2% | -6.7% | +3.0%  | -1.6% | -3.3% | +0.6% | -0.7%  |        |       | -1.0%  |

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

## NAVs & Codes

| Classes <sup>1</sup>    | NAV  | ISIN         | Bloomberg  |
|-------------------------|------|--------------|------------|
| Class P USD Acc         | 8.69 | KYG9319N1097 | VPGCPUA KY |
| Class P HKD Acc         | 8.70 | KYG9319N1253 | VPGCPHA KY |
| Class P USD MDis        | 2.98 | KYG9319N1170 | VPGPUMD KY |
| Class P HKD MDis        | 2.99 | KYG9319N1337 | VPGPHMD KY |
| Class P SGD Hedged MDis | 3.20 | KYG9319N1824 | VPPSHMA KY |
| Class A EUR Hedged Acc  | 5.15 | KYG9319N3804 | VPGAEGA KY |
| Class A AUD Hedged MDis | 2.81 | KYG9319N2327 | VPGCAUD KY |
| Class A CAD Hedged MDis | 2.93 | KYG9319N2400 | VPGCCAD KY |
| Class A GBP Hedged MDis | 2.97 | KYG9319N3317 | VPGCAGH KY |
| Class A EUR Hedged MDis | 3.13 | KYG9319N3499 | VCHAMEH KY |
| Class A NZD Hedged MDis | 2.96 | KYG9319N2574 | VPGCHNZ KY |
| Class A RMB Hedged Acc  | 8.07 | KYG9319N2814 | VPGCAHR KY |
| Class A RMB Hedged MDis | 3.37 | KYG9319N3077 | VPGCRMB KY |
| Class A RMB MDis        | 3.56 | KYG9319N3150 | VPGCMDR KY |

## Dividend information – Class MDis<sup>2</sup>

| Classes <sup>1</sup>    | Dividend amount / unit | Annualized yield <sup>3</sup> | Ex-dividend date |
|-------------------------|------------------------|-------------------------------|------------------|
| Class P USD MDis        | 0.0215                 | 8.7%                          | 31-10-2023       |
| Class P HKD MDis        | 0.0217                 | 8.7%                          | 31-10-2023       |
| Class P SGD Hedged MDis | 0.0174                 | 6.5%                          | 31-10-2023       |
| Class A AUD Hedged MDis | 0.0178                 | 7.6%                          | 31-10-2023       |
| Class A CAD Hedged MDis | 0.0199                 | 8.2%                          | 31-10-2023       |
| Class A EUR Hedged MDis | 0.0170                 | 6.5%                          | 31-10-2023       |
| Class A GBP Hedged MDis | 0.0215                 | 8.7%                          | 31-10-2023       |
| Class A NZD Hedged MDis | 0.0214                 | 8.7%                          | 31-10-2023       |
| Class A RMB Hedged MDis | 0.0152                 | 5.4%                          | 31-10-2023       |
| Class A RMB MDis        | 0.0158                 | 5.3%                          | 31-10-2023       |

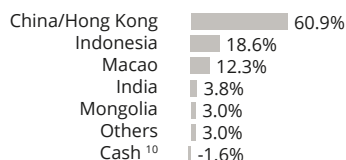
Top holdings <sup>4</sup>

| Name   | Sector <sup>5</sup>                | Country / region | %   |
|--|------------------------------------|------------------|-----|
| Alam Sutera Realty Tbk PT<br>11% 11/02/2025          | Real estate                        | Indonesia        | 4.3 |
| eHi Car Services Ltd<br>7.75% 11/14/2024             | Commercial & professional services | China/Hong Kong  | 4.1 |
| China Hongqiao Group Ltd<br>6.25% 06/08/2024         | Materials                          | China/Hong Kong  | 3.8 |
| Wynn Macau Ltd<br>5.625% 08/26/2028                  | Consumer services                  | Macao            | 3.4 |
| ABM Investama Tbk PT<br>9.5% 08/05/2026              | Energy                             | Indonesia        | 2.8 |
| GCL New Energy Holdings Ltd<br>10% 01/30/2024        | Utilities                          | China/Hong Kong  | 2.7 |
| CAS Capital No 1 Ltd<br>4% PERP                      | Telecommunication services         | China/Hong Kong  | 2.6 |
| Gajah Tunggal Tbk PT<br>8.95% 06/23/2026             | Automobiles & components           | Indonesia        | 2.5 |
| Indika Energy Capital IV Pte Ltd<br>8.25% 10/22/2025 | Energy                             | Indonesia        | 2.4 |
| Studio City Co Ltd<br>7% 02/15/2027                  | Consumer services                  | Macao            | 2.4 |

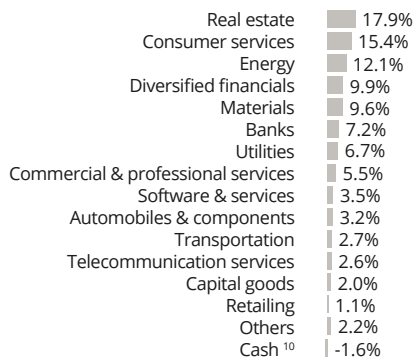
Portfolio characteristics

|  | Class P<br>USD Acc | Class A<br>RMB Hedged Acc |
|--|--------------------|---------------------------|
| Annualized volatility (3 years) <sup>6</sup> | 19.1%              | 18.8%                     |
| Weighted modified duration <sup>7</sup>      | 2.05 years         |                           |
| Yield to worst <sup>8</sup>                  | 21.6%              |                           |
| Number of bond issuers                       | 93                 |                           |

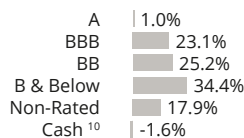
Geographical exposure <sup>9</sup>



Sector exposure <sup>5, 9</sup>



Credit ratings <sup>11</sup>



|                                     |       |
|-------------------------------------|-------|
| Investment grade                    | 24.1% |
| High yield                          | 59.6% |
| Average credit rating <sup>12</sup> | BB-   |

Currency breakdown



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

Fee structure & Subscription information

|                                 | Class A and Class P<br>or equivalent | Class A RMB |
|---------------------------------|--------------------------------------|-------------|
| Minimum subscription            | HK\$80,000/USD10,000                 | RMB60,000   |
| Minimum subsequent subscription | HK\$40,000/USD5,000                  | RMB30,000   |
| Subscription fee                | Up to 5.0%                           |             |
| Management fee                  | 1.5% p.a.                            |             |
| Performance fee                 | Nil                                  |             |

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:**  
**Co-Chief Investment Officer, Fixed Income:** Sean Chang; Gordon Ip, CFA  
**Head of Credit Research & Strategy:** Anna Ho  
**Fund Manager:** Danielle Li

Key awards



- Best Fund Provider – High Yield Bond <sup>13</sup>**  
 ~ Asian Private Banker Asset Management Awards for Excellence 2021
- Best Total Return – Greater China Fixed Income (5-Year, Winner) <sup>14</sup>**  
 ~ HKCAMA & Bloomberg, Offshore China Fund Awards 2020
- Best USD High Yield (5-Year) <sup>15</sup>**  
 ~ Refinitiv, Lipper Fund Awards 2020 (Hong Kong)

Scan QR code <sup>16</sup>:



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 [jis@vp.com.hk](mailto:jis@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.** 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. **13.** 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%). **14.** The awards recognize the top performing Greater China Fixed Income funds issued by CAMAHK 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". **15.** The award reflects performance up to 31 Dec 2019. **16.** For Hong Kong investors only.

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