

Chinese Mainland Focus Fund

A Sub-Fund of Value Partners Intelligent Funds

NAV per unit: **USD42.81**
Fund size : **USD106.3 million**



Morningstar Rating™¹
As at 31-12-2018

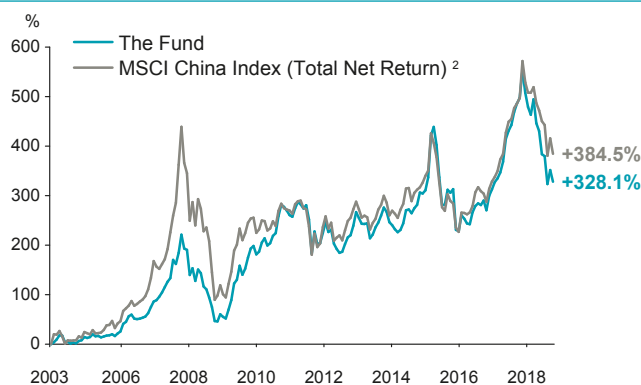
December 2018

- 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 focusing on investments related to mainland China. This includes RMB-denominated corporate and government bonds, listed or unlisted shares issued by companies whose assets and/or revenues are principally denominated in RMB and/or whose costs or liabilities are principally denominated in US dollars. The investable universe can also cover A, B and H shares.

Performance since launch



Performance update

	The Fund	MSCI China Index (Total Net Return) ²
One month	-5.2%	-6.1%
Year-to-date	-28.3%	-18.9%
One year	-28.3%	-18.9%
Three years	+3.6%	+26.1%
Five years	+16.6%	+25.5%
Since launch	+328.1%	+384.5%
Annualized return [^]	+10.1%	+11.0%
Annualized volatility [^]	22.4%	25.6%

The Fund – Monthly performance from 1 Jan 2009 to 31 Dec 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	+9.4%	-7.0%	-4.8%	-2.7%	+5.6%	-8.2%	-2.9%	-8.8%	-0.8%	-11.8%	+6.7%	-5.2%	-28.3%

[^] Annualized return and volatility are calculated from inception. 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 Dec 2018	2019 ³
Price/earnings ratio	8.8 times
Price/book ratio	1.3 times
Portfolio yield	3.7%

Top 10 securities holdings

Name	Industry ⁴	%
Tencent Holdings Ltd	Media & entertainment	10.0
China Merchants Bank Co Ltd	Banks	8.6
AIA Group Ltd	Insurance	7.1
China Shenhua Energy Co Ltd	Energy	6.9
Industrial and Commercial Bank of China Ltd	Banks	4.8
Kweichow Moutai Co Ltd	Food, beverage & tobacco	4.4
China Construction Bank Corporation	Banks	4.0
Gree Electric Appliances Inc of Zhuhai	Consumer durables & apparel	3.6
Ping An Insurance (Group) Co of China Ltd	Insurance	3.5
New China Life Insurance Co Ltd	Insurance	3.2

These stocks constitute 56% of the Fund.

Geographical exposure by listing ⁵

H Shares	41%
Hong Kong	21%
Cash ⁶	17%
China A Shares	13%
Red Chips	6%
China B Shares	2%

Short exposure includes: H Shares, -1.5% and Hong Kong, -0.7%.

Sector exposure ^{4, 5}

Banks	18%
Insurance	18%
Cash ⁶	17%
Communication services	10%
Consumer staples	9%
Energy	7%
Industrials	7%
Real estate	7%
Consumer discretionary	5%
Information technology	2%

Total short exposure is -2.2%.

Short exposure includes: Materials, -1.5% and Utilities, -0.7%.

Fund facts

Manager:	Value Partners Limited
Base currency:	USD
Trustee:	HSBC Trustee (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 ⁷	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

Key awards



Lipper Fund Awards Hong Kong 2018
Best China Equity Fund (10-year) ⁸
~ Thomson Reuters

Benchmark Fund of the Year Awards 2018,
Hong Kong
Asia ex-Japan Equity House: Best-in-Class ⁹
~ Benchmark

I&M Professional Investment Awards 2018
House Performance Awards:
Offshore China Equity (10-year) ¹⁰
~ Insights & Mandate

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. © 2019 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 award reflects the fund's 10-year performance up to the end of 2017. 9. The award reflects performance up to 30 September 2018. 10. The award reflects performance up to 31 December 2017.

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.