

# Chinese Mainland Focus Fund

## A Sub-Fund of Value Partners Intelligent Funds

NAV per unit: USD50.92

Fund size : USD123.4 million



Morningstar Rating™<sup>1</sup>  
As at 31-07-2019

July 2019

- 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) <sup>2</sup>
One month	+0.5%	-0.5%
Year-to-date	+18.9%	+12.4%
One year	-4.0%	-4.9%
Three years	+39.0%	+43.6%
Five years	+37.4%	+31.3%
Since launch	+409.2%	+444.3%
Annualized return <sup>^</sup>	+10.9%	+11.4%
Annualized volatility <sup>^</sup>	22.5%	25.6%

### The Fund – Monthly performance from 1 Jan 2009 to 31 Jul 2019

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%
2019 (YTD)	+9.6%	+7.0%	+2.1%	+1.6%	-12.0%	+10.6%	+0.5%						+18.9%

<sup>^</sup> 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 Jul 2019	2019 <sup>3</sup>
Price/earnings ratio	13.3 times
Price/book ratio	2.0 times
Portfolio yield	2.4%

### Top 10 securities holdings

Name	Industry <sup>4</sup>	%
Alibaba Group Holding Ltd	Retailing	8.5
AIA Group Ltd	Insurance	4.4
Gree Electric Appliances Inc of Zhuhai	Consumer durables & apparel	4.4
Huaneng Renewables Corporation Ltd	Utilities	4.3
China Merchants Bank Co Ltd	Banks	4.1
Tencent Holdings Ltd	Media & entertainment	4.1
Centre Testing International Group Co Ltd	Commercial services & supplies	3.5
Galaxy Entertainment Group Ltd	Consumer services	3.1
Focused Photonics Hangzhou Inc	Commercial services & supplies	3.0
Inner Mongolia Yili Industrial Group Co Ltd	Food, beverage & tobacco	2.9

These stocks constitute 42% of the Fund.

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

China A Shares	52%
Hong Kong	19%
H Shares	15%
United States	8%
Red Chips	7%
Others	1%
Cash <sup>6</sup>	-2%

Short exposure includes: Hong Kong, -1.5% and United States, -1.1%.

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

Consumer discretionary	26%
Industrials	17%
Information technology	15%
Health care	8%
Consumer staples	7%
Banks	6%
Insurance	6%
Real estate	6%
Utilities	5%
Communication services	4%
Materials	2%
Cash <sup>6</sup>	-2%

Total short exposure is -2.6%.

Short exposure includes: Real estate, -1.5% and Information technology, -1.1%.

## 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 <sup>7</sup>	15% of profit (High-on-high principle)
Redemption fee	Nil
Dealing day	Daily

## Senior investment staff

## Co-Chairmen &amp; 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; Philip Li, CFA; Luo Jing, CFA; Yu Chen Jun

## Key awards



**Lipper Fund Awards Hong Kong 2018**  
**Best China Equity Fund (10-year)** <sup>8</sup>  
~ Thomson Reuters

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

**I&M Professional Investment Awards 2018**  
**House Performance Awards:**  
**Offshore China Equity (10-year)** <sup>10</sup>  
~ 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.

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