

Important Information

- I. Value Partners High-Dividend Stocks Fund (The "Fund") primarily invests in higher yielding debt and equity securities in the Asian region.
- II. 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.
- III. 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.
- IV. 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.
- V. 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.
- VI. You should not make investment decision on the basis of this material alone. Please read the explanatory memorandum for details and risk factors.

Q3 2019 Fund leaflet

Value Partners High-Dividend Stocks Fund

On the rise with Asia's high-dividend opportunities

- ▲ **Identify quality high-dividend stocks in Asia:** monthly payouts of about **5.6%** p.a.^{1,2} (Aim to pay dividend on a monthly basis. Dividend is not guaranteed and may be paid out of the capital.) Please refer to Important Information V
- ▲ **17-year excellent track record with an annualized return of +14.1%**³, ranking 1st among all Asia ex-Japan equity funds⁴
- ▲ **Achieve alpha through flexible asset allocation and a balance of return and risk** by about 70 investment professionals

 **Value Partners**
Investing through discipline

Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg. Performance in USD, NAV to NAV, is net of fees and with dividends reinvested.

1. For Class A2 USD MDIs as at 28 June 2019. **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. 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. **3.** As at 28 June 2019. Calendar year return (Class A1 USD) in the past five years: 2014: +9.4%; 2015: -3.7%; 2016: -0.2%; 2017: +32.9%; 2018: -14.2%; 2019 (year-to-date): +10.8%. **4.** Peer Group refers to Morningstar Category of Asia ex-Japan Equity (HKSF authorized funds) which includes all funds with performance history started between 2 September 2002 and 30 June 2019.

Investment objective and strategy

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.

Without fixed geographical or sectoral weightings, the Fund invests in high income investments and can also flexibly allocate to different asset classes, e.g. commodities, collective investment schemes, derivatives and cash on ancillary basis, according to different market conditions.

Why invest in Value Partners High-Dividend Fund?



Proven track record in Asian dividend investing

- Outperformed index⁵ in 12 out of 17 calendar years and recorded 14.1%³ annualized net return since inception, outshining peer funds⁴
- A strong award-winning investment team of about 70 seasoned professionals, who have an average industry experience of 18 years and an average tenure of 10 years with Value Partners
- Flexible allocation that strikes a balance between stable and cyclical high-yield stocks. Through rigorous fundamental research, the Fund identifies companies with stable earnings, and the ability and willingness to pay dividends

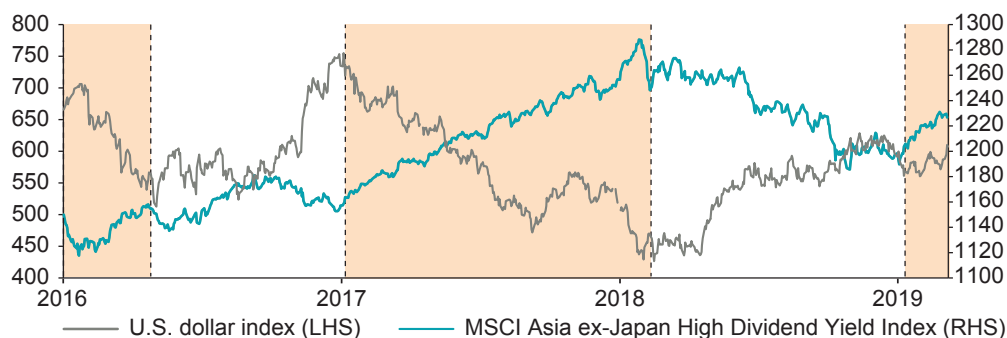
Outstanding long-term performance of the Fund



A weaker USD benefits Asian high-dividend stocks

- Rising global trade tensions pose threat to U.S. economic recovery and strengthen the case for the Fed to cut rates. The rate cut pressure weakens the USD and triggers revaluation potential for Asian assets
- A weakening USD would usually bolster risk appetite among investors, making funds more willing to turn to Asian assets, which offer higher yields and higher growth potentials. That may ultimately benefit Asian high-dividend stocks

Asian high-dividend stocks tend to perform well amid weak dollar



Source: Value Partners, Bloomberg, data as at May 2019

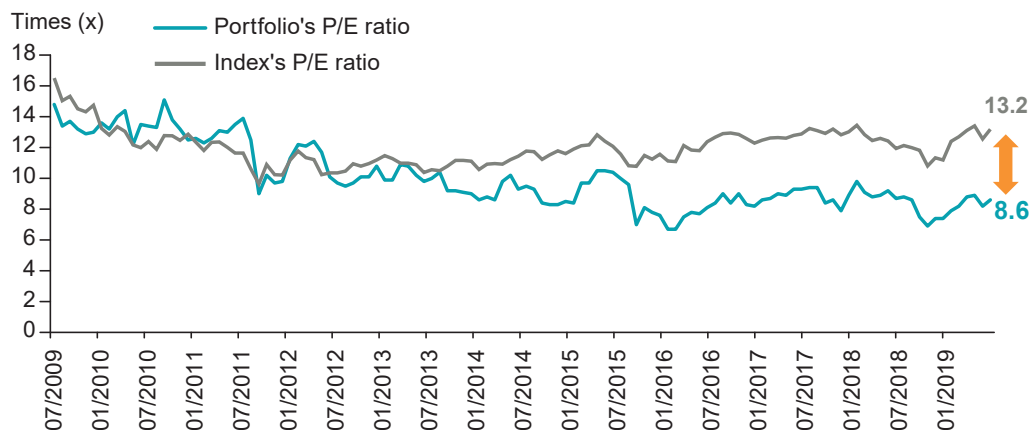
⁵. Index refers to MSCI AC Asia Pacific (ex-Japan) Index (Total Net Return) up to 30 Apr 2016, thereafter it is the MSCI AC Asia (ex-Japan) Index (Total Net Return) due to a change in investment profile. MSCI (Total Net Return) Indices takes into account of dividend reinvestment after deduction of withholding tax.



Attractive upside potential

- Current estimation on Asian companies' earnings growth is too pessimistic. From our bottom-up stock picking perspective, many Asian stocks are undervalued
- Earnings growth at many companies in the region is expected to beat market expectation and thus brings revaluation opportunities. North Asia is particularly in favour
- Being benchmark agnostic, 90% of the Fund's assets are actively allocated to high-dividend stocks with fair valuation. Meanwhile, the portfolio's P/E ratio is significantly lower than the Index's, representing considerable upside potential

The Fund's valuation is significantly lower than the Index's



Source: Value Partners, Bloomberg, data as at June 2019



Seize Asian investment opportunities

- **Chip makers:** The upcoming 5G era requires higher capability for data transmission and upgrades of memory chips. We expect memory chip prices have bottomed out and chip makers' earnings will improve
- **Trade war beneficiaries:** Trade war has made some high-end manufacturers moving from mainland China to South Korea, Taiwan, Japan and Singapore and low-end manufacturers relocating to ASEAN countries to avoid punitive tariffs. Large Southeast Asian lenders will be benefited due to higher demand for financial services
- **Interest-sensitive stocks:** As U.S. economic prospect remains challenging, the Federal Reserve is expected to cut interest rates. That will benefit utility and property stocks, which offer attractive yields



Value Partners High-Dividend Stocks Fund

Fund facts

Share class	A1 (USD)	A Acc RMB hedged/ RMB unhedged	Distribution classes ⁸				
			A2 MDis USD	A2 MDis HKD/ AUD hedged/ NZD hedged/ CAD hedged ⁹	A2 MDis GBP hedged ⁹	A2 MDis RMB hedged/ RMB unhedged	A2 MDis SGD hedged ⁹
Launch date	2 Sep 2002	22 Apr 2016	28 Sep 2012	23 Sep 2013	12 Mar 2015	22 Apr 2016	23 Jan 2017
Subscription fee	Up to 5%						
Management fee	1.25% p.a.						
Performance fee ⁹	15% of profit (high-on-high principle)						
Dealing frequency	Daily						
Base currency	USD						

Performance

	The Fund (Class A1 USD)	The Fund (Class A2 MDis USD)	Index ⁵
One year	-0.7%	-0.7%	-0.5%
Three years	+30.3%	+29.0%	+38.6%
Since launch	+815.5%	+51.5%	+422.7%
Annualized return ¹³	+14.1%	+6.4%	+10.3%
Annualized volatility ¹³	18.2%	13.7%	19.8%

Geographical exposure by listing¹⁰



- Hong Kong 32%
- H-shares 19%
- South Korea 11%
- Red Chips 10%
- Taiwan 8%
- India 4%
- Indonesia 4%
- China A-shares 3%
- Cash¹¹ 2%
- Singapore 2%
- Thailand 2%
- Other 3%

Sector exposure^{10, 12}



- Real estate 18%
- Industrials 15%
- Consumer discretionary 14%
- Banks 12%
- Information technology 11%
- Other finance 7%
- Insurance 6%
- Utilities 5%
- Health care 4%
- Communication services 3%
- Cash¹¹ 2%
- Consumer staples 2%
- Other 1%

Dividend history of Class A2 MDis USD²

Ex-dividend date	Ex-dividend date NAV (USD)	Dividend per unit (USD) ¹⁴	Annualized yield ²
28/6/2019	10.92	0.0514	5.6%
31/5/2019	10.44	0.0514	5.9%
30/4/2019	11.34	0.0514	5.4%
29/3/2019	11.21	0.0514	5.5%
28/2/2019	10.90	0.0514	5.7%
31/1/2019	10.62	0.0514	5.8%

Senior investment staff

Co-Chairmen & Co-Chief Investment Officers	CHEAH Cheng Hye; Louis SO
Deputy Chief Investment Officer	Renee HUNG
Senior Investment Director	Norman HO, CFA
Investment Directors	CHUNG Man Wing; Michelle YU, CFA; YU Xiao Bo
Senior Fund Managers	Anthony CHAN, CFA; Kelly CHUNG, CFA; Doris HO; Glenda HSIA; Amy LEE, CFA, CAIA; LUO Jing, CFA; Frank TSUI; YU Chen Jun

Key awards



- Corporate: Benchmark Fund of the Year Awards 2018, Hong Kong¹⁵
Asia ex-Japan Equity House: Best-in-Class
- Fund: Thomson Reuters Lipper Fund Awards 2017¹⁶
Best Asia Pacific ex-Japan Equity (10 Years)



Download the Value Partners Mobile App now!
Access the latest fund information[^] and market updates!

[^] Fund information refers to Value Partners' funds authorized by the Securities and Futures Commission of Hong Kong. Authorization does not imply official recommendation.
⁶. © 2019 Morningstar, Inc. All Rights Reserved (For Class A1), as at 30 June 2019. ⁷. Certain distributors may accept payment for subscription fee in HKD for Class A1, please contact relevant distributors for details. Please note that Class A1 is denominated in USD, investors may have to bear the foreign exchange costs or fees involved. ⁸. 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. ⁹. Performance fee will only be charged if at the end of the financial year the NAV (before deduction of performance fee and relevant distributions) exceeds the "high watermark", which is the all-time year-end high of the Fund's NAV for the accumulation classes (and dividend adjusted equivalent for distribution paying classes). 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). ¹⁰. Exposure refers to net exposure (long exposure minus short exposure). Due to rounding, percentages shown may not add up to 100%. ¹¹. Cash refers to net cash including cash equivalents, investment in money market funds but excluding cash for collaterals and margins. ¹². Classification is based on Global Industry Classification Standard (GICS). ¹³. Annualized return and volatility are calculated from inception on 2 September 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. ¹⁴. The receiving bank may charge a fee for incoming payments. Such fees will reduce the actual amount of dividends received by the investor. ¹⁵. The award reflects performance up to 30 September 2018. ¹⁶. The award reflects performance as at 31 December 2016.

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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. 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 material has not been reviewed by the Securities and Futures Commission of Hong Kong. Issuer: Value Partners Hong Kong Limited.

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