

# Chinese Mainland Focus Fund

## A Sub-Fund of Value Partners Intelligent Funds

NAV per unit: **USD53.04**

Fund size : **USD138.5 million**



Morningstar Rating™<sup>1</sup>  
As at 31-07-2018

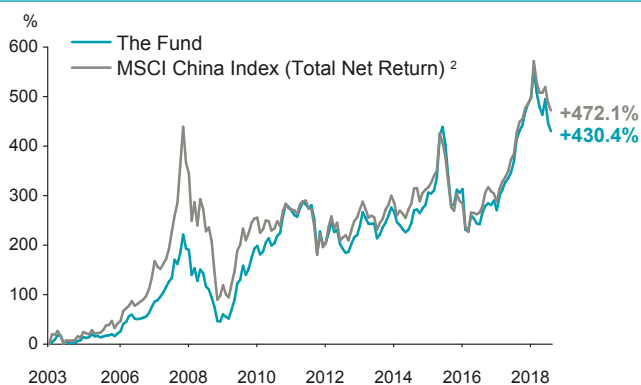
July 2018

- 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 and the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively the "Stock Connects"). Investors will be subject to certain risks including repatriation, custodial, settlement and regulatory risk. In addition, the policy and rules of QFII and Stock Connects 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



### Performance update

|                                    | The Fund | MSCI China Index (Total Net Return) <sup>2</sup> |
|------------------------------------|----------|--|
| One month                          | -2.9%    | -2.5%  |
| Year-to-date                       | -11.2%   | -4.2%  |
| One year                           | +3.1%    | +8.6%  |
| Three years                        | +21.3%   | +34.2%   |
| Five years                         | +65.0%   | +65.9%   |
| Since launch                       | +430.4%  | +472.1%  |
| Annualized return <sup>^</sup>     | +12.0%   | +12.6%   |
| Annualized volatility <sup>^</sup> | 22.2%    | 25.6%  |

### The Fund – Monthly performance from 1 Jan 2009 to 31 Jul 2018

| 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       | +7.9%  | +3.2% | +3.5%  | +1.8%  | +2.8%  | +4.9% | +9.8%  | +3.2%  | +2.2%  | +4.9%  | +3.0% | +1.9% | +61.2% |
| 2018 (YTD) | +9.4%  | -7.0% | -4.8%  | -2.7%  | +5.6%  | -8.2% | -2.9%  |        |        |        |       |       | -11.2% |

<sup>^</sup> 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

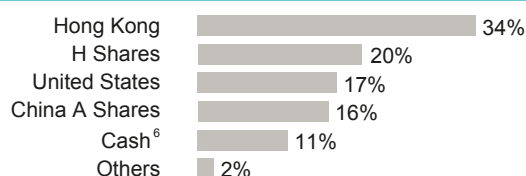
| As at 31 Jul 2018    | 2018 <sup>3</sup> |
|----------------------|-------------------|
| Price/earnings ratio | 14.8 times        |
| Price/book ratio     | 2.4 times         |
| Portfolio yield      | 2.1%              |

### Top 10 securities holdings

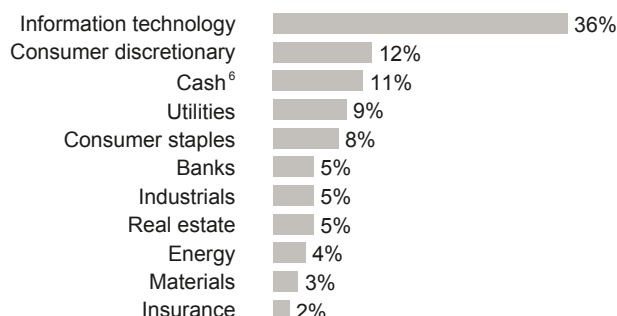
| Name  | Industry <sup>4</sup>            | %   |
|---|----------------------------------|-----|
| Alibaba Group Holding Ltd                     | Software & services              | 9.8 |
| Tencent Holdings Ltd                          | Software & services              | 9.0 |
| Sunny Optical Technology Group Co Ltd         | Technology, hardware & equipment | 7.7 |
| Huaneng Renewables Corp                       | Utilities                        | 7.4 |
| New Oriental Education & Technology Group Inc | Consumer services                | 7.0 |
| China Merchants Bank Co Ltd                   | Banks                            | 4.6 |
| China Oriental Group Co Ltd                   | Materials                        | 3.5 |
| China Shenhua Energy Co Ltd                   | Energy                           | 3.5 |
| Kweichow Moutai Co Ltd                        | Food, beverage & tobacco         | 3.4 |
| Luxshare Precision Industry Co Ltd            | Capital goods                    | 3.2 |

These stocks constitute 59% of the Fund.

### Geographical exposure by listing <sup>5</sup>



### Sector exposure <sup>4, 5</sup>



### 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                        |

### Fee structure

|                                 |  |
|---------------------------------|--|
| Minimum subscription            | USD10,000                              |
| Minimum subsequent subscription | USD5,000                               |
| Subscription fee                | Up to 5%                               |
| Management fee                  | 1.25% p.a.                             |
| Performance fee <sup>7</sup>    | 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:** Anthony Chan, CFA; Kelly Chung, CFA; Doris Ho; Glenda Hsia; Philip Li, CFA; Luo Jing, CFA; Kai Mak; Yu Chen Jun

### Recent fund awards



2017 HKCAMA-Bloomberg Offshore China Fund Awards  
**Best Total Return - Greater China Equity (1 Year) - 2nd Runner-Up <sup>8</sup>**  
 ~ The Chinese Asset Managers Association of Hong Kong & Bloomberg



**Lipper Fund Awards 2013 (Hong Kong) Best China Equity Fund (5 Years) <sup>9</sup>**  
 ~ Lipper

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.

1. © 2018 Morningstar, Inc. All Rights Reserved. 2. MSCI China Index (Total Net Return) which takes into account of dividend reinvestment after deduction of withholding tax. 3. 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. 4. Classification is based on Global Industry Classification Standard (GICS). 5. Exposure refers to net exposure (long exposure minus short exposure). Due to rounding, percentages shown may not add up to 100%. 6. Cash refers to net cash on hand excluding cash for collaterals and margins. 7. 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). 8. The awards recognize the Greater China equity funds issued by CAMAHK members with at least 1 year of historical performance as of 30 Sep 2017. 9. Based on data as of year-end 2012.

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.

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