

# Value Partners Greater China High Yield Income Fund



NAV per unit : Class P USD Acc - USD9.90 | Class P USD MDis - USD3.28  
Fund size : USD487.4 million

CIES Eligible<sup>△</sup>

March 2024

- 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

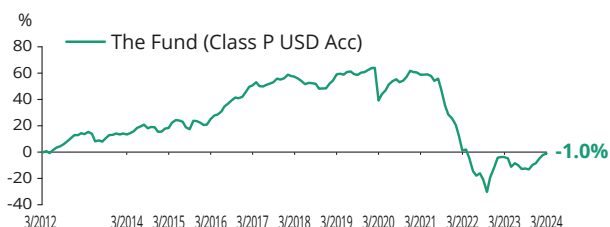
### Portfolio Review:

The Asian credit market posted good performance in March, with both IG and HY credits ended the month in positive territory. The expectation of a Fed rate cut later in 2024, although dialed back a bit due to continuous strong US data, continued to buoy the market. Increasing demand for yield continues to provide strong support for high yield bonds. The fund is well positioned to take advantage of further credit spread normalization as risk appetite returns and the desire for yields increases as the market heads towards an environment with slightly lower rates.

### Outlook:

We will continue to pay close attention to the global inflation outlook as well as the Chinese economy and will position our portfolio accordingly.

## Performance since launch



## Performance update

|   | Class P USD Acc | Class A RMB Hedged Acc |
|---|-----------------|------------------------|
| Year-to-date                                | +8.1%           | +7.2%                  |
| One month                                   | +1.1%           | +0.9%                  |
| One year                                    | +2.7%           | -0.2%                  |
| Three years                                 | -37.9%          | -38.8%                 |
| Five years                                  | -37.9%          | -37.3%                 |
| Total return since launch                   | -1.0%           | -9.3%                  |
| Annualized return since launch <sup>△</sup> | -0.1%           | -1.1%                  |

## The Fund - Class P USD Acc: Monthly performance

| Year       | Jan   | Feb   | Mar    | Apr   | May   | Jun    | Jul   | Aug   | Sep   | Oct    | Nov    | Dec   | Annual |
|------------|-------|-------|--------|-------|-------|--------|-------|-------|-------|--------|--------|-------|--------|
| 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       | +9.2% | +0.5% | +0.0%  | -1.2% | -6.7% | +3.0%  | -1.6% | -3.3% | +0.6% | -0.7%  | +3.9%  | +1.4% | +4.3%  |
| 2024 (YTD) | +3.9% | +2.8% | +1.1%  |       |       |        |       |       |       |        |        |       | +8.1%  |

<sup>△</sup> The Fund is one of the eligible collective investment schemes for the purpose of the New Capital Investment Entrant Scheme (New CIES) in Hong Kong with effect from 1 March 2024.

<sup>△</sup> Annualized return is calculated from inception based on published NAV.

## NAVs & Codes

| Classes <sup>1</sup>    | NAV  | ISIN         | Bloomberg  |
|-------------------------|------|--------------|------------|
| Class P USD Acc         | 9.90 | KYG9319N1097 | VPGCPUA KY |
| Class P HKD Acc         | 9.90 | KYG9319N1253 | VPGCPHA KY |
| Class P USD MDis        | 3.28 | KYG9319N1170 | VPGPUMD KY |
| Class P HKD MDis        | 3.29 | KYG9319N1337 | VPGPHMD KY |
| Class P SGD Hedged MDis | 3.51 | KYG9319N1824 | VPPSHMA KY |
| Class A EUR Hedged Acc  | 5.81 | KYG9319N3804 | VPGAEGA KY |
| Class A AUD Hedged MDis | 3.08 | KYG9319N2327 | VPGCAUD KY |
| Class A CAD Hedged MDis | 3.21 | KYG9319N2400 | VPGCCAD KY |
| Class A GBP Hedged MDis | 3.25 | KYG9319N3317 | VPGCAGH KY |
| Class A EUR Hedged MDis | 3.44 | KYG9319N3499 | VCHAMEH KY |
| Class A NZD Hedged MDis | 3.25 | KYG9319N2574 | VPGCHNZ KY |
| Class A RMB Hedged Acc  | 9.07 | KYG9319N2814 | VPGCAHR KY |
| Class A RMB Hedged MDis | 3.69 | KYG9319N3077 | VPGCRMB KY |
| Class A RMB MDis        | 3.91 | KYG9319N3150 | VPGCMDR KY |

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

| Classes <sup>1</sup>    | Dividend amount / unit | Annualized yield | Ex-dividend date |
|-------------------------|------------------------|------------------|------------------|
| Class P USD MDis        | 0.0248                 | 9.1%             | 28-3-2024        |
| Class P HKD MDis        | 0.0249                 | 9.1%             | 28-3-2024        |
| Class P SGD Hedged MDis | 0.0238                 | 8.1%             | 28-3-2024        |
| Class A AUD Hedged MDis | 0.0209                 | 8.1%             | 28-3-2024        |
| Class A CAD Hedged MDis | 0.0233                 | 8.7%             | 28-3-2024        |
| Class A EUR Hedged MDis | 0.0205                 | 7.2%             | 28-3-2024        |
| Class A GBP Hedged MDis | 0.0246                 | 9.1%             | 28-3-2024        |
| Class A NZD Hedged MDis | 0.0245                 | 9.0%             | 28-3-2024        |
| Class A RMB Hedged MDis | 0.0191                 | 6.2%             | 28-3-2024        |
| Class A RMB MDis        | 0.0197                 | 6.0%             | 28-3-2024        |

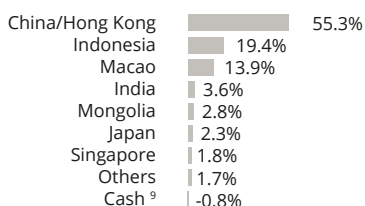
Top holdings <sup>3</sup>

| Name   | Sector <sup>4</sup>        | Country / region | %   |
|--|----------------------------|------------------|-----|
| Alam Sutera Realty Tbk PT<br>12% 11/02/2025                    | Real estate                | Indonesia        | 4.8 |
| Wynn Macau Ltd<br>5.625% 08/26/2028                            | Consumer services          | Macao            | 3.7 |
| CAS Capital No 1 Ltd<br>4% PERP                                | Telecommunication services | China/Hong Kong  | 3.6 |
| ABM Investama Tbk PT<br>9.5% 08/05/2026                        | Energy                     | Indonesia        | 2.9 |
| China Hongqiao Group Ltd<br>6.25% 06/08/2024                   | Materials                  | China/Hong Kong  | 2.9 |
| Gajah Tunggal Tbk PT<br>8.95% 06/23/2026                       | Automobiles & components   | Indonesia        | 2.8 |
| Studio City Co Ltd<br>7% 02/15/2027                            | Consumer services          | Macao            | 2.5 |
| Hilong Holding Ltd<br>9.75% 11/18/2024                         | Energy                     | China/Hong Kong  | 2.5 |
| Mongolian Mining Corp/Energy Resources LLC<br>12.5% 09/13/2026 | Materials                  | Mongolia         | 2.4 |
| West China Cement Ltd<br>4.95% 07/08/2026                      | Materials                  | China/Hong Kong  | 2.2 |

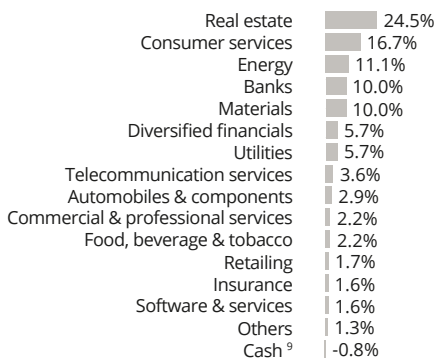
Portfolio characteristics

|  | Class P<br>USD Acc | Class A<br>RMB Hedged Acc |
|--|--------------------|---------------------------|
| Annualized volatility (3 years) <sup>5</sup> | 19.6%              | 19.2%                     |
| Weighted modified duration <sup>6</sup>      | 2.8 years          |                           |
| Yield to worst <sup>7</sup>                  | 16.4%              |                           |
| Number of bond issuers                       | 105                |                           |

Geographical exposure <sup>8</sup>



Sector exposure <sup>4, 8</sup>



Credit ratings <sup>10</sup>

|                   |       |                                     |       |
|-------------------|-------|-------------------------------------|-------|
| AA                | 0.1%  | Investment grade                    | 28.2% |
| A                 | 4.5%  | High yield                          | 60.9% |
| BBB               | 23.6% | Average credit rating <sup>11</sup> | BB    |
| BB                | 26.3% |                                     |       |
| B                 | 26.6% |                                     |       |
| CCC               | 7.8%  |                                     |       |
| C & Below         | 0.2%  |                                     |       |
| Non-Rated         | 11.7% |                                     |       |
| Cash <sup>9</sup> | -0.8% |                                     |       |

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

Dealing frequency: Daily

Fee structure & Subscription information

|                                 | 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                                |             |

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  
**Senior Fund Manager:** Danielle Li

Key awards



- Best Fund Provider – High Yield Bond <sup>12</sup>**  
 ~ Asian Private Banker Asset Management Awards for Excellence 2021
- Best Total Return – Greater China Fixed Income (5-Year, Winner) <sup>13</sup>**  
 ~ HKCAMA & Bloomberg, Offshore China Fund Awards 2020
- Best USD High Yield (5-Year) <sup>14</sup>**  
 ~ Refinitiv, Lipper Fund Awards 2020 (Hong Kong)

Scan QR code <sup>15</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 respective currencies 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](mailto: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. As dividends may be paid out from capital, this may result in an immediate decrease in the NAV per share/unit and may reduce the capital available for the Fund for future investment and capital growth. Distributions are not guaranteed and may fluctuate. Past distributions are not necessarily indicative of future trends, which may be lower. Distribution payouts and its frequency are determined by the manager. The payment of distributions should not be confused with the Fund's performance, rate of return or yield. Positive distribution yield does not imply positive return. Annualized yield of MDIs Class is calculated as follows: (Latest dividend amount/NAV as at ex-dividend date) x 12. Please refer to the offering document further details including the distribution policy. 3. Only debt securities including convertible bonds are stated in the top holdings table. 4. Classification is based on Global Industry Classification Standard (GICS). 5. Volatility is a measure of the theoretical risk in terms of standard deviation, based on monthly return over the past 3 years. 6. The weighted modified duration represents the average modified duration of the portfolio of the underlying bonds weighted by reference to their market value. 7. Investors should note that the Yield to worst figure is for reference only and does not represent the actual performance of the portfolio's default risk. 8. 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%). 9. Cash includes receivables and payables (except cash for collaterals and margins). 10. 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. 11. 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. 12. 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". 13. The award reflects performance up to 31 Dec 2019. 14. For Hong Kong investors only. The views expressed are the views of Value Partners Hong Kong Limited ("VPHK") only and are subject to change based on market and other conditions. The information provided does not constitute investment advice and it should not be relied on as such. All materials have been obtained from sources believed to be reliable, but their accuracy is not guaranteed. This material contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected. 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 Greater China markets in the Asian region, non-investment grade and unrated debt securities and debt securities issued by special purpose vehicles. 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. 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. This advertisement has not been reviewed by the Monetary Authority of Singapore. This document has not been reviewed by the Securities and Futures Commission of Hong Kong. Issuer: Value Partners Hong Kong Limited.