

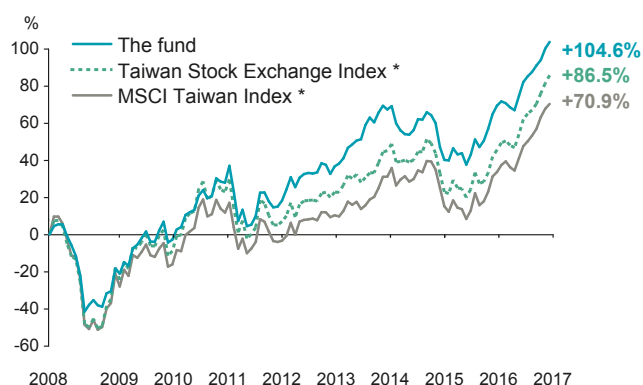
31 August 2017

- Value Partners Taiwan Fund (The "Fund") invests primarily in companies established in Taiwan or which derive a majority of their revenue from business related to Taiwan.
- The Fund may invest in Taiwan and therefore is subject to emerging market risks. Generally, investments in emerging markets are more volatile than investments in developed markets due to additional risks relating to political, social, economic and regulatory uncertainty which may adversely affect volatility and market liquidity.
- The Fund is also subject to concentration risk due to its concentration in Taiwan-related companies. Adverse development in such region may affect the value of the underlying securities in which the Fund invests. The value of the Fund can be extremely volatile and could go down substantially within a short period of time. It is possible that the entire value of your investment could be lost.
- The Fund may 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 long term capital growth through primarily investing in equity and equity linked securities of companies that are listed on (a) the Taiwan Stock Exchange; or (b) the GRE Tai Securities Market; or (c) any stock exchange but which have their main operations or majority of assets in or derive the majority of their income from Taiwan. This includes companies incorporated and/or quoted outside Taiwan.

## Performance since launch <sup>1</sup>



## Performance update <sup>1</sup>

	The fund	Taiwan Stock Exchange Index *	MSCI Taiwan Index *
One month	+1.8%	+2.4%	+1.5%
Year-to-date	+22.1%	+26.8%	+26.8%
One year	+20.4%	+27.9%	+27.6%
Three years	+20.6%	+25.0%	+25.5%
Since launch	+104.6%	+86.5%	+70.9%
Annualized return <sup>^</sup>	+7.8%	+6.8%	+5.8%
Annualized volatility <sup>^</sup>	18.5%	24.0%	24.1%

## Top 5 securities holdings <sup>2</sup>

Name	Industry <sup>3</sup>	%
Taiwan Semiconductor Manufacturing Co Ltd	Semiconductors & semiconductor equipment	10.1
Largan Precision Co Ltd	Technology, hardware & equipment	6.4
Hon Hai Precision Ind. Co Ltd	Technology, hardware & equipment	4.9
Pegatron Corporation	Technology, hardware & equipment	4.5
Sporton International Inc	Commercial services & supplies	3.4

These stocks constitute 29% of the fund.

## Portfolio characteristics

As at 31 Aug 2017	2017 <sup>4</sup>
Price/earnings ratio	14.7 times
Price/book ratio	2.2 times
Dividend yield	4.1%

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

Taiwan	93%
Cash <sup>6</sup>	4%
United States	2%
Others <sup>7</sup>	1%

Short exposure includes: Taiwan, -0.9%.

## Sector exposure <sup>3, 5</sup>

Information technology	68%
Industrials	8%
Banks	4%
Cash <sup>6</sup>	4%
Materials	4%
Consumer staples	3%
Insurance	3%
Telecom services	3%
Other financials	2%
Others <sup>7</sup>	1%

Total short exposure is -0.9%.

Short exposure includes: Information technology, -0.9%.

## The fund – Monthly performance from 1 Jan 2009 to 31 Aug 2017 <sup>1</sup>

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2009	-4.4%	-1.3%	+12.0%	+1.6%	+17.9%	-3.4%	+7.9%	-2.2%	+11.4%	+2.1%	+3.8%	+3.7%	+58.0%
2010	-5.4%	-0.1%	+6.5%	+4.6%	-10.6%	+1.7%	+5.7%	+1.3%	+6.3%	+1.4%	+1.1%	+6.9%	+19.2%
2011	+2.5%	-3.5%	+0.9%	+8.0%	-1.4%	-0.5%	+7.2%	-10.3%	-12.9%	+5.7%	-7.8%	+0.8%	-13.0%
2012	+4.5%	+11.5%	+0.1%	-4.0%	-2.7%	+0.3%	+2.9%	+5.1%	+5.4%	-4.1%	+4.1%	+1.5%	+26.1%
2013	+0.5%	-0.2%	+0.5%	+3.7%	-0.6%	-3.6%	+3.1%	+1.1%	+2.1%	+4.0%	+1.3%	+1.4%	+13.7%
2014	+0.5%	+5.1%	+2.6%	-1.6%	+3.3%	+2.2%	-1.2%	+1.1%	-5.5%	-2.4%	-1.3%	-0.2%	+2.1%
2015	+1.6%	+3.8%	-0.1%	+2.5%	-1.0%	-2.6%	-8.2%	-4.7%	-0.2%	+4.7%	-2.2%	+0.4%	-6.5%
2016	-4.3%	+3.8%	+5.9%	-2.7%	+2.3%	+4.4%	+5.0%	+2.8%	+1.4%	-0.6%	-1.3%	-0.9%	+16.2%
2017 (YTD)	+4.6%	+4.3%	+1.7%	+1.3%	+1.9%	+1.6%	+3.2%	+1.8%					+22.1%

\* The indices are for reference only.

<sup>^</sup> Annualized return and volatility are calculated from inception on 3 Mar 2008. 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.

## Fund facts

Manager:	Value Partners Hong Kong Limited
Base currency:	USD
Trustee:	Bank of Bermuda (Cayman) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	3 Mar 2008
Bloomberg and ISIN codes:	VTAIWAN KY / KYG9318Y1061

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	US\$10,000
Minimum subsequent subscription	US\$5,000
Subscription fee	Up to 5%
Management fee	1.25% p.a.
Performance fee <sup>8</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:** Kelly Chung, CFA; Doris Ho; Glenda Hsia;

Philip Li, CFA; Kai Mak

1. 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. 2. Month-end portfolio holdings in English with one month lag can be obtained from the Investment Manager upon request to email [fis@vp.com.hk](mailto:fis@vp.com.hk), subject to a prevailing handling fee chargeable at the Investment Manager's discretion. 3. Classification is based on Global Industry Classification Standard (GICS). 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. 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. Others include 0.7% 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).

The Fund is not registered under the United States Securities Act of 1933, as amended ("the Securities Act") or the securities laws of any of the states of the United States. The units of the Fund ("Units") may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "US Person" except pursuant to an exemption with the consent of the Trustee and/or the Manager of the Fund in a transaction which does not result in a violation of applicable United States federal or state securities laws.

The Units are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or exemption therefrom, as well as in accordance with the requirements set forth in the Explanatory Memorandum and Supplemental Disclosure Statement for US Persons ("Memorandum"). Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

The Units are suitable only for sophisticated investors who do not require immediate liquidity for their investments, for whom an investment in the Fund does not constitute a complete investment program and who fully understand and are able to bear the loss of their investment in the Fund. The Fund's investment program, by its nature, may be considered to involve a substantial degree of risk. Prospective investors should not subscribe for Units unless satisfied that he or she and his or her investment representative have asked for and received all information which would enable him or her or both of them to evaluate the merits and risks of the proposed investment. The Units are not, and are not expected to be, liquid, except as described in the Memorandum.

Offering materials for the offering of the Units have not been filed with or approved or disapproved by the United States Securities and Exchange Commission or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this offering or passed upon the accuracy or completeness of any offering materials. Any representation to the contrary is unlawful.

This material does not constitute an offer or solicitation in any state or other jurisdiction in which an offer or solicitation is not authorized. No representations or warranties of any kind are intended or should be inferred with respect to the economic return or the tax consequences from an investment in the Fund. No assurance can be given that existing laws will not be changed or interpreted adversely. Prospective investors are not to construe this material as legal or tax advice. Each investor should consult his or her own counsel and accountant for advice concerning the various legal, tax and economic considerations relating to his or her investment.