Value Partners High-Dividend Stocks Fund

NAV per unit: Class A1 USD - USD84.80 | Class A2 MDis USD - USD11.40
Fund size : USD3,479.7 million

★★★★★
Morningstar Rating[TM1]
As at 30-06-2017

Value Partners
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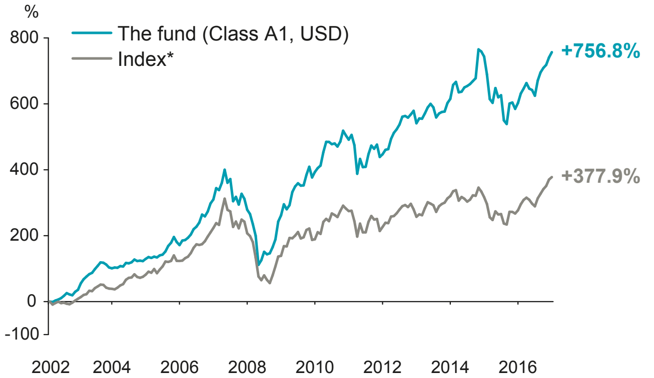
30 June 2017

- Value Partners High-Dividend Stocks Fund (The "Fund") primarily invests in higher yielding debt and equity securities in the Asian region.
- The Fund may invest in higher-yielding debt and equity securities that are below investment grade. Such investments can involve greater risks due to the speculative nature.
- The Fund may invest in China and other markets of the Asian region, 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 value of the Fund can be extremely volatile and could go down substantially within a short period of time. It is possible that the entire value of your investment could be lost.
- 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.
- In respect of the distribution units 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 in the value of units.
- 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 capital appreciation to unitholders by investing primarily in a portfolio of relatively higher yielding debt and equity securities in Asian region.

Performance since launch



Performance update

	Class A1 USD	Class A2 MDis USD	Class A Acc RMB	Index*
One month	+1.9%	+1.8%	+2.0%	+1.6%
Year-to-date	+18.2%	+17.8%	+14.9%	+22.8%
One year	+21.9%	+21.4%	+23.1%	+26.7%
Three years	+19.8%	+19.4%	+29.2%	+13.8%
Five years	+56.6%	N/A	N/A	+46.3%
Since launch	+756.8%	+42.5%	+40.7%	+377.9%
Annualized return ^	+15.6%	+7.7%	+11.0%	+11.1%
Annualized volatility ^	18.6%	13.3%	13.0%	20.2%

Dividend information – Class A2 MDis [2]

Classes [3]	Dividend per unit [4]	Annualized yield [5]	Ex-dividend date
Class A2 MDis USD	0.0425	4.5%	30-6-2017
Class A2 MDis HKD	0.0390	4.5%	30-6-2017
Class A2 MDis AUD Hedged	0.0544	6.5%	30-6-2017
Class A2 MDis CAD Hedged	0.0428	5.1%	30-6-2017
Class A2 MDis GBP Hedged	0.0407	5.1%	30-6-2017
Class A2 MDis NZD Hedged	0.0546	6.5%	30-6-2017
Class A2 MDis RMB Hedged	0.0443	5.3%	30-6-2017
Class A2 MDis RMB Unhedged	0.0443	5.2%	30-6-2017
Class A2 MDis SGD Hedged	0.0425	4.6%	30-6-2017

NAVs & codes

Classes [3]	NAV	ISIN	Bloomberg
Class A1 USD	84.80	HK0000288735	VALASHY HK
Class A1 HKD [6]	661.8937	HK0000288735	VALASHY HK
Class A Acc RMB Hedged	12.01	HK0000288719	VALHAHR HK
Class A Acc RMB Unhedged	14.07	HK0000288727	VALHAUR HK
Class A2 MDis USD	11.40	HK0000288743	VALHYA2 HK
Class A2 MDis HKD	10.49	HK0000288784	VALHA2H HK
Class A2 MDis AUD Hedged	9.97	HK0000288750	VALHA2A HK
Class A2 MDis CAD Hedged	10.09	HK0000288768	VALHA2C HK
Class A2 MDis GBP Hedged	9.60	HK0000288776	VALHDSF HK
Class A2 MDis NZD Hedged	10.14	HK0000288792	VALHA2N HK
Class A2 MDis RMB Hedged	10.03	HK0000288800	VALHRMB HK
Class A2 MDis RMB Unhedged	10.25	HK0000288818	VAHYRMB HK
Class A2 MDis SGD Hedged	11.00	HK0000288867	VALHA2S HK

The fund – Class A1 USD: Monthly performance from 1 Jan 2009 to 30 Jun 2017

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2009	-3.0%	+1.2%	+7.5%	+8.9%	+18.9%	+5.4%	+9.2%	-3.8%	+3.3%	+10.2%	+3.9%	+2.1%	+82.8%
2010	-1.6%	+0.2%	+7.0%	+5.1%	-6.4%	+3.5%	+2.4%	+1.5%	+8.0%	+5.6%	+0.0%	-1.2%	+25.8%
2011	+0.4%	-1.6%	+2.6%	+5.7%	-2.3%	-2.1%	+2.5%	-5.2%	-15.1%	+9.2%	-4.7%	+0.2%	-11.9%
2012	+7.5%	+4.7%	-1.7%	+2.2%	-6.5%	+1.5%	+2.4%	+0.4%	+5.5%	+3.1%	+1.7%	+2.4%	+25.2%
2013	+3.7%	+0.4%	-0.8%	+1.5%	+1.7%	-5.6%	+2.3%	-0.1%	+2.5%	+2.7%	+1.6%	-1.5%	+8.1%
2014	-4.4%	+1.8%	+0.7%	+0.2%	+3.8%	+1.8%	+5.9%	+1.2%	-4.1%	+0.3%	+1.8%	+0.6%	+9.4%
2015	+0.8%	+1.2%	+1.1%	+11.2%	-0.7%	-1.8%	-6.4%	-9.5%	-1.6%	+6.4%	-3.8%	+0.9%	-3.7%
2016	-10.5%	-1.7%	+9.7%	+0.4%	-2.7%	+2.6%	+4.1%	+2.0%	+2.3%	-2.2%	-0.6%	-2.3%	-0.2%
2017 (YTD)	+6.3%	+3.2%	+1.7%	+1.1%	+2.8%	+1.9%							+18.2%

* *Index refers to MSCI AC Asia Pacific (ex-Japan) Total Return Index up to 30 Apr 2016, thereafter it is the MSCI AC Asia (ex-Japan) Total Return Index. The Index is for reference only.*
^ *Annualized return and volatility are calculated from inception on 2 Sep 2002. 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.*

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Top 10 securities holdings

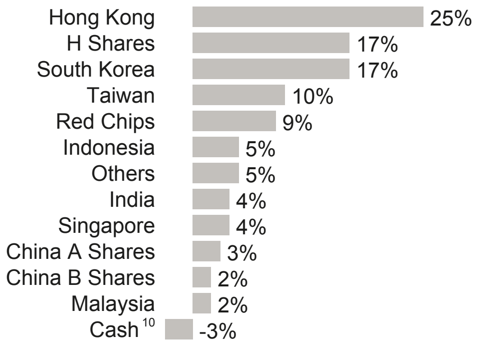
Name	Industry [7]	%
Samsung Electronics Co Ltd – Preference Share	Technology, hardware & equipment	6.5
China Construction Bank Corp	Banks	4.8
Longfor Properties Co Ltd	Real estate	4.4
PetroChina Co Ltd	Energy	2.9
Samsung Electronics Co Ltd – Ordinary Share	Technology, hardware & equipment	2.3
Midea Group Co Ltd	Consumer durables & apparel	2.2
China Resources Power Holdings Co Ltd	Utilities	2.1
China State Construction International Holdings Ltd	Capital goods	2.1
Samsung Fire & Marine Insurance Co Ltd	Insurance	2.0
Skyworth Digital Holdings Ltd	Consumer durables & apparel	2.0

These stocks constitute 31% of the fund.

Portfolio characteristics

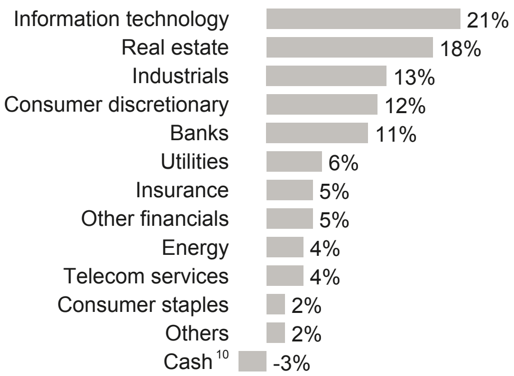
As at 30 Jun 2017	2017 [8]
Price/earnings ratio	9.3 times
Price/book ratio	1.1 times
Dividend yield	4.0%
Yield to maturity/put	N/A

Geographical exposure by listing [9]



Short exposure includes: H Shares, -0.1%.

Sector exposure [7, 9]



Total short exposure is -0.1%.
Short exposure includes: Derivatives, -0.1%.

Fund facts

Manager:	Value Partners Hong Kong Limited
Base currency:	USD
Trustee:	HSBC Institutional Trust Services (Asia) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	Class A1 USD - 2 Sep 2002 Class A2 MDis USD - 28 Sep 2012 Class A2 MDis HKD - 23 Sep 2013 Class A2 MDis AUD/CAD/NZD Hedged - 23 Sep 2013 Class A Acc RMB Unhedged - 20 Mar 2014 Class A2 MDis RMB Unhedged - 1 Sep 2014 Class A2 MDis RMB Hedged - 10 Sep 2014 Class A Acc RMB Hedged - 11 Sep 2014 Class A2 MDis GBP Hedged - 12 Mar 2015 Class A2 MDis SGD Hedged - 23 Jan 2017
Dividend policy [2]:	Class A2 MDis – aim at monthly distribution, subject to Manager's discretion

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 A1	Class A2 MDis	Class A Acc
Minimum subscription	USD10,000 or HKD equivalent [6]	USD10,000 / HKD80,000 / AUD10,000 / CAD10,000 / GBP10,000 / RMB60,000 / NZD10,000 / SGD10,000	RMB60,000
Minimum subsequent subscription	USD5,000 or HKD equivalent [6]	USD5,000 / HKD40,000 / AUD5,000 / CAD5,000 / GBP5,000 / RMB30,000 / NZD5,000 / SGD5,000	RMB30,000
Subscription fee	Up to 5%		
Management fee	1.25% p.a.		
Performance fee [11]	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: Gordon Ip, CFA; Kenny Tjan, CFA; Michelle Yu, CFA; Yu Xiao Bo
Senior Fund Managers: Kelly Chung, CFA; Doris Ho; Glenda Hsia; Philip Li, CFA; Kai Mak

Recent fund awards

WINNER OF THE 2017 THOMSON REUTERS LIPPER FUND AWARDS HONG KONG

Thomson Reuters Lipper Fund Awards 2016 & 2017 [12]
Best Asia Pacific ex-Japan Equity (10 Years)
~ Thomson Reuters

FUND SELECTOR ASIA AWARDS SINGAPORE 2016 PLATINUM

Fund Selector Asia Singapore Awards 2016 [13]
Asia Pacific Equity (Platinum Winner)
~ Fund Selector Asia

All fund information is as of 30 Jun 2017 unless otherwise stated. Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg. Performance in USD, NAV to NAV, with dividend reinvested and net of all fees. **1.** *© 2017 Morningstar, Inc. All Rights Reserved (for Class A1).* **2.** *The Manager currently intends to make monthly dividend distribution in respect of the A2 MDis Classes; actual dividend payout will be subject to the Manager's discretion. 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. For A1 Class units, Manager will review dividend distribution at its discretion once a year (last dividend payout date: 21 Nov 2005). Please refer to the explanatory memorandum for more details.* **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/GBP/NZD/RMB/SGD Hedged Classes are not recommended for investors whose base currency of investment is not in the aforesaid currencies.* **4.** *The receiving bank may charge a fee for incoming payments. Such fees will reduce the actual amount of dividends received by the investor.* **5.** *Annualized yield of Class A2 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.* **6.** *Investors should note that the base currency of the fund is in USD. The HKD equivalent NAV per unit is for reference only and should not be used for subscription or redemption purpose. Conversion to the base currency of the fund will normally take place at the prevailing rate (as determined by the fund's Trustee or Custodian) on the corresponding fund dealing day. Investors should be aware of possible risks resulting from fluctuations of exchange rates against USD.* **7.** *Classification is based on Global Industry Classification Standard (GICS).* **8.** *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. Investors should note that all yield figures are for reference only and do not represent the actual performance of the fund or the dividend yield received by investors, nor does a positive yield imply a positive return. "Dividend yield" is calculated based on the equity portion of the fund, whereas "Yield to maturity/put" is calculated based on the debt portion of the fund by taking the average of yields of individual holdings (being the higher of the yield to maturity and yield to put of each bond/convertible bond) after excluding event-driven investment with extremely high yield.* **9.** *Exposure refers to net exposure (long exposure minus short exposure). Due to rounding, percentages shown may not add up to 100%.* **10.** *Cash refers to net cash including cash equivalents, investment in money market funds but excluding cash for collaterals and margins.* **11.** *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).* **12.** *The award reflecting performance as at Dec 2016 and Dec 2015 respectively.* **13.** *The award winners were selected among funds with "Accredited Investor" status in Singapore, based on performance data from 30 Jun 2012 to 30 Jun 2015 and voting from a panel of industry fund selectors.*

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. The price of units may go down as well as up and past performance is not indicative of future results. Investors should read the explanatory memorandum for details and risk factors in particular those associated with investment in emerging markets. Information in this report has been obtained from sources believed to be reliable but Value Partners Hong Kong Limited does not guarantee the accuracy or completeness of the information provided by third parties. 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 report has not been reviewed by the Securities and Futures Commission. Issuer: Value Partners Hong Kong Limited.

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Value Partners High-Dividend Stocks Fund
Commentary / Second Quarter 2017

- **Value Partners High-Dividend Stocks Fund ("the Fund") primarily invests in stockmarkets of the Asia Pacific region, with a Greater China focus.**
- **The Fund will primarily invest in higher-yielding equities and debt securities, while maintaining a flexible allocation to other assets including gold, REITs and cash on ancillary basis.**
- **The Fund may invest in higher-yielding debt and equity securities that are below investment grade. Such investments can involve material risks, e.g. counterparty risk, liquidity risk, credit risk and default risk, and may expose the Fund to significant losses.**
- **In respect of the distribution units 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 in the value of units.**
- **Please pay particular attention to the risk of investment in China and other markets in the Asian region and in companies with medium or small capitalization. The value of the Fund can be extremely volatile and could go down substantially within a short period of time. It is possible that the entire value of your investment could be lost.**
- **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.**

Asia ex Japan market extended its strength in the second quarter with an 8.3% return in the MSCI Asia ex Japan Index ("the Index") while in the high dividend space, the MSCI Asia ex Japan High Dividend Yield Index was up 5.6%. Year-to-date, the two indices gained 22.8% and 17.6%, respectively. The strong performance was underpinned by broad-based earnings upward revisions and external demand recovery within the region.

China buoyed by signs of stabilizing growth

A series of encouraging macro data signalled further stabilization in China's economy. The official manufacturing Purchasing Managers' Index stayed in expansionary territory in June for the eleventh consecutive month while export surprised on the upside on the back of global trade recovery, rising 8.7% in May in USD terms. Meanwhile, China's retail sales grew 10.7% from a year earlier in May, reflecting the continuous progress in China's shift towards a consumption-driven economy.

Robust fundamentals in the first half of 2017 highlighted the strength in China's economy, providing a window of opportunity for the policy makers to tackle deep-seated structural issues. In fact, such structural issues, including climbing debt levels and shadow banking, were cited as major reasons in Moody's downgrade of China and Hong Kong's sovereign credit ratings in late May. In light of the government's policy bias tilts towards tightening to rein in leverage and financial risks, we expect a modest moderation in growth later this year. However, we believe that a sharp deceleration in growth is unlikely given a managed pace of tightening and the government's policy priority to maintain growth at 6.5% this year.

Korean stockmarket maintained upward momentum

In South Korea, stockmarket bounced to fresh record highs in the second quarter amid a recovering economic cycle, robust exports and better sentiment at households and businesses. On the macro front, the Nikkei South Korea Manufacturing Purchasing Managers' Index (PMI) entered expansionary territory for the first time in 11 months in June while export extended an uptrend for the eighth month in a row by expanding 13.7% year-on-year. During the quarter, Samsung Electronics has announced a positive shareholder return policy, which further supported its rerating potential in addition to its strong fundamentals. In the medium term, other Korean corporations may follow this positive exemplary change and potentially narrow the valuation discount in the Korea market within the region.

ASEAN markets offer selective opportunities

In ASEAN where market performance is lagging within the Asia region, there are positive signs of economic recovery with gross domestic product (GDP) accelerating in the first quarter of 2017 (4.7% year-on-year growth versus 4.5% in the fourth quarter of 2016). Both Malaysia and Thailand's first-quarter 2017 GDP growth beat consensus expectation during the period. Despite the relatively rich valuations, we turned more positive on the financial sector in selective ASEAN markets, such as banks in Indonesian and the Philippines, as these two markets offer secular strong loan growth of over 10% and valuations are attractive with a price-to-book ratio of 1.5 times.

Portfolio strategy review

In the second quarter, Value Partners High-Dividend Stocks Fund ("the Fund") rose 5.9% while year-to-date, the Fund gained 18.2%. During the quarter, our exposures in the Hong Kong/China and South Korea markets led portfolio performance; these two markets were among the top-three markets that saw the most earnings upward revisions. Within the Hong Kong/China market, our holding in a leading Chinese property developer was the top performance contributor. Despite continued tightening measures in the property space, the company exhibited strong sales (200% year-on-year sales growth for the month of May 2017) and balance sheet management with a below-industry average net gearing of 54% as of end 2016. The company also lifted payout ratio from 25% to 30% which supported our dividend thesis. Our Chinese insurer position was also among the top contributors driven by solid premium income growth and the recent pick-up in bond yield in China. In Korea, our position in a leading technology hardware company continued to be one of the key contributors supported by significant earnings upward revision in 2017. We continue to hold the position as we believe its leading position in dynamic random-access memory (DRAM), negative-AND (NAND) and organic light-emitting diode (OLED) products offer strong growth drivers for the company's revenue.

Thus far, 2017 has been a constructive year for Asia ex Japan equities driven by the strongest earnings upward revision in 6 years. In particular, companies with strong earnings growth in the information technology sector surged remarkably in the first half and were the key performance contributors for the Index. However, these companies were deemed challenging for dividend investors as they are generally trading at high multiples and pay almost zero dividend. They are unfit dividend plays, and they had literally become the key reasons for our performance gap year-to-date. However, with the market's keen interest in internet stocks, many sectors are left underappreciated which created compelling investment opportunities. In the first half of the year, three of our holdings in the consumer sector were privatized, which showed that private equities funds were also capturing these undervalued opportunities. It is expected that they might re-list these companies a few years later at a much higher valuation.

Outlook

Looking forward to the second half of the year, we remain constructive on Asia ex Japan equities despite their strong market performance in the first half. With the latest consensus 2017 estimated earnings growth of 18.1% for the MSCI Asia ex Japan Index (versus 13.2% in January), we expect the region's earnings growth will continue to be the fundamental driver. This, together with improvement in cashflow generation, is supportive for dividend growth within the region. Although the 12-month forward price-to-earnings (P/E) ratio of the MSCI Asia ex Japan index has normalized to 12.9 times, it is still trading at an attractive level relative to developed markets and most emerging countries.

Value Partners Investment Team
14 July 2017

Fund performance mentioned is referred to Value Partners High-Dividend Stocks Fund (Class A1). All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg (Data computed in US$ terms on NAV-to-NAV basis with dividends reinvested) as at 30 June 2017. Performance data is net of all fees.

Individual stock performance is not indicative of fund performance.

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Value Partners High-Dividend Stocks Fund: 10 biggest holdings of securities as at 30 June 2017

Stock	**Industry**	**Valuation (2017 Estimates)**	**Remarks**
China Construction Bank (Code: 939 HK) Market cap: US$195.0 billion	Banks	Price: HKD6.05 P/E: 5.5x P/B: 0.8x Yield: 5.5%	China Construction Bank ("CCB") ranks second in China in terms of assets and deposits. Conservatively managed, CCB has controlled risk weighted asset growth and built up loan loss provision buffers over the past two years. It is one of the best capitalized banks in the country.
China Resources Power (Code: 836 HK) Market cap: US$9.4 billion	Power generation	Price: HKD15.32 P/E: 11.4x P/B: 1.1x Yield: 5.6%	China Resources Power engages in investing, developing, operating, and managing power plants and coal mine projects in China. It operates and manages coal-and gas-fired power plants, wind farms, hydro-electric projects and other clean and renewable energy projects. As of 31 December 2016, the company had a total attributable operational generation capacity of 36,184 Megawatts. The firm enjoys higher profit margin, lower financing costs, faster cash conversion and stronger capex discipline than peers.
China State Construction International (Code: 3311 HK) Market cap: US$7.7 billion	Construction	Price: HKD13.36 P/E: 10.3x P/B: 2.0x Yield: 2.8%	China State Construction International ("CSCI") is the largest construction company in Hong Kong with increasing exposure to mainland China. In Hong Kong, there are still ample projects for the company to undertake and that include the building of a third runway at Hong Kong International Airport. In mainland China, CSCI is also getting more contracts, especially for low-cost housing and toll road constructions. On the back of China's strong push of public-private partnership ("PPP") infrastructure projects, CSCI is expected to benefit from this business tailwind and see further improvements in cash flow and profitability. The company's management has also pledged to deliver double-digit net profit growth in the next few years.
Longfor Properties (Code: 960 HK) Market cap: US$12.6 billion	Real estate	Price: HKD16.78 P/E: 8.9x P/B: 1.2x Yield: 3.9%	Longfor Properties is a leading property developer in China which is also the first non-state developer that has attained investment grade credit rating. With a sharp focus on profitability instead of scale expansion, Longfor's management has been building a sizable recurring income through a portfolio of shopping malls targeted at the middle class. Over the next few years, rental income of Longfor is expected to be strong enough to cover the developer's interest expenses.

Stock	Industry	Valuation (2017 Estimates)	Remarks
Midea Group (Code: 000333 CH) Market cap: US$41.3 billion	Home appliance manufacturer	Price: CNY43.04 P/E: 16.5x P/B: 3.9x Yield: 2.6%	Midea Group is a leading home appliance manufacturer in China with extensive products including air conditioners, washing machines, refrigerators and diversified small home appliances. It also engages in logistics business for better channel efficiency. Under the backdrop of consumption upgrading in the white goods industry, Midea offers a good way to capture the structural growth opportunity through its attractive product offering, enhanced brand portfolio, efficient channel, and exposure to high-potential small appliance sector.
PetroChina (Code: 857 HK) Market cap: US$197.0 billion	Energy	Price: HKD4.78 P/E: 21.0x P/B: 0.6x Yield: 2.0%	PetroChina is China's largest oil and gas producer and distributor which plays a dominant role in the country's oil and gas industry. It engages in a wide range of activities related to oil and natural gas, including exploration, development, production and marketing. As China is expected to achieve moderate and stable economic growth, oil and gas demand in China is likely to continue its current upward trajectory. With the oil price hovering at a relatively low level, the company will also benefit as oil price recovers.
Samsung Electronics (Code: 005935 KS) *Preferred shares* Market cap: US$30.4 billion	Electronics manufacturer	Price: KRW1,862,000.00 P/E: 6.7x P/B: 1.2x Yield: 1.9%	Samsung Electronics is a global leading producer of semiconductors, display panels, handsets, monitors, and TVs. Company earnings will continue to be driven by steady growth in semiconductor demand alongside demand for big-data servers. Its continuous investment in research and development to maintain its market leadership position will help it compete amid ongoing changes in the industry.
Samsung Electronics (Code: 005930 KS) Market cap: US$271.6 billion		Price: KRW2,377,000.00 P/E: 8.5x P/B: 1.6x Yield: 1.5%	

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Stock	**Industry**	**Valuation (2017 Estimates)**	**Remarks**
Samsung Fire & Marine Insurance (Code: 000815 KS) *Preferred shares* Market cap: US$0.5 billion*	Insurance	Price: KRW195,000.00 P/E: 7.8x P/B: 0.7x Yield: 3.8%	Samsung Fire & Marine Insurance ("SFM") has been a leader in the non-life insurance industry in Korea with a dominant market share backed by strong capital position. The company offers auto, long-term insurance products, as well as other commercial lines products such as fire, marine and casualty insurance. With ongoing deregulation on product development and pricing sets to benefit the overall insurance industry in Korea, we believe strong capital position with prudent pricing track record will remain the key competitive advantage of SFM.
Skyworth Digital (Code: 751 HK) Market cap: US$1.9 billion	Consumer durables	Price: HKD4.85 P/E: 10.9x P/B: 0.9x Yield: 3.5%	Skyworth is the largest television producer in China. It continues to gain market share through a combination of innovative product launches, effective marketing and distribution, and tight manufacturing cost control. In additional to the traditional core business, they are branching out into a few new economy business models, with some initial success. Skyworth is also enjoying fast growth in international markets, mostly in developing countries. It trades at huge discount to international peers.

Note: The above investments made up 31.3% of Value Partners High-Dividend Stocks Fund as at 30 June 2017. The stock prices are based on the closing of 30 June 2017.

Individual stock performance/yield is not necessarily indicative of overall fund performance.

* The market capitalization for Samsung Fire & Marine Insurance's common shares (000810 KS) was wrongly used for its preferred shares (000815 KS) as at end of March 2017. The correct market capitalization of preferred shares for the period was US$0.5 billion.