

Important Information

- I. Chinese Mainland Focus Fund (The "Fund") invests primarily in investments which are related to mainland China.
- II. 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.
- III. 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.
- IV. Investing in China exposes the Fund to additional risks including currency repatriation risk, uncertainty of taxation policies and risk associated with StockConnects, RQFII Quota, SME board, ChiNext market and/or the STAR board. The Fund may also expose to RMB currency and conversion risk.
- V. Investing in small /mid-capitalization securities may have lower liquidity and their prices are more volatile to adverse economic developments.
- VI. It is possible that the entire value of your investment could be lost. You should not make investment decision on the basis of this material alone. Please read the explanatory memorandum for details and risk factors.



Q4 2020 Fund leaflet

Chinese Mainland Focus Fund

At the front of New Economy investing



- ▲ **An all-China strategy, including China's A-shares, HK listed Chinese companies, and U.S.-listed ADRs**, is versatile at capturing multiple growth drivers
- ▲ **Well-positioned to capture structural growth in China's economy**, primarily from new energy, Internet economy, and 5G-related investing themes
- ▲ **A long-term outperformer that has ranked in the first quartile** since inception in terms of performance in the China equities fund category¹

1. Source: Morningstar. Peer Group refers to Morningstar Category of China Equity (HKSF authorized funds) which includes all funds with performance history started between 27 November 2003 and 30 September 2020. Authorization does not imply official recommendation.

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.

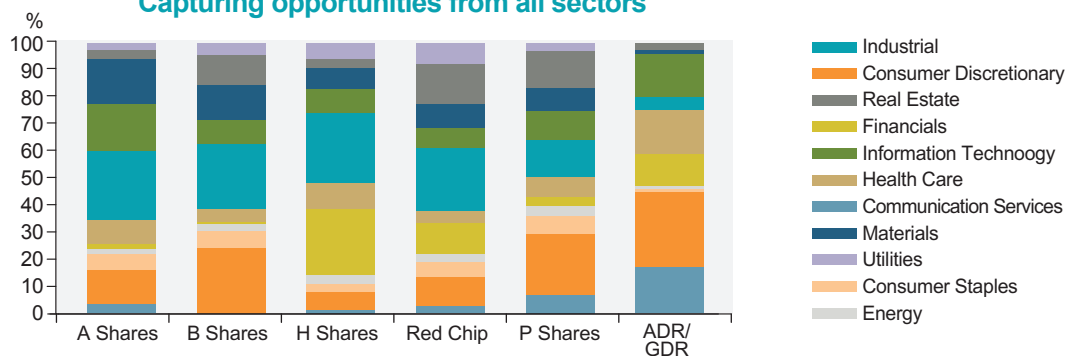
Why invest in Chinese Mainland Focus Fund?



Positioning for the next chapter of growth

- The Fund comprehensively captures the growth drivers of China with over 5,000 Chinese companies listed worldwide by investing in China A-shares, HK-listed Chinese companies, and American depository receipts (ADR)
- Under gradual market liberalization, global investors are set to increase their allocation in China, lifting demand for mainland-listed stocks. Value Partners conducts comprehensive due-diligence on the A-shares market, including areas that are commonly overlooked
- The Fund may strategically invest in A-Shares (0–100%), B-Shares (0–35%), and H-Shares (0–100%)

Capturing opportunities from all sectors



	A Shares	B Shares	H Shares	Red Chip	P Shares	ADR/GDR	Total
No. of stocks	3,831	91	283	172	1,072	195	5,644
Market cap (USD tm)	8.8	0.02	0.7	0.6	1.7	0.9	13

Source: Bloomberg, Factset, Value Partners, as of 16 October 2020. Only the market cap of the listed share class is included. Offshore China stocks are defined based on companies with ultimate parent domiciled in China, or companies with key risk or revenue source from China. Suspended stocks are excluded.



Capitalizing on China's economic shift

- The Fund maintains high conviction calls on companies that will benefit in the long-term from China's policy reform and economic transformation
- Currently focused on China and Hong Kong-listed stocks, the Fund is able to choose from different sectors or where prospects are the most attractive as a result of reforms

China lags behind the developed countries in terms of industry scale, while per capita medical spending shows immense room for sector expansion



A surge in demand for electric vehicles drives the performance of mainland-listed component suppliers, for example battery makers



With the policy support, technological progress and capacity expansion, Chinese new energy companies have rapidly expanded the industrial scale and became a global leader



Favorable policies and market demand benefits market players in the IT, semiconductor, new materials, and electronic devices industries



Online service platforms gaining in popularity under a structural demographics shift in China



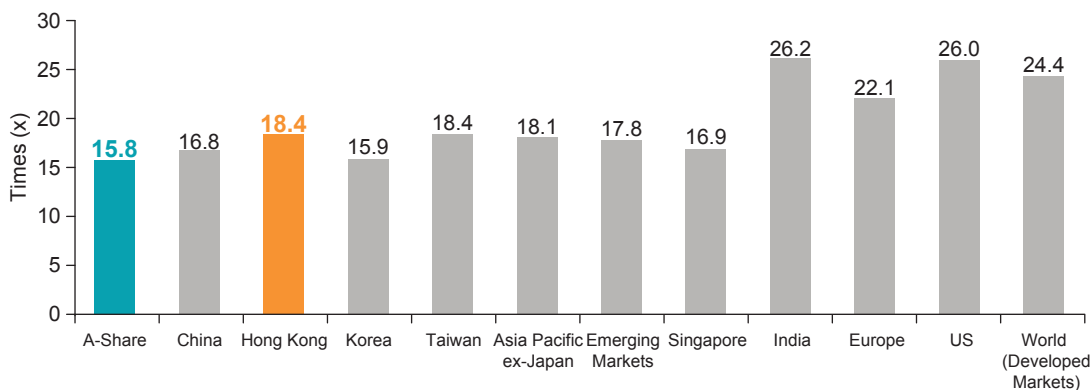
China's development of digital economy, involving AI and autopilot technologies, is poised to unleash 5G-enabled devices, relevant infrastructure, and investment opportunities



Attractive valuations in Hong Kong and China

- China’s demand chain underpins its growth towards being the world’s largest economy in the next 10-15 years
- Policymakers have sufficient monetary and fiscal measures at their disposal to boost growth and cushion the economy from shocks
- Hong Kong and China stocks are inexpensive compared to their global counterparts. Taking the positives of China’s reforms and economic transformation into consideration, valuations are at even more attractive levels

2020E global P/E valuation comparison



Sources: FactSet, I/B/E/S, MSCI, Worldscope, as at 1 October 2020



Investment pioneers in China markets

- The Fund has ranked in the first quartile since inception in terms of performance in the China equities fund category
- Tap into undiscovered investment opportunities with 360-degree fundamental research analysis combined with more than 6,500 annual due diligence meetings
- Value Partners has a more than 70-strong investment team, one of the largest in the region with extensive experience and local knowledge

Proven long term track record

	6 month	1-year	3-year	5-year	Since inception
Cumulative return of the Fund	+42.1%	+57.2%	+45.2%	+106.4%	+688.1%
Quartile ranking among peer funds	1	1	1	1	1

Source: Morningstar, as at 30 September 2020. Chinese Mainland Focus Fund was launched on 27 November 2003. Calendar year return of the past 5 years: 2015: +1.7%; 2016: -10.3%; 2017: +61.2%; 2018: -28.3%; 2019: +36.6%



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. The views expressed are the views of Value Partners Limited only and are subject to change based on market and other conditions. The information provided does not constitute investment advice and it should not be relied on as such. All materials have been obtained from sources believed to be reliable, but its accuracy is not guaranteed. This material contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected. 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 material has not been reviewed by the Securities and Futures Commission of Hong Kong. Issuer: Value Partners Limited.

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 advertisement has not been reviewed by the Monetary Authority of Singapore.