

Chinese Mainland Focus Fund

A Sub-Fund of Value Partners Intelligent Funds

NAV per unit: **USD53.10**
Fund size : **USD139.1 million**



Morningstar Rating™¹
As at 31-08-2017

31 August 2017

- Chinese Mainland Focus Fund (The "Fund") invests primarily in investments which are related to the Mainland of the People's Republic of China ("PRC") and investments whose value the Manager believes would be boosted by a Renminbi ("RMB") appreciation.
- The Fund invests in China-related companies which involve certain risks not typically associated with investment in more developed markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The Fund is also subject to concentration risk due to its concentration in China-related companies. Adverse development in such region may affect the value of the underlying securities in which the Fund invests.
- The Fund may directly invest in A Shares and other eligible securities through the qualified foreign institutional investors ("QFII") quota. Investors will be subject to certain risks including repatriation risk, custodial risk, regulatory risk. In addition, the QFII policy and rules are subject to change. All these may adversely impact the Fund.
- Investments 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.

Investment objective

The fund aims to achieve medium to long-term capital appreciation by investing primarily in investments which are related to the Mainland of the People's Republic of China ("PRC") and investments whose value the Manager believes would be boosted by a Renminbi ("RMB") appreciation. The Manager will also invest in investments whose value the Manager believes would increase even if the RMB exchange rate remains unchanged.

Performance since launch ²



Performance update ²

	The fund	MSCI China Index ³
One month	+3.2%	+4.2%
Year-to-date	+43.3%	+41.7%
One year	+40.1%	+35.0%
Three years	+42.7%	+32.2%
Five years	+85.3%	+77.3%
Since launch	+431.0%	+449.2%
Annualized return [^]	+12.9%	+13.2%
Annualized volatility [^]	22.4%	26.1%

The fund – Monthly performance from 1 Jan 2009 to 31 Aug 2017 ²

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2009	-3.2%	-2.1%	+11.8%	+11.4%	+17.7%	+3.4%	+12.3%	-7.1%	+5.2%	+8.8%	+6.7%	+1.8%	+86.0%
2010	-5.7%	+1.9%	+6.5%	+2.8%	-4.7%	+1.5%	+4.9%	+1.7%	+10.6%	+6.4%	-1.1%	-2.0%	+23.9%
2011	-2.5%	-0.9%	+4.8%	+3.4%	-1.2%	-2.2%	+1.8%	-7.6%	-19.5%	+15.6%	-7.8%	+0.6%	-17.8%
2012	+6.7%	+6.8%	-5.7%	+1.4%	-8.6%	-3.5%	-2.7%	+0.7%	+5.5%	+4.5%	+1.4%	+6.0%	+11.6%
2013	+8.1%	-3.2%	-3.3%	-0.1%	+0.4%	-8.8%	+2.4%	+4.5%	+2.9%	+4.1%	+4.5%	-2.3%	+8.3%
2014	-5.7%	-1.7%	-2.4%	-1.8%	+1.4%	+4.0%	+7.7%	+0.4%	-2.0%	+2.8%	+1.8%	+6.5%	+10.6%
2015	-0.5%	+1.6%	+6.4%	+19.4%	+3.3%	-6.8%	-13.0%	-12.9%	+0.3%	+7.9%	-1.5%	+1.8%	+1.7%
2016	-19.9%	-0.8%	+9.8%	-1.9%	-2.7%	-0.4%	+7.0%	+3.5%	+1.4%	-0.9%	+2.4%	-5.0%	-10.3%
2017 (YTD)	+7.9%	+3.2%	+3.5%	+1.8%	+2.8%	+4.9%	+9.8%	+3.2%					+43.3%

[^] Annualized return and volatility are calculated from inception on 27 Nov 2003. 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.

Portfolio characteristics

As at 31 Aug 2017	2017 ⁴
Price/earnings ratio	15.0 times
Price/book ratio	2.2 times
Dividend yield	2.1%

Top 10 securities holdings

Name	Industry ⁵	%
Alibaba Group Holding Ltd	Software & services	9.7
Tencent Holdings Ltd	Software & services	7.8
Sunny Optical Technology (Group) Co Ltd	Technology, hardware & equipment	7.6
Huaneng Renewables Corp Ltd	Utilities	6.6
Brilliance China Automotive Holdings Ltd	Automobiles & components	5.4
China Merchants Bank Co Ltd	Banks	5.2
Inner Mongolia Yili Industrial Group Co Ltd	Food, beverage & tobacco	5.0
Ping An Insurance (Group) Co of China Ltd	Insurance	5.0
LONGi Green Energy Technology Co Ltd	Semiconductors & semiconductor equipment	4.9
New China Life Insurance Co Ltd	Insurance	4.8

These stocks constitute 62% of the fund.

Geographical exposure by listing ⁶

H Shares	32%
Hong Kong	32%
China A Shares	17%
United States	16%
Red Chips	9%
Others	1%
Cash ⁷	-7%

Short exposure includes: H Shares, -1.4%.

Sector exposure ^{5, 6}

Information technology	42%
Consumer discretionary	16%
Banks	15%
Insurance	13%
Utilities	7%
Consumer staples	6%
Other financials	4%
Materials	3%
Others	1%
Cash ⁷	-7%

Total short exposure is -1.4%.

Short exposure includes: Consumer discretionary, -1.4%.

Fund facts

Manager:	Value Partners Limited
Base currency:	USD
Trustee:	Bank of Bermuda (Cayman) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	27 Nov 2003
Bloomberg and ISIN codes:	VAPAICM KY / KYG9317Q1120

Unit price is published daily in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.

Fee structure

Minimum subscription	USD10,000
Minimum subsequent subscription	USD5,000
Subscription fee	Up to 5%
Management fee	1.25% p.a.
Performance fee ⁸	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: Chung Man Wing; 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 award



Lipper Fund Awards 2013 (Hong Kong)
Best China Equity Fund (5 Years) ⁹
 ~ Lipper

1. © 2017 Morningstar, Inc. All Rights Reserved. 2. Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg, data as of 31 Aug 2017, in USD, NAV to NAV, with dividends reinvested. Performance data is net of all fees. 3. Starting from Jul 2009, the MSCI China Index will be used as the reference index for the entire history of the fund. Hang Seng H Shares Index, Shanghai Composite Index and Shenzhen Composite Index were no longer shown for comparison. The Index is for reference only. 4. 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. 5. Classification is based on Global Industry Classification Standard (GICS). 6. Exposure refers to net exposure (long exposure minus short exposure). Due to rounding, percentages shown may not add up to 100%. 7. Cash refers to net cash on hand excluding cash for collaterals and margins. 8. 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). 9. Based on data as of year-end 2012.

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 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 Limited.