



# Fund Menu

March 2018

# Content

- Please pay particular attention to the risk of investment in China and other markets in the Asian region and in companies with medium or small capitalization. The value of the funds 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.
- Value Partners High-Dividend Stocks Fund and Value Partners Greater China High Yield Income Fund may invest in higher-yielding debt and equity securities that are below investment grade; additionally, Value Partners Greater China High Yield Income Fund may invest in debt securities issued by special purpose vehicles. Such investments can involve material risks, e.g. counterparty risk, liquidity risk, credit risk and default risk, and may expose the Fund to significant losses.
- Investors should note that there is no guarantee that the underlying securities in Value Partners High-Dividend Stocks Fund and Value Partners Greater China High Yield Income Fund will pay out dividends. Therefore, there is no guarantee that those funds' investment strategies will succeed. There is also no guarantee of dividend or distribution payments during the period an investor holds units in such funds, and a positive dividend yield does not represent/imply positive return.
- Value Partners China A-Share Select Fund intends to invest predominantly in China A Shares directly, via its Manager's RQFII quota. Investors will be subject to certain risks including repatriation risk, custodial risk, regulatory risk and risks associated with the Manager's RQFII status. In addition, the RQFII policy and rules are relatively new and there may be uncertainty in implementation and such policy and rules are subject to change. All these may adversely impact the fund. The fund and its primary investments are denominated in RMB. RMB is currently not a freely convertible currency and is subject to foreign exchange control policies, as well as repatriation restrictions imposed by the PRC government. Investors whose base currencies of investments are not in RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and the RMB.
- The funds may also invest in derivatives which can involve material risks, e.g. counterparty default risk, insolvency or liquidity risk, and may expose the funds 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.

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# Value Partners Fund Offerings

Morningstar Rating™<sup>1</sup>

As at 28-02-2018

China / Greater China equities strategy	Asia equities strategy
<p><b>Greater China</b></p> <ul style="list-style-type: none"> <li>• Classic Fund ★★★★★</li> <li>• China Greenchip Fund ★★★ <span style="border: 1px solid black; padding: 2px;">CIES Eligible*</span></li> </ul>	<ul style="list-style-type: none"> <li>• High-Dividend Stocks Fund ★★★★★</li> </ul>
<p><b>China</b></p> <ul style="list-style-type: none"> <li>• China Convergence Fund ★★★★★</li> <li>• Chinese Mainland Focus Fund ★★★★★</li> </ul>	<p><b>Fixed income strategy</b></p> <ul style="list-style-type: none"> <li>• Greater China High Yield Income Fund</li> </ul>
<p><b>China A-share</b></p> <ul style="list-style-type: none"> <li>• China A-Share Select Fund ★★★★★ <span style="border: 1px solid black; padding: 2px;">RQFII</span></li> </ul>	<p><b>Multi-asset strategy</b></p> <ul style="list-style-type: none"> <li>• Multi-Asset Fund</li> <li>• Asian Income Fund</li> </ul>
<p><b>Taiwan</b></p> <ul style="list-style-type: none"> <li>• Taiwan Fund ★★★</li> </ul>	

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\*Value Partners China Greenchip Fund Limited is one of the eligible collective investment schemes for the purpose of the Hong Kong Capital Investment Entrant Scheme (CIES). The CIES was suspended by the Hong Kong Government with effect from 15 January 2015 until further notice.

## Recent performance

	Inception date	Fund size	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (YTD)	Since inception
<b>Value Partners Classic Fund (A unit) Index<sup>a</sup></b>	1 Apr 1993		83.6%	5.8%	15.9%	41.8%	41.1%	-47.9%	82.9%	20.2%	-17.2%	14.0%	11.2%	13.5%	-1.5%	-3.2%	44.9%	4.5%	3,752.2%
<b>Value Partners Classic Fund (B unit) Index<sup>a</sup></b>	15 May 1996	USD 1,605.6 million (Total A, B & C units)	33.8%	13.2%	10.2%	34.9%	44.8%	-46.1%	56.6%	8.3%	-17.3%	27.7%	6.5%	5.9%	-3.9%	4.3%	37.0%	4.3%	643.9%
<b>Value Partners Classic Fund (C unit) Index<sup>a</sup></b>	15 Oct 2009		33.8%	13.2%	10.2%	34.9%	44.8%	-46.1%	56.6%	8.3%	-17.3%	27.7%	6.5%	5.9%	-3.9%	4.3%	37.0%	4.4%	1,623.8%
<b>Value Partners China Greenchip Fund Limited+ Hong Kong Hang Seng Index* MSCI China Free HKD</b>	8 Apr 2002	HKD 2,541.9 million	85.6%	1.5%	16.1%	43.7%	36.3%	-57.4%	116.7%	37.8%	-25.0%	24.8%	16.5%	2.4%	-13.0%	-4.0%	38.4%	2.4%	621.2%
<b>Value Partners Intelligent Funds – China Convergence Fund</b>	14 Jul 2000	USD 288.0 million	92.1%	0.8%	3.9%	86.9%	56.6%	-45.2%	87.1%	21.3%	-22.4%	9.3%	9.2%	14.6%	-0.5%	-8.7%	41.3%	3.9%	1,859.0%
<b>Chinese Mainland Focus Fund</b>	27 Nov 2003	USD 172.8 million	3.9%	8.4%	11.6%	48.1%	56.0%	-44.8%	86.0%	23.9%	-17.8%	11.6%	8.3%	10.6%	1.7%	-10.3%	61.2%	1.8%	507.9%
<b>Value Partners China A-Share Select Fund</b>	16 Oct 2014	RMB 560.8 million	20.1%	1.9%	19.8%	82.9%	66.2%	-50.8%	62.3%	4.6%	-18.4%	22.7%	3.6%	8.0%	-7.8%	0.9%	54.1%	5.3%	528.7%
<b>Value Partners Taiwan Fund</b>	3 Mar 2008	USD 66.3 million	-	-	-	-	-	-35.7%	58.0%	19.2%	-13.0%	26.1%	13.7%	2.1%	-6.5%	16.2%	25.9%	2.1%	115.3%
<b>Value Partners High-Dividend Stocks Fund(Class A1) MSCI AC Asia (ex-Japan) Total Return Index<sup>b</sup></b>	2 Sep 2002	USD 3,296.2 million	79.7%	8.9%	12.2%	35.0%	44.2%	-46.8%	82.8%	25.8%	-11.9%	25.2%	8.1%	9.4%	-3.7%	-0.2%	32.9%	1.7%	879.5%
<b>Value Partners High-Dividend Stocks Fund(Class A2) (P USD Acc)</b>	28 Sep 2012	USD 5,324.5 million	41.5%	19.7%	20.1%	28.2%	34.8%	-54.1%	68.2%	15.2%	-16.6%	7.2%	7.5%	9.4%	-3.4%	-0.3%	31.7%	1.7%	463.6%
<b>Value Partners Greater China High Yield Income Fund</b>	28 Mar 2012	USD 62.1 million	-	-	-	-	-	-	-	-	-	13.0%	1.2%	1.1%	6.1%	15.9%	10.1%	1.2%	58.2%
<b>Value Partners Multi-Asset Fund</b>	13 Oct 2015	USD 62.1 million	-	-	-	-	-	-	-	-	-	-	-	-	-1.8%	-0.5%	16.0%	1.7%	15.2%

Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg. Unless otherwise stated, performance is calculated in USD. NAV to NAV, with dividends reinvested. Performance data is net of all fees. \*Index refers to MSCI AC Asia Pacific (ex-Japan) Total Return Index up to 30 Apr 2016, thereafter it is the MSCI AC Asia (ex-Japan) Total Return Index. +Performance is calculated in HKD. NAV to NAV, with dividends reinvested. Performance data is net of all fees. Investors should note that figures for Non-Redeemable Class N shares shown above may differ from those of classes currently available for subscription (namely Class A and Class A2 QDIs), due to differences in launch date of these classes. For Class A, the since launch return is +104.0%. <sup>a</sup> Index refers to Hang Seng Price Return Index till 31 Dec 2004, thereafter it is the Hang Seng Total Return Index up to 30 Sep 2017. With effect from 1 Oct 2017, it is the MSCI Golden Dragon Net Total Return Index, which takes into account of dividend reinvestment after deduction of withholding tax. All indices are for reference only. <sup>b</sup> Index refers to Hang Seng Price Return Index with the total return indices thereafter. Total return indices include dividend reinvestment whereas price return indices does not take into account reinvestment of dividends. <sup>c</sup> Starting from July 2009, the MSCI China Index will be used as the reference index for the entire history of the fund. Hang Seng H Shares Index, Shanghai Composite Index and Shenzhen Composite Index were no longer shown for comparison. **Disclaimer: 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. This report has not been reviewed by third parties. The report has not been reviewed by third parties. Issuer: Value Partners Limited. No part of this document, or any information contained herein, may be distributed, reproduced, taken or transmitted into the United States or its territories or possession. Any failure to comply with the restrictions may constitute a violation of the relevant laws.**

NAV per unit: **A Units - USD385.22** | **B Units - USD172.38** | **C Units - USD21.62**  
Fund size : **USD1,605.6 million**

★★★★★  
Morningstar Rating™<sup>1</sup>  
As at 28-02-2018

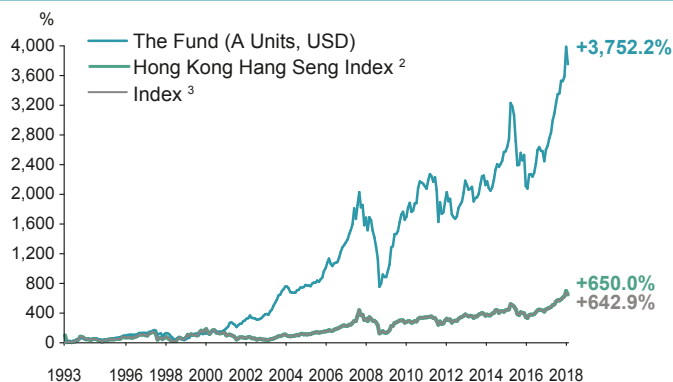
February 2018

- Value Partners Classic Fund (The "Fund") primarily invests in markets of the Asia-Pacific region, with a Greater China focus.
- The Fund invests in China-related companies and emerging markets 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 Asia-Pacific region, particularly China-related companies. 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.
- In respect of the distribution units for the Fund, the Manager currently intends to make monthly dividend distribution. However, the distribution rate is not guaranteed. Distribution yield is not indicative of the return of the Fund. Distribution may be paid from capital of the Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount you originally invested or capital gains attributable to that and may result in an immediate decrease in the value of units.
- 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 consistent superior return and uses a bottom-up approach to invest in value stocks in the Asia Pacific region, particularly those in Greater China region, which the Manager believes are being traded at deep discounts to their intrinsic value.

## Performance since launch



## NAVs & codes

Classes <sup>4</sup>	NAV	ISIN	Bloomberg
A Units USD	385.22	HK0000264868	VLPARAI HK
B Units USD	172.38	HK0000264876	VLPARBI HK
C Units USD	21.62	HK0000264884	VLPARCI HK
C Units HKD <sup>5</sup>	169.2619	HK0000264884	VLPARCI HK
C Units RMB	14.27	HK0000264926	VLCHCRM HK
C Units AUD Hedged	18.00	HK0000264892	VLCHAUD HK
C Units CAD Hedged	17.52	HK0000264900	VLCHCAD HK
C Units HKD Hedged	14.79	HK0000264934	VLCHCHH HK
C Units NZD Hedged	18.47	HK0000264918	VLCHNZD HK
C Units RMB Hedged	14.97	HK0000264942	VLCHCRH HK
C Units MDis USD	10.52	HK0000360880	VLCCMDU HK
C Units MDis HKD	10.51	HK0000360898	VLCCMDH HK
C Units MDis RMB	9.94	HK0000362241	VLCCMDR HK
C Units MDis RMB Hedged	10.50	HK0000362258	VLCCMRH HK

## The Fund – A Units USD: Monthly performance from 1 Jan 2009 to 28 Feb 2018

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2009	-3.2%	-0.2%	+8.2%	+8.2%	+20.1%	+1.3%	+11.5%	+0.1%	+2.5%	+7.5%	+5.9%	+2.2%	+82.9%
2010	-5.8%	+2.2%	+7.1%	+3.1%	-6.1%	+1.1%	+5.0%	+0.2%	+10.5%	+3.8%	-0.7%	-0.7%	+20.2%
2011	-1.5%	-1.6%	+5.4%	+3.5%	-1.3%	-3.2%	+2.8%	-7.5%	-19.8%	+15.3%	-7.8%	+1.0%	-17.2%
2012	+7.8%	+6.3%	-5.7%	+1.6%	-10.2%	-2.1%	-1.3%	+1.7%	+6.4%	+2.3%	+1.9%	+5.9%	+14.0%
2013	+7.9%	-2.5%	-2.9%	+0.6%	+1.2%	-9.0%	+2.3%	+0.5%	+2.2%	+6.2%	+4.8%	+0.4%	+11.2%
2014	-5.5%	+2.3%	-4.0%	-1.6%	+2.0%	+4.6%	+6.2%	+3.0%	-1.5%	+1.6%	+1.9%	+4.6%	+13.5%
2015	+0.3%	+2.4%	+3.7%	+17.1%	-1.5%	-3.5%	-11.0%	-11.6%	+0.2%	+6.5%	-3.8%	+2.9%	-1.5%
2016	-15.9%	-1.5%	+8.7%	+0.2%	-1.4%	+2.4%	+5.0%	+7.4%	+1.4%	-1.8%	-0.2%	-5.0%	-3.2%
2017	+6.1%	+1.9%	+3.7%	+2.6%	+5.7%	+3.0%	+4.5%	+3.5%	+0.3%	+4.9%	-0.1%	+1.8%	+44.9%
2018 (YTD)	+10.8%	-5.7%											+4.5%

<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.

### Top 10 securities holdings

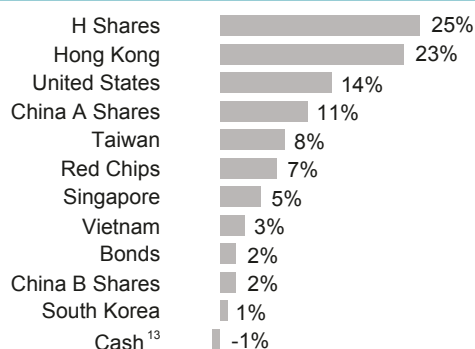
Name	Industry <sup>10</sup>	% <sup>12</sup>
Kweichow Moutai Co Ltd	Food, beverage & tobacco	6.8
SIIC Environment Holdings Ltd	Utilities	5.4
Weibo Corp	Software & services	5.4
Taiwan Semiconductor Manufacturing Co Ltd	Semiconductors & semiconductor equipment	5.3
Ping An Insurance Group Co of China Ltd	Insurance	4.3
Alibaba Group Holding Ltd	Software & services	4.2
KWG Property Holding Ltd	Real estate	3.6
Huaneng Renewables Corp Ltd	Utilities	3.4
HSBC Holdings plc	Banks	3.3
Industrial and Commercial Bank of China Ltd	Banks	3.1

These stocks constitute 45% <sup>12</sup> of the Fund.

### Portfolio characteristics

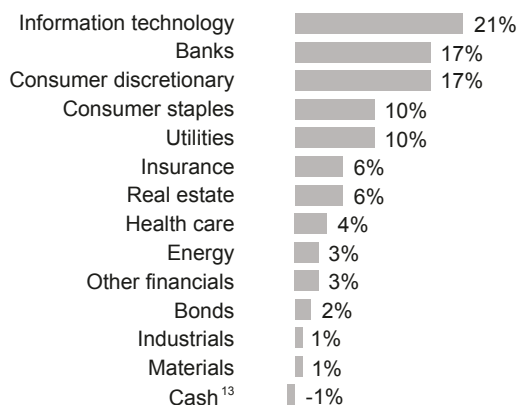
As at 28 Feb 2018	2018 <sup>11</sup>
Price/earnings ratio	11.1 times
Price/book ratio	1.4 times
Portfolio yield	3.2%

### Geographical exposure by listing <sup>12</sup>



Short exposure includes: H Shares, -0.8%.

### Sector exposure <sup>10, 12</sup>



Total short exposure is -0.8%.

Short exposure includes: Consumer discretionary, -0.8%.

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.

<sup>1</sup> © 2018 Morningstar, Inc. All Rights Reserved (for A Units). <sup>2</sup> Hang Seng Price Return Index was used till 31 Dec 2004, thereafter it is the Hang Seng Total Return Index. Hang Seng Total Return Index takes into account of dividend reinvestment whereas Hang Seng Price Return Index does not. <sup>3</sup> Index refers to Hang Seng Price Return Index till 31 Dec 2004, thereafter it is the Hang Seng Total Return Index up to 30 Sep 2017. With effect from 1 Oct 2017, it is the MSCI Golden Dragon Net Total Return Index, which takes into account of dividend reinvestment after deduction of withholding tax. All indices are for reference only. <sup>4</sup> The Fund may invest in financial derivative instruments ("FDI") for hedging purposes. In adverse situations, the Fund's use of FDI may become ineffective in hedging and the Fund may suffer significant losses. Each hedged share class will hedge the Fund's base currency back to its currency of denomination on a best efforts basis. However, the volatility of the hedged classes measured in the Fund's base currency may be higher than that of the equivalent class denominated in the Fund's base currency. Risks associated with FDI include counterparty risk, credit risk and liquidity risk. Such exposure may lead to a high risk of capital loss. The AUD/CAD/NZD/RMB Hedged Classes are not recommended for investors whose base currency of investment is not in the aforesaid currencies. <sup>5</sup> Investors should note that the base currency of "C" Units is in USD. The HKD is for reference only and should not be used for subscription or redemption purpose. Conversion to the base currency of "C" Units will normally take place at the prevailing rate (as determined by the Fund's Trustee or Custodian) on the corresponding fund dealing day. Investor should be aware of possible risks resulting from fluctuations of exchange rates against USD. <sup>6</sup> Calculated based on the since inception return of C Units. <sup>7</sup> The Manager currently intends to make monthly dividend distribution in respect of the C Unit MDis Classes; actual dividend payout will be subject to the Manager's discretion. Distribution may be paid from capital of the Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return of withdrawal of part of the amount that have been originally invested or capital gains attributable to that and may result in an immediate decrease in the value of units. Please refer to the explanatory memorandum for more details. <sup>8</sup> The receiving bank may charge a fee for incoming payments. Such fees will reduce the actual amount of dividends received by the investor. <sup>9</sup> Annualized yield of MDis Class is calculated as follows: (Latest dividend amount/NAV as of ex-dividend date) x 12. Investors should note that yield figures are estimated and for reference only and do not represent the performance of the Fund, and that there is no guarantee as to the actual frequency and/or amount of dividend payments. <sup>10</sup> Classification is based on Global Industry Classification Standard (GICS). <sup>11</sup> 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. <sup>12</sup> Exposure refers to net exposure (long exposure minus short exposure). Exposure of equity swaps is measured by the value of the underlying stock holdings. (Due to rounding, percentages shown may not add up to 100%). <sup>13</sup> Cash refers to net cash on hand excluding cash for collaterals and margins. <sup>14</sup> 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). <sup>15</sup> The award was based on performance for the full 12-month period, from Sep 2016 to the end of Aug 2017. <sup>16</sup> The awards were judged based on performance over the past 12 months, up to 30 Apr 2017. <sup>17</sup> For Hong Kong investors only. 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 Hong Kong 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 For Swiss Qualified Investors: The sales prospectus, the Articles of Association, the Key Investor Information Document as well as the annual and semi-annual reports of the Fund are available free of charge from the Representative. Both the place of performance and the place of jurisdiction for units/shares in the Fund offered or distributed in or from Switzerland shall be the seat of the Swiss representative. Swiss Representative and Paying Agent: BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich. This document has not been reviewed by the Securities and Futures Commission of Hong Kong. Issuer: Value Partners Hong Kong Limited.

### Fund facts

Manager:	Value Partners Hong Kong Limited
Base currency:	USD
Trustee:	HSBC Institutional Trust Services (Asia) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	A Units USD - 1 Apr 1993 B Units USD - 15 May 1996 C Units USD - 15 Oct 2009 C Units AUD/CAD/NZD Hedged - 17 Mar 2014 C Units RMB Hedged - 28 Oct 2015 C Units HKD Hedged - 30 Nov 2015 C Units RMB - 1 Dec 2015 C Units MDis USD - 16 Oct 2017 C Units MDis HKD - 16 Oct 2017 C Units MDis RMB - 16 Oct 2017 C Units MDis RMB Hedged - 16 Oct 2017
Dividend Policy <sup>7</sup> :	C Units MDis – aim at monthly distribution, subject to Manager's discretion

A, B and C units are invested in the same fund, A and B units were no longer issued from 12 Apr 2002 and 15 Oct 2009 respectively. Only C units are currently available.

### Fee structure

	A Units	B Units	C Units
Minimum subscription	Closed	Closed	USD10,000 or equivalent
Minimum subsequent subscription	Nil	Nil	USD5,000 or equivalent
Subscription fee	Closed	Closed	up to 5%
Management fee	0.75% p.a.	1.25% p.a.	1.25% p.a.
Performance fee <sup>14</sup>	15% of profit (High-on-high principle)		
Redemption fee	Nil		
Dealing day	Daily redemption	Daily redemption	Daily dealing

### 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 Tian, CFA; Michelle Yu, CFA; Yu Xiao Bo  
**Senior Fund Managers:** Kelly Chung, CFA; Doris Ho; Glenda Hsia; Philip Li, CFA; Luo Jing, CFA; Kai Mak; Yu Chen Jun

### Recent fund awards



**Best Asia ex-Japan Fund <sup>15</sup>**  
 ~ AsiaHedge Awards 2017

**Fund of the Year 2017 <sup>16</sup>**  
 ~ HFM Asia Performance Awards 2017

**Best Greater China fund over US\$500 million <sup>16</sup>**  
 ~ HFM Asia Performance Awards 2017

Scan QR code for fund documents<sup>17</sup>:



## Value Partners Classic Fund Commentary / Fourth Quarter 2017

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- Value Partners Classic Fund (The “Fund”) primarily invests in markets of the Asia-Pacific region, with a Greater China focus.
- The Fund invests in China-related companies and emerging markets 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 Asia-Pacific region, particularly China-related companies. 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.
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The Greater China equities market had a tremendous year in 2017, with the MSCI Golden Dragon Index gaining 43.8% (in USD) on the back of robust earnings growth and accommodative policies.

### **China ushers in a new economic cycle**

In China, deleveraging and risk control will remain a key policy focus in 2018, as evidenced by the tightening of local government financing after the 19<sup>th</sup> Party Congress. Although there are concerns that the continued moderation of growth – a consequence of policy tightening – may weigh on market performance, we believe the tightening measures are necessary for China to achieve healthier and higher quality growth in the longer run. We also believe these worries are unfounded because China is entering a new economic cycle where index performance decouples from gross domestic product (GDP) growth.

Traditionally, China’s GDP growth is highly correlated with its stockmarket: between 2009 and 2012, the 5-year correlation between GDP growth and the performance of the MSCI China Index stayed consistently above 0.8<sup>1</sup>. The correlation has since dropped significantly as the influence of sector- and company-specific micro factors, such as industry consolidation, supply side reform and increasing research and development (R&D) spending, gradually outweighed that of GDP growth trends. As such, an investment approach that puts emphasis on corporate fundamentals is ever more important to realize investment opportunities in China’s new cycle.

### **Industry consolidation bodes well for profitability**

Corporate consolidation is gathering pace across various industries in China and is helping large companies to increase market share and strengthen pricing power. The government calls for supply-side reforms, which include reducing the number of state-owned enterprises (SOE), cutting excess capacity and closing down “zombie” firms. Such initiatives are bearing fruit: the market share of industry leaders have increased noticeably over the past five years. For instance, the combined market share of the top five air-conditioning manufacturers in China has expanded by more than 12% between 2012 and 2017<sup>2</sup> to over 80%. This is leading to stronger pricing power in consolidated enterprises and continues to translate to improved corporate profitability.

### **R&D spending enhances productivity**

China’s growth is increasingly driven by “new economy” sectors, and technology and innovation are playing an increasingly important role in the performance of its stockmarket. Meanwhile, China’s R&D expenditure is increasing at a faster pace than that of other countries<sup>3</sup>. With a deep talent pool and policy supports, China is poised

for more technological breakthroughs in areas such as high-speed rail, automation, eCommerce and artificial intelligence, etc. These were evidenced by the strong surge in international patent applications from China, as well as China having the largest eCommerce platform in the world.

### **Portfolio strategy review**

The Value Partners Classic Fund (the “Fund”) rose 6.6% in the fourth quarter and has gained 44.9% in 2017. For reference, the Fund’s benchmark index<sup>4</sup> edged up 6.6% in the fourth quarter and gained 37.4% in 2017.

We maintained a positive market view and were fully-invested throughout 2017, which was the best performing year for Chinese equities since 2009 driven by sustained upward re-ratings to corporate earnings. For most of the year, our stock picks were focused on the technology and consumer sectors, where we discovered attractively valued quality stocks with sustained earnings growth and margins expansion. We gradually lifted our exposure to the financial sector towards the end of the second quarter as we expected the sector, which has been lagging for an extended period of time, to turn more positive on the back of China’s solid macro data and gradual interest rate hikes. The strategy driven by our disciplined bottom-up stock picking paid off, as evidenced by the continued earnings beats from our holdings in technology and consumer names, while financials started to perform in the second half of 2017 on the back of improved earnings outlooks and compelling valuations.

In the fourth quarter, the Fund’s performance was driven by our stock picks in the technology, consumer staples and financial sectors. Within the technology sector, our core holding in a leading Chinese social network platform continued its share price strength on the back of strong earnings, enabled by improving advertising efficiency and a growing number of active users. The same case applied to our key consumer staples holdings in leading baijiu (white liquor) China A-share companies.

A case in point is Kweichow Moutai, China’s largest baijiu company with over 50% volume share in the premium baijiu market. Kweichow Moutai has the highest gross margin among peers, thanks to its brand strength, scarcity value and solid sales channels. The company is well positioned to benefit from China’s consumption upgrade cycle as the rise of the nation’s middle class will continue to drive liquor premiumization. It guides for 50% and 58% sales and pre-tax profit growth in 2017, respectively, and has demonstrated its pricing power by lifting the ex-factory price by 18% from January 2018 onwards. We held the position throughout the year and enjoyed a share price return of over 100% in 2017.

In the financial sector, our stock pick in the real estate sector and a leading Chinese insurer were among the top contributors. The former’s share price rallied thanks to strong home sales, while its quality land bank in the Greater Bay area is well positioned to benefit from government-initiated developments. Lastly, our increased position in a Chinese insurer was among the top contributors. The strong performance was underpinned by robust growth in premium and its peer-leading technology investments, which are expected to drive new business acquisitions in the future.

During the quarter, the energy and utilities sectors weighed on portfolio performance. Despite our underweight position in the energy sector, our exposure in a Chinese energy producer was adversely affected by oil price weakness and weighed on portfolio performance. In the utilities sector, our holdings in a Chinese water treatment company detracted due to policy uncertainty surrounding tariff cuts, although the firm’s construction and operational revenues recorded strong growth. We maintain both positions as we expect earnings recovery to be underway for our energy exposure and likely further support for the water treatment sector from the multi-trillion RMB environmental public-private partnership (PPP) planned for the 13<sup>th</sup> Five Year Plan, which should reduce profitability concerns going forward.

### **Outlook**

We remain positive on China equities in 2018 as global growth continues to remain solid and as more sectors benefit from earnings recovery. From a sector perspective, we favor the beneficiaries of China’s consumption upgrade cycle, technology leaders and financials. Consumption upgrade is a long-term investment theme in China given the nation’s rising middle class and urbanization. The beneficiaries of this trend are broad and include home appliance companies, white liquor manufacturers and technology hardware makers etc. On the other hand, we expect earnings growth for China’s leading technology companies to continue at a robust pace driven by their capability to expand and create monetization opportunities. Last but not least, we continue to like the financial sector, in particular banks and insurers, for its positive earnings outlook and attractive valuations. We believe China’s sustainable economic



growth will continue to improve asset quality for banks and help them expand net interest margin. At the same time, insurers are expected to see stronger new-business-value growth and better returns in a favorable investment climate.

### **Corporate update**

As testament to our investment capabilities, we were awarded 27 new performance awards in 2017 and extended our list of accolades to 170 since our founding in 1993. In equities investing, Value Partners was crowned “Management Firm of the Year” in the *AsiaHedge Awards 2017*<sup>5</sup>. At *Benchmark’s Fund of the Year Awards 2017*, our Co-Chief Investment Officers Dato’ Seri Cheah Cheng Hye and Mr. Louis So were named “Manager of the Year – Greater China equity category (Outstanding Award)”<sup>6</sup>. These achievements demonstrate our dedication and commitment to delivering outstanding results. As always, we will reinvest resources into our infrastructure to uncover value opportunities for our investors.

Value Partners Investment Team  
23 January 2018

1. Source: *Bloomberg*.
2. Source: *Company data, Morgan Stanley Research, as of November 2017*.
3. Source: *European Commission. Chinese companies increased their R&D investment by 18.8% in 2016, compared with 7% in the EU and 7.2% in the US*.
4. Refers to *Hang Seng Price Return Index* till 31 December 2004, thereafter it is the *Hang Seng Total Return Index* up to 30 September 2017. With effect from 1 October 2017, it is the *MSCI Golden Dragon Net Total Return Index*, which takes into account of dividend reinvestment after deduction of withholding tax. All indices are for reference only.
5. The award was based on performance for the full 12-month period, from September 2016 to the end of August 2017.
6. The award recognized individuals who have led his/her team to outstanding performances over the consistency of three-year and five-year performances against the benchmark and their peers up to 30 September 2017.

*Fund performance mentioned referred to Value Partners Classic Fund “A” Unit. All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg (Data computed in US\$ terms on NAV-to-NAV basis with dividends reinvested) as at 29 December 2017. Performance data is net of all fees.*

*Individual stock performance is not indicative of fund performance.*

*The views expressed are the views of Value Partners Hong Kong 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 their 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 that 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. 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 commentary has not been reviewed by the Securities and Futures Commission. Issuer: Value Partners Hong Kong Limited.*

**Value Partners Classic Fund: 10 biggest holdings of securities as at 29 December 2017**

Stock	Industry	Valuation (2018 Estimates)	Remarks
<p>Alibaba Group (Code: BABA US)  Market cap: US\$441.6 billion</p>	<p>Internet</p>	<p>Price: USD172.43 P/E: 27.3x P/B: 6.5x Yield: 0%</p>	<p>Alibaba, founded by Jack Ma in 1999 in China, is one of the world's largest eCommerce companies. Alibaba's online marketplace - "Taobao" and "Tmall"- contribute the vast majority of the company's revenue and is likely to continue delivering solid growth in view of its dominant position, advanced technology and the trend of merchants shifting marketing budgets online from offline. Meanwhile, the company's cloud computing company ("AliCloud") and fintech business ("Ant Financial") are underpinning future growth potential. We are positive about the long term performance of its stock price because: 1) we believe Alibaba would deliver continued high growth of core commerce, as it continues to improve targeting technology and logistic network; 2) Cloud is likely to be another long-term growth driver as an increasing number of enterprises start to embrace cloud services to cut cost and leverage the company's big data technology; 3) we expect it to spin-off high value assets (e.g. Ant Financial, 33% owned by Alibaba) to unlock hidden values.</p>
<p>Huaneng Renewables Corporation (Code: 958 HK)  Market cap: US\$3.6 billion</p>	<p>Utilities</p>	<p>Price: HKD2.65 P/E: 6.5x P/B: 0.9x Yield: 2.4%</p>	<p>Huaneng Renewables principally engaged in wind power generation businesses. The businesses of the company include the development and operation of wind power plants and solar power plants, electricity generation and the sales of electricity, as well as the provision of related services, among others. We expect the government to provide more clarity on clean energy subsidies soon, which will likely help renewable companies regain their growth momentum.</p>
<p>Industrial &amp; Commercial Bank of China (Code: 1398 HK)  Market cap: US\$326.8 billion</p>	<p>Banks</p>	<p>Price: HKD6.29 P/E: 6.2x P/B: 0.8x Yield: 4.7%</p>	<p>Industrial and Commercial Bank of China ("ICBC") is one of China's biggest banks and one of the largest in the world. The Chinese government controls about 70% of ICBC. The bank provides various financial products and services worldwide, covering corporate, retail, and investment banking as well as asset management, trust, financial leasing and insurance.</p>

Stock	Industry	Valuation (2018 Estimates)	Remarks
<p>Kweichow Moutai (Code: 600519 CH) Market cap: US\$134.7 billion</p>	White spirit manufacturer	<p>Price: CNY697.49 P/E: 28.5x P/B: 8.2x Yield: 1.7%</p>	<p>Kweichow Moutai is China's largest liquor manufacturer in terms of market value. With its premium brand positioning and effective channel management, Moutai has successfully expanded its market share in private consumption in the past two years after huge decline in official consumption. Moutai has a distinguished brand among other players in China and is expected to benefit from the consumption upgrade cycle.</p>
<p>KWG Property (Code: 1813 HK) Market cap: US\$3.7 billion</p>	Real estate	<p>Price: HKD9.13 P/E: 5.2x P/B: 0.8x Yield: 7.7%</p>	<p>KWG Property is one of the largest privately owned property developers in China. Contracted sales of the company is expected to speed up with a more aggressive land bank replenishment scheme as well as a faster project-launching schedule, along with a higher contribution from profitable en bloc office sales.</p>
<p>Ping An Insurance (Code: 2318 HK) Market cap: US\$194.1 billion</p>	Insurance	<p>Price: HKD81.35 P/E: 14.0x P/EV*: 1.1x Yield: 1.9%</p>	<p>Ping An Insurance is a financial conglomerate that provides insurance, banking, securities, trust and asset management services in China. Albeit the tough operating environment, Ping An has recorded 35% new business value (NBV) growth in the first nine months of 2017, and 34% year-on-year premium growth in life insurance in 2017, thanks to its superior agency force and multi-product platform. It is also a leading player in fintech and is expected to spin-off a few such operations in the coming years.</p>
<p>SIIC Environment (Code: SIIC SP) Market cap: US\$1.0 billion</p>	Wastewater treatment	<p>Price: SGD0.52 P/E: 11.2x P/B: 0.8x Yield: 1.2%</p>	<p>SIIC Environment is a Singapore-listed company, which conducts operations in wastewater treatment, water purification treatment and system automation in China. Being a state-owned enterprise, SIIC enjoys strong support from banks and local governments, signifying it has the potential to become one of the leading water companies in China. In 2015, it completed an acquisition of a group of water treatment companies, which helped enhance its water treatment capacity and extend its geographical presence in China. The company's financial leverage is lower than most of its local peers, enabling it to do more mergers and acquisitions as well as greenfield projects in the future. As the Chinese government is increasingly paying attention to water quality and environment protection, the company is set to benefit from further environmental protection policies.</p>

Stock	Industry	Valuation (2018 Estimates)	Remarks
Taiwan Semiconductor Manufacturing (Code: 2330 TT) Market cap: US\$200.6 billion	Semiconductors and semiconductor equipment	Price: TWD229.50 P/E: 15.7x P/B: 3.5x Yield: 3.6%	Taiwan Semiconductor Manufacturing is a world-class independent semiconductor foundry. It provides integrated circuit (“IC”) design houses with integrated services for process design, wafer manufacturing and testing. As a global leader with more than 50% share of the outsourcing market, the company has consistently outperformed competitors in terms of technology and profitability. We think the company is well-positioned to continue to benefit from the growing IC manufacturing outsourcing market and the rising demand for the internet of things trend, AI chips and new application areas.
Tencent Holdings (Code: 700 HK) Market cap: US\$493.7 billion	Internet	Price: HKD406.00 P/E: 39.6x P/B: 10.6x Yield: 0.3%	Tencent is a leading provider of online games, premium messaging services, internet value-added services, and advertising and eCommerce services in China. As at end of the first quarter 2017, the number of Tencent’s Weixin and WeChat monthly active user reached 938 million, representing a year-on-year growth of 23%. Leveraging its large active user base, it offers good long-term monetization potential.
Weibo (Code: WB US) Market cap: US\$22.6 billion	Internet	Price: USD103.46 P/E: 42.6x P/B: 14.7x Yield: 0%	Weibo, the second largest social media in China next to Tencent, has 159 million daily active users and 361 million monthly active users in June 2017. Weibo is on the right track for a “Facebook trajectory” in China. Leveraging on strong user engagement, Weibo offers advertisers enriching media format like promoted feeds, search, videos, etc., to reach users. Besides, social based live broadcasting and eCommerce are seeing solid user momentum but under-monetized, which provides upside on top of advertisement. According to our estimates, Weibo revenues will be growing at 55% CAGR from 2017 to 2019, making it one of the fastest-growing names in China’s internet industry.

\*EV = Embedded value

Note: The above investments made up 43.0% of Value Partners Classic Fund as at 29 December 2017. The stock prices are based on the closing of 29 December 2017.

Individual stock performance/yield is not necessarily indicative of overall fund performance.

# Value Partners China Greenchip Fund Limited

NAV per share : Class A - HKD72.12 | Class A2 QDis - HKD12.89

Fund size : USD324.7 million (HKD2,541.9 million)

★ ★ ★  
Morningstar Rating™<sup>1</sup>  
As at 28-02-2018

CIES Eligible\*

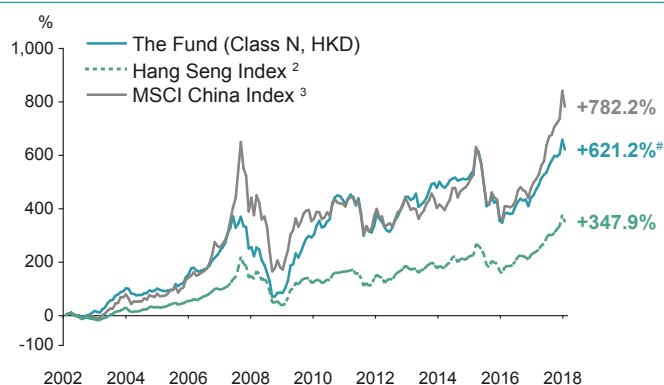
February 2018

- Value Partners China Greenchip Fund Limited (The "Fund") invests primarily in companies established in Greater China or which derive a majority of their revenue from business related to Greater China.
- The Fund invests in China, China-related companies and medium or small capitalization companies and is therefore subject to emerging market and concentration risks. 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.
- In respect of the distribution shares for the Fund, the Manager currently intends to make quarterly dividend distribution. However, the distribution rate is not guaranteed. Distribution yield is not indicative of the return of the Fund. Distribution may be paid from capital of the Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount you originally invested or capital gains attributable to that and may result in an immediate decrease in the value of shares.
- 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-term capital growth by means of investing in companies established in Greater China or which derive a majority of their revenue from business related to Greater China, whether in the form of direct investment in, or trade with, Greater China. This includes companies incorporated and/or listed outside Greater China.

## Performance since launch



## Performance update

	Class A HKD	Class A2 QDis HKD	MSCI China Index <sup>3</sup>	Hang Seng Index <sup>2</sup>
One month	-4.8%	-4.7%	-6.4%	-6.0%
Year-to-date	+2.4%	+2.5%	+5.4%	+3.3%
One year	+31.3%	+30.9%	+47.9%	+34.8%
Three years	+14.6%	+14.2%	+44.2%	+39.1%
Five years	+32.7%	N/A	+70.3%	+61.8%
Since launch	+621.2%#	+36.7%	+782.2%	+347.9%
Annualized return <sup>^</sup>	+13.2%#	+7.0%	+14.7%	+9.9%
Annualized volatility <sup>^</sup>	21.4%#	16.8%	24.7%	19.8%

## The Fund – Class A HKD: Monthly performance from 1 Jan 2009 to 28 Feb 2018

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2009	+0.2%	-0.2%	+10.2%	+13.1%	+25.0%	+1.9%	+14.0%	-4.8%	+6.9%	+7.9%	+6.2%	+2.5%	+116.7%
2010	-1.3%	+3.0%	+8.1%	+4.2%	-5.4%	+0.9%	+4.2%	+1.7%	+13.4%	+4.2%	+1.3%	-0.5%	+37.8%
2011	-2.6%	-2.9%	+4.0%	+2.7%	-2.5%	-5.0%	+5.1%	-10.5%	-17.2%	+8.8%	-3.4%	-2.1%	-25.0%
2012	+6.0%	+10.5%	-3.9%	-2.4%	-4.6%	-3.2%	-0.5%	+3.7%	+6.3%	+3.1%	+4.9%	+3.7%	+24.8%
2013	+6.4%	+0.0%	-2.2%	+1.2%	+3.3%	-8.9%	+1.8%	+1.7%	+3.0%	+4.8%	+4.5%	+0.7%	+16.5%
2014	-3.0%	+4.0%	-2.6%	-1.2%	+1.9%	+2.9%	+1.1%	+0.6%	-1.8%	+0.6%	+0.6%	-0.4%	+2.4%
2015	+0.4%	+2.9%	+2.0%	+12.6%	-1.4%	-6.2%	-11.7%	-13.9%	+1.5%	+5.0%	-3.8%	+1.7%	-13.0%
2016	-14.3%	-1.7%	+7.8%	+0.4%	-0.9%	+0.6%	+5.1%	+3.8%	+2.2%	-1.2%	+0.6%	-4.5%	-4.0%
2017	+6.2%	+1.7%	+4.0%	+2.8%	+4.5%	+2.0%	+1.5%	+4.2%	+2.7%	+2.5%	-0.3%	+1.3%	+38.4%
2018 (YTD)	+7.6%	-4.8%											+2.4%

\* Value Partners China Greenchip Fund Limited is one of the eligible collective investment schemes for the purpose of the Hong Kong Capital Investment Entrant Scheme (CIES). The CIES was suspended by the Hong Kong Government with effect from 15 Jan 2015 until further notice.

^ Annualized return and volatility are calculated from inception on 8 Apr 2002. 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.

# Investors should note that figures are for Non-Redeemable Class N shares which may differ from those of classes currently available for subscription (namely Class A and Class A2 QDis), due to differences in launch date. For Class A, the since launch return, annualized return and annualized volatility are +104.0%, +6.8% and 23.5% respectively.

## Top 10 securities holdings (as at 31 Jan 2018)

Name	Industry <sup>8</sup>	%
Alibaba Group Holding Ltd	Software & services	8.2
VTech Holdings Ltd	Technology, hardware & equipment	6.1
Kweichow Moutai Co Ltd	Food, beverage & tobacco	5.1
Sands China Ltd	Consumer services	5.0
Ping An Insurance (Group) Co of China Ltd	Insurance	4.5
Galaxy Entertainment Group Ltd	Consumer services	4.3
Chow Tai Fook Jewellery Group Ltd	Retailing	3.9
Chinasoft International Ltd	Software & services	3.5
China YuHua Education Corporation Ltd	Consumer services	3.3
KWG Property Holding Ltd	Real estate	3.2

These stocks constitute 47% of the Fund.

## Portfolio characteristics

As at 28 Feb 2018	2018 <sup>9</sup>
Price/earnings ratio	13.7 times
Price/book ratio	1.9 times
Portfolio yield	3.1%

Geographical exposure by listing<sup>10</sup>

Hong Kong	56%
H Shares	20%
China A Shares	10%
Red Chips	7%
United States	5%
Singapore	3%
Taiwan	2%
Cash <sup>11</sup>	-3%

Sector exposure<sup>8, 10</sup>

Consumer discretionary	32%
Information technology	24%
Consumer staples	12%
Banks	7%
Insurance	6%
Other financials	5%
Real estate	5%
Industrials	3%
Utilities	3%
Energy	2%
Health care	2%
Others	2%
Cash <sup>11</sup>	-3%

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. Index refers to Hang Seng Price Return Index up to 31 Dec 2004, thereafter it is the Hang Seng Total Return Index. Hang Seng Total Return Index includes dividend reinvestment whereas Hang Seng Price Return Index does not take into account reinvestment of dividends. The indices are for reference only. 3. MSCI China Index (Net Total Return) Index takes into account of dividend reinvestment after deduction of withholding tax. 4. The Manager currently intends to make quarterly dividend distribution in respect of the A2 QDis Class; actual dividend payout will be subject to the Manager's discretion. 5. The receiving bank may charge a fee for incoming payments. Such fees will reduce the actual amount of dividends received by the investor. 6. Annualized yield of QDis Class is calculated as follows: (Latest dividend amount / NAV as of ex-dividend date) x 4. Investors should note that yield figures are estimated and for reference only and do not represent the performance of the Fund, and that there is no guarantee as to the actual frequency and/or amount of dividend payments. 7. The Fund may invest in financial derivative instruments ("FDI") for hedging purposes. In adverse situations, the Fund's use of FDI may become ineffective in hedging and the Fund may suffer significant losses. Each hedged share class will hedge the Fund's base currency back to its currency of denomination on a best efforts basis. However, the volatility of the hedged classes measured in the Fund's base currency may be higher than that of the equivalent class denominated in the Fund's base currency. Risks associated with FDI include counterparty risk, credit risk and liquidity risk. Such exposure may lead to a high risk of capital loss. The AUD/CAD/NZD Hedged Classes are not recommended for investors whose base currency of investment is not in the aforesaid currencies. 8. Classification is based on Global Industry Classification Standard (GICS). 9. 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. 10. Exposure refers to net exposure (long exposure minus short exposure). Due to rounding, percentages shown may not add up to 100%. 11. Cash refers to net cash on hand excluding cash for collaterals and margins. 12. Investors should note that the base currency of the Fund is in HKD. Conversion to the base currency of the Fund will normally take place at the prevailing rate (as determined by the Fund's Trustee or Custodian) on the corresponding fund dealing day. Investors should be aware of possible risks resulting from fluctuations of exchange rates against USD/AUD/CAD/NZD. 13. 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). 14. Based on data as of year-end 2013.

Investors should note investment involves risk. The price of shares 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.

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For Swiss Qualified Investors: The sales prospectus, the Articles of Association, the Key Investor Information Document as well as the annual and semi-annual reports of the Fund are available free of charge from the Representative. Both the place of performance and the place of jurisdiction for units/shares in the Fund offered or distributed in or from Switzerland shall be the seat of the Swiss representative.

Swiss Representative and Paying Agent: BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich.

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

## Fund facts

Manager:	Value Partners Limited
Base currency:	HKD
Administrator:	HSBC Trustee (Cayman) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	Class N - 8 Apr 2002 (Closed) Class A - 27 Mar 2007 Class A2 QDis - 22 Jul 2013 Class A AUD / CAD / NZD / USD - 26 May 2014
Dividend policy <sup>4</sup> :	Class A2 QDis - aim at quarterly distribution, subject to Manager's discretion

Non-Redeemable Class N shares are closed for subscription from 26 Mar 2007; existing and new investors may subscribe for Class A or A2 QDis shares.

## Fee structure (Class A and Class A2 QDis)

Minimum subscription	HKD80,000 or equivalent <sup>12</sup>
Minimum subsequent subscription	HKD40,000 or equivalent <sup>12</sup>
Subscription fee	Up to 5%
Management fee	1.5% p.a.
Performance fee <sup>13</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; Luo Jing, CFA; Kai Mak; Yu Chen Jun

## Recent fund award



Lipper Fund Awards 2014 (Hong Kong)  
Best Greater China Equity Fund (5 Years)<sup>14</sup>  
~ Lipper

# China Convergence Fund

## A Sub-Fund of Value Partners Intelligent Funds

NAV per unit: Class A USD - USD195.90

Fund size : USD288.0 million



Morningstar Rating™<sup>1</sup>  
As at 28-02-2018

February 2018

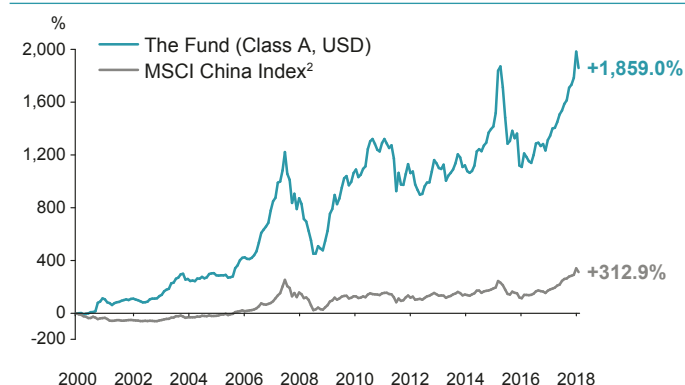
- China Convergence Fund (The "Fund") primarily invests in A and B shares listed on the stock exchanges of Shanghai and Shenzhen as well as in H shares listed in Hong Kong.
- The Fund invests in China and therefore is subject to emerging market risks. Generally, investments in emerging markets are more volatile than investments in developed markets due to additional risks relating to political, social, economic and regulatory uncertainty.
- 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. Investors will be subject to certain risks including repatriation risk, custodial risk, regulatory risk. In addition, the QFII policy and rules are subject to change. All these may adversely impact the Fund.
- 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 provide unitholders with long-term capital appreciation by investing primarily in A and B shares listed on the stock exchanges of Shanghai and Shenzhen, as well as H shares listed in Hong Kong.

*Note: On inception, in Jul 2000, the Fund's objective was to invest primarily in B shares. In Jul 2001, the mandate was extended to include H shares. In Mar 2005, the mandate was further extended to include China A shares.*

### Performance since launch



### Performance update

	Class A USD	MSCI China Index <sup>2</sup>
One month	-6.0%	-6.4%
Year-to-date	+3.9%	+5.3%
One year	+35.5%	+46.7%
Three years	+29.2%	+42.9%
Five years	+58.4%	+68.8%
Since launch	+1,859.0%	+312.9%
Annualized return <sup>^</sup>	+18.3%	+8.4%
Annualized volatility <sup>^</sup>	25.3%	26.4%

### NAVs & codes

Classes	NAV	ISIN	Bloomberg
Class A USD	195.90	KYG9317Q1047	VAPAICB KY
Class A AUD Hedged	12.88	KYG9317Q1385	VAPAAHD KY
Class A CAD Hedged	13.83	KYG9317Q1468	VAPACAH KY
Class A NZD Hedged	14.44	KYG9317Q1534	VAPANZH KY

### The Fund – Class A USD: Monthly performance from 1 Jan 2009 to 28 Feb 2018

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2009	-3.0%	-2.3%	+12.4%	+11.6%	+17.9%	+4.3%	+11.9%	-7.0%	+4.6%	+8.4%	+6.8%	+1.5%	+87.1%
2010	-6.1%	+2.4%	+6.2%	+2.3%	-4.8%	+1.6%	+3.9%	+1.6%	+10.8%	+4.5%	+1.2%	-2.6%	+21.3%
2011	-3.2%	-0.9%	+4.8%	+2.2%	-2.5%	-2.4%	+1.5%	-7.3%	-19.4%	+13.5%	-7.6%	-0.3%	-22.4%
2012	+7.6%	+6.6%	-5.5%	+1.0%	-8.4%	-3.8%	-3.5%	+0.6%	+5.8%	+2.7%	+0.1%	+7.4%	+9.3%
2013	+7.5%	-2.0%	-2.9%	-0.6%	+2.7%	-9.9%	+3.5%	+1.8%	+2.2%	+3.9%	+5.6%	-1.8%	+9.2%
2014	-5.6%	+1.0%	-3.6%	-1.0%	+1.2%	+3.4%	+8.8%	+1.3%	-1.2%	+3.2%	+1.6%	+5.4%	+14.6%
2015	+1.8%	+1.3%	+6.7%	+19.8%	+1.7%	-8.1%	-12.6%	-12.5%	+1.5%	+5.5%	-3.8%	+2.4%	-0.5%
2016	-16.6%	-0.9%	+8.5%	-2.1%	-2.5%	-1.1%	+4.8%	+6.7%	+0.4%	-1.8%	+1.1%	-3.5%	-8.7%
2017	+5.9%	+2.3%	+3.8%	+0.3%	+2.9%	+3.7%	+1.8%	+3.1%	+1.6%	+5.5%	+1.3%	+2.9%	+41.3%
2018 (YTD)	+10.5%	-6.0%											+3.9%

<sup>^</sup> Annualized return and volatility are calculated from inception on 14 Jul 2000. 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.

## Top 10 securities holdings

Name	Industry <sup>3</sup>	%
Tencent Holdings Ltd	Software & services	7.8
Alibaba Group Holding Ltd	Software & services	6.9
China Resources Double Crane Pharmaceutical Co Ltd	Pharmaceuticals, biotechnology & life sciences	5.1
China Construction Bank Corp	Banks	4.9
Huaneng Renewables Corp Ltd	Utilities	4.9
Beijing Tong Ren Tang Chinese Medicine Co Ltd	Pharmaceuticals, biotechnology & life sciences	4.7
China CITIC Bank Corp Ltd	Banks	4.2
Midea Group Co Ltd	Consumer durables & apparel	4.1
Industrial and Commercial Bank of China Ltd	Banks	4.0
Inner Mongolia Yili Industrial Group Co Ltd	Food, beverage & tobacco	4.0

These stocks constitute 51% of the Fund.

## Portfolio characteristics

As at 28 Feb 2018	2018 <sup>4</sup>
Price/earnings ratio	11.9 times
Price/book ratio	1.6 times
Portfolio yield	2.8%

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

H Shares	39%
China A Shares	19%
Red Chips	14%
Hong Kong	11%
United States	9%
Cash <sup>6</sup>	4%
China B Shares	2%
Others	2%

Short exposure includes: Hong Kong, -6.6%.

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

Consumer discretionary	19%
Information technology	17%
Health care	13%
Banks	12%
Energy	9%
Consumer staples	6%
Insurance	5%
Utilities	5%
Cash <sup>6</sup>	4%
Industrials	4%
Other financials	3%
Real estate	2%
Others	1%

Total short exposure is -6.6%.

Short exposure includes: Banks, -2.8%; Health care, -2.5% and Consumer staples, -1.3%.

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. Starting from Jul 2009, the MSCI China Index will be used as the reference index for the entire history of the Fund. Hang Seng H Shares Index, Shanghai Composite Index and Shenzhen Composite Index were no longer shown for comparison. The Index is for reference only. 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. 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. Reflecting performance as at Sep 2015.

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

For Swiss Qualified Investors: The sales prospectus, the Articles of Association, the Key Investor Information Document as well as the annual and semi-annual reports of the Fund are available free of charge from the Representative. Both the place of performance and the place of jurisdiction for units/shares in the Fund offered or distributed in or from Switzerland shall be the seat of the Swiss representative.

Swiss Representative and Paying Agent: BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich.

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

## Fund facts

Manager:	Value Partners Limited
Base currency:	USD
Trustee:	Bank of Bermuda (Cayman) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	Class A USD - 14 Jul 2000 Class A AUD Hedged - 27 Oct 2015 Class A CAD Hedged - 7 Jan 2016 Class A NZD Hedged - 7 Jan 2016

## Fee structure

Minimum subscription	USD10,000 or equivalent
Minimum subsequent subscription	USD5,000 or equivalent
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:** Kelly Chung, CFA; Doris Ho; Glenda Hsia;

Philip Li, CFA; Luo Jing, CFA; Kai Mak; Yu Chen Jun

## Recent fund award



Fund of the Year Awards 2015 <sup>8</sup>  
**China Equity (Outstanding Achiever)**  
~ Benchmark Magazine



# Chinese Mainland Focus Fund

## A Sub-Fund of Value Partners Intelligent Funds

NAV per unit: USD60.79

Fund size : USD172.8 million



Morningstar Rating™<sup>1</sup>  
As at 28-02-2018

February 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

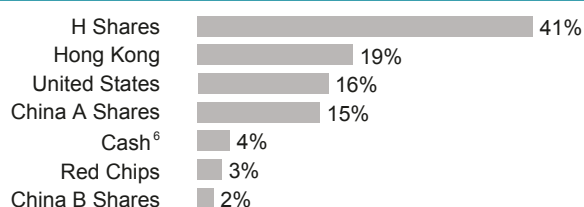
	The Fund	MSCI China Index 2
One month	-7.0%	-6.4%
Year-to-date	+1.8%	+5.3%
One year	+47.3%	+46.7%
Three years	+48.0%	+42.9%
Five years	+71.2%	+68.8%
Since launch	+507.9%	+528.7%
Annualized return <sup>^</sup>	+13.5%	+13.8%
Annualized volatility <sup>^</sup>	22.3%	25.9%

### The Fund – Monthly performance from 1 Jan 2009 to 28 Feb 2018

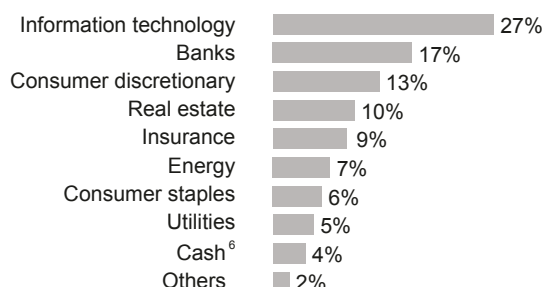
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2009	-3.2%	-2.1%	+11.8%	+11.4%	+17.7%	+3.4%	+12.3%	-7.1%	+5.2%	+8.8%	+6.7%	+1.8%	+86.0%
2010	-5.7%	+1.9%	+6.5%	+2.8%	-4.7%	+1.5%	+4.9%	+1.7%	+10.6%	+6.4%	-1.1%	-2.0%	+23.9%
2011	-2.5%	-0.9%	+4.8%	+3.4%	-1.2%	-2.2%	+1.8%	-7.6%	-19.5%	+15.6%	-7.8%	+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%											+1.8%

<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.

### 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:** 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. Starting from Jul 2009, the MSCI China Index will be used as the reference index for the entire history of the Fund. Hang Seng H Shares Index, Shanghai Composite Index and Shenzhen Composite Index were no longer shown for comparison. The Index is for reference only. 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.

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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

For Swiss Qualified Investors: The sales prospectus, the Articles of Association, the Key Investor Information Document as well as the annual and semi-annual reports of the Fund are available free of charge from the Representative. Both the place of performance and the place of jurisdiction for units/shares in the Fund offered or distributed in or from Switzerland shall be the seat of the Swiss representative.

Swiss Representative and Paying Agent: BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich.

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

# Value Partners Fund Series

## Value Partners China A-Share Select Fund



NAV per unit: Class A RMB (CNH) – RMB16.07

Fund size : USD88.6 million (RMB560.8 million)



Morningstar Rating™<sup>1</sup>  
As at 28-02-2018

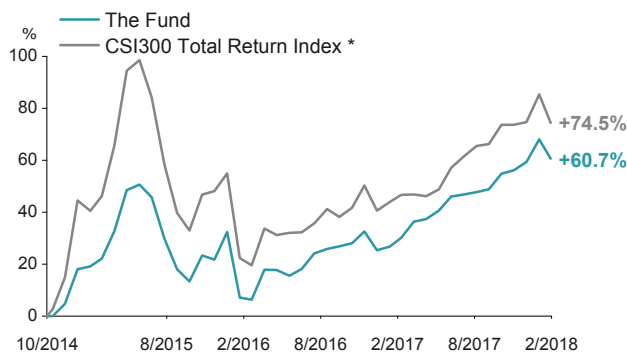
February 2018

- Value Partners China A-Share Select Fund (The "Fund") invests primarily in RMB-denominated equities in China.
- The Fund is also subject to concentration risk as a result of investing only in China. Adverse developments 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 intends to invest predominantly in China A Shares directly, via its Manager's RQFII quota. Investors will be subject to certain risks including repatriation risk, custodial risk, regulatory risk and risks associated with the Manager's RQFII status. In addition, the RQFII policy and rules are relatively new and there may be uncertainty in implementation and such policy and rules are subject to change. All these may adversely impact the Fund.
- The Fund and its primary investments are denominated in RMB. RMB is currently not a freely convertible currency and is subject to foreign exchange control policies, as well as repatriation restrictions imposed by the PRC government. Investors whose base currencies of investments are not in RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and the RMB.
- The Fund may invest in debt securities including those that are below investment grade/unrated, and may involve greater risks, including credit risk, issuer-specific risk, counterparty risk and sovereign debt risk. The Fund may also invest in derivatives which can involve material risks, e.g. counterparty default risk, insolvency or liquidity risk. All these 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

To achieve long-term capital growth and income appreciation by predominately investing in RMB-denominated equities in the PRC utilizing the Manager's RQFII quota.

### Performance since launch



### Performance update

	Class A RMB (CNH)	CSI300 Total Return Index*	Shanghai Composite Index*
One month	-4.4%	-5.9%	-6.4%
Three months	+2.9%	+0.5%	-1.7%
Year-to-date	+0.8%	-0.2%	-1.4%
Since launch	+60.7%	+74.5%	+38.3%

### Top 5 securities holdings

Name	Industry <sup>2</sup>	%
Wuliangye Yibin Co Ltd	Food, beverage & tobacco	7.0
Huayu Automotive Systems Company Limited	Automobiles & components	6.0
China Resources Double-crane Pharmaceutical Co Ltd	Pharmaceuticals, biotechnology & life sciences	5.6
SAIC Motor Corporation Limited	Automobiles & components	5.5
Jiangsu Yanghe Brewery Joint-stock Co Ltd	Food, beverage & tobacco	5.4

These stocks constitute 30% of the Fund.

### Portfolio characteristics

As at 28 Feb 2018	2018 <sup>3</sup>
Price/earnings ratio	15.5 times
Price/book ratio	2.6 times
Portfolio yield	2.4%

### Geographical exposure by listing<sup>4</sup>

Shanghai A Shares	53%
Shenzhen A Shares	33%
Cash <sup>5</sup>	14%

### Sector exposure<sup>2,4</sup>

Consumer discretionary	19%
Consumer staples	18%
Cash <sup>5</sup>	14%
Health care	13%
Banks	9%
Industrials	9%
Information technology	7%
Real estate	5%
Energy	3%
Insurance	2%
Others	1%

### The Fund – Class A RMB (CNH): Monthly performance from 29 Oct 2014 to 28 Feb 2018

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	+0.0%	+4.8%	+12.7%	+18.1% <sup>6</sup>
2015	+0.9%	+2.5%	+8.7%	+11.9%	+1.4%	-3.3%	-11.0%	-9.0%	-4.0%	+8.8%	-1.3%	+8.7%	+12.1%
2016	-19.0%	-0.7%	+10.8%	-0.1%	-1.9%	+2.2%	+5.1%	+1.4%	+0.8%	+0.9%	+3.5%	-5.4%	-5.3%
2017	+1.1%	+2.7%	+4.8%	+0.7%	+2.4%	+3.8%	+0.5%	+0.6%	+0.7%	+4.0%	+0.8%	+2.0%	+27.1%
2018 (YTD)	+5.5%	-4.4%											+0.8%

\* CSI300 Total Return Index includes dividend reinvestment whereas Shanghai Composite Index does not take into account reinvestment of dividends. The indices are for reference only.



## NAVs &amp; codes

Classes <sup>7</sup>	NAV	ISIN	Bloomberg
Class A RMB (CNH)	16.07	HK0000220001	VPCAARM HK
Class A USD Unhedged	15.59	HK0000220019	VPCAAUU HK
Class A USD Hedged	14.40	HK0000220027	VPCAAUH HK
Class A HKD Unhedged	15.73	HK0000220035	VPCAAHU HK
Class A HKD Hedged	14.34	HK0000220043	VPCAAHH HK
Class A GBP Unhedged	16.72	HK0000220076	VPCAAGU HK
Class A GBP Hedged	14.05	HK0000220084	VPCAAGH HK
Class A AUD Unhedged	14.36	HK0000220092	VPCAAAU HK
Class A AUD Hedged	14.70	HK0000220100	VPCAAAH HK
Class A CAD Hedged	13.50	HK0000220126	VPCAACH HK
Class A EUR Unhedged	14.03	HK0000220050	VPCAAEU HK
Class A EUR Hedged	13.92	HK0000220068	VPCAAEH HK
Class A NZD Unhedged	13.20	HK0000220134	VPCAANU HK
Class A NZD Hedged	14.46	HK0000220142	VPCAANH HK

## Fund facts

Manager & RQFII holder:	Value Partners Hong Kong Limited
Base currency:	Renminbi
Trustee:	HSBC Institutional Trust Services (Asia) Limited
Custodian:	The Hongkong and Shanghai Banking Corporation Limited
PRC custodian:	HSBC Bank (China) Company Limited
Launch date:	Class A RMB (CNH) Hedged - 16 Oct 2014 Class A USD Unhedged - 29 Oct 2014 Class A AUD/CAD/EUR/HKD/NZD/USD Hedged - 12 Nov 2014 Class A HKD Unhedged - 13 Nov 2014 Class A GBP Hedged - 14 Nov 2014 Class A GBP Unhedged - 26 Nov 2014 Class A AUD Unhedged - 28 Nov 2014 Class A NZD Unhedged - 16 Jan 2015 Class A EUR Unhedged - 29 Feb 2016

## Fee structure

	Class A
Minimum subscription	RMB60,000 or equivalent
Minimum subsequent subscription	RMB30,000 or equivalent
Subscription fee	Up to 5%
Redemption fee	Nil
Management fee	1.5% p.a.
Performance fee <sup>8</sup>	15% of profit (High-on-High)
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; Luo Jing, CFA; Kai Mak; Yu Chen Jun

## Recent corporate awards



**Manager of the Year - Greater China Equity (Outstanding Award)**  
**Dato' Seri Cheah Cheng Hye and Mr. Louis So (Value Partners' Co-CIOs) <sup>9</sup>**  
 ~ Benchmark Fund of the Year Awards 2017, Hong Kong

**Management Firm of the Year <sup>10</sup>**  
 ~ AsiaHedge Awards 2017

**Best Fund Provider - Greater China Equity <sup>11</sup>**  
 ~ Asset Management Awards for Excellence 2017

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. Classification is based on Global Industry Classification Standard (GICS). 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. Exposure refers to net exposure (long exposure minus short exposure). Due to rounding, percentages shown may not add up to 100%. 5. Cash refers to net cash on hand excluding cash for collaterals and margins. 6. Performance shown is calculated based on the Fund's since launch return. The Fund was launched on 29 Oct 2014. 7. The Fund may invest in financial derivative instruments ("FDI") for hedging purposes. In adverse situations, the Fund's use of FDI may become ineffective in hedging and the Fund may suffer significant losses. Each hedged share class will hedge the Fund's base currency back to its currency of denomination on a best efforts basis. However, the volatility of the hedged classes measured in the Fund's base currency may be higher than that of the equivalent class denominated in the Fund's base currency. Risks associated with FDI include counterparty risk, credit risk and liquidity risk. Such exposure may lead to a high risk of capital loss. The AUD/CAD/EUR/GBP/HKD/NZD/USD Hedged Classes are not recommended for investors whose base currency of investment is not in the aforesaid currencies. 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). 9. The award recognized individuals who have led his/her team to outstanding performances over the consistency of three-year and five-year performances against the benchmark and their peers up to 30 Sep 2017. 10. The award was based on performance for the full 12-month period, from Sep 2016 to the end of Aug 2017. 11. Based on performance and achievements for 2016.

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 herein has been obtained from sources believed to be reliable but Value Partners Hong Kong 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

For Swiss Qualified Investors: The sales prospectus, the Articles of Association, the Key Investor Information Document as well as the annual and semi-annual reports of the Fund are available free of charge from the Representative. Both the place of performance and the place of jurisdiction for units/shares in the Fund offered or distributed in or from Switzerland shall be the seat of the Swiss representative.

Swiss Representative and Paying Agent: BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich.

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



Morningstar Rating™<sup>1</sup>  
As at 28-02-2018

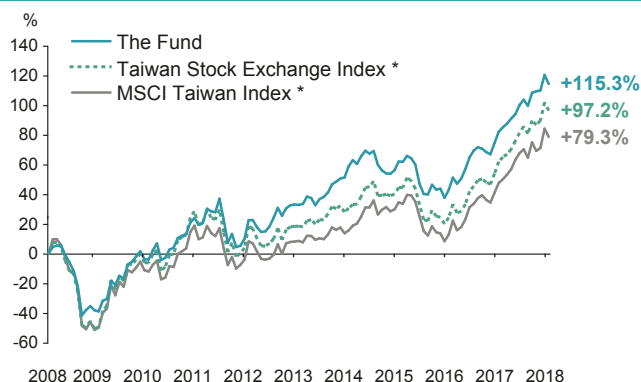
February 2018

- 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



## Performance update

	The Fund	Taiwan Stock Exchange Index *	MSCI Taiwan Index *
One month	-2.8%	-2.8%	-3.0%
Year-to-date	+2.1%	+3.6%	+4.3%
One year	+17.8%	+21.3%	+21.1%
Three years	+32.4%	+36.0%	+33.0%
Since launch	+115.3%	+97.2%	+79.3%
Annualized return <sup>^</sup>	+8.0%	+7.0%	+6.0%
Annualized volatility <sup>^</sup>	18.2%	23.5%	23.7%

## The Fund – Monthly performance from 1 Jan 2009 to 27 Feb 2018

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	+4.6%	+4.3%	+1.7%	+1.3%	+1.9%	+1.6%	+3.2%	+1.8%	-2.1%	+4.4%	+0.5%	+0.3%	+25.9%
2018 (YTD)	+5.0%	-2.8%											+2.1%

\* 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.

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

Name	Industry <sup>3</sup>	%
Taiwan Semiconductor Manufacturing Co Ltd	Semiconductors & semiconductor equipment	9.9
MediaTek Inc	Semiconductors & semiconductor equipment	5.6
Cathay Financial Holding Co Ltd	Insurance	4.4
Taiwan Union Technology Corp	Technology, hardware & equipment	4.2
Fubon Financial Holding Co Ltd	Diversified financials	3.4

These stocks constitute 28% of the Fund.

## Portfolio characteristics

As at 27 Feb 2018	2018 <sup>4</sup>
Price/earnings ratio	13.5 times
Price/book ratio	1.9 times
Portfolio yield	4.8%

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

Taiwan	95%
Cash <sup>6</sup>	4%
Others <sup>7</sup>	1%

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

Information technology	58%
Industrials	10%
Telecom services	6%
Banks	5%
Cash <sup>6</sup>	4%
Insurance	4%
Materials	4%
Consumer staples	3%
Other financials	3%
Consumer discretionary	2%
Others <sup>7</sup>	1%

## 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

## 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

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1. © 2018 Morningstar, Inc. All Rights Reserved. 2. Our portfolio disclosure policy can be obtained from the Investment Manager upon request to email [fis@vp.com.hk](mailto:fis@vp.com.hk). 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). 9. The award recognized individuals who have led his/her team to outstanding performances over the consistency of three-year and five-year performances against the benchmark and their peers up to 30 Sep 2017. 10. The award was based on performance for the full 12-month period, from Sep 2016 to the end of Aug 2017. 11. Based on performance and achievements for 2016.

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For Swiss Qualified Investors: The sales prospectus, the Articles of Association, the Key Investor Information Document as well as the annual and semi-annual reports of the Fund are available free of charge from the Representative. Both the place of performance and the place of jurisdiction for units/shares in the Fund offered or distributed in or from Switzerland shall be the seat of the Swiss representative.

Swiss Representative and Paying Agent: BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich.

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

# Value Partners High-Dividend Stocks Fund

NAV per unit: Class A1 USD - USD96.94 | Class A2 MDIs USD - USD12.57

Fund size : USD3,296.2 million

★★★★★  
Morningstar Rating™<sup>1</sup>  
As at 28-02-2018

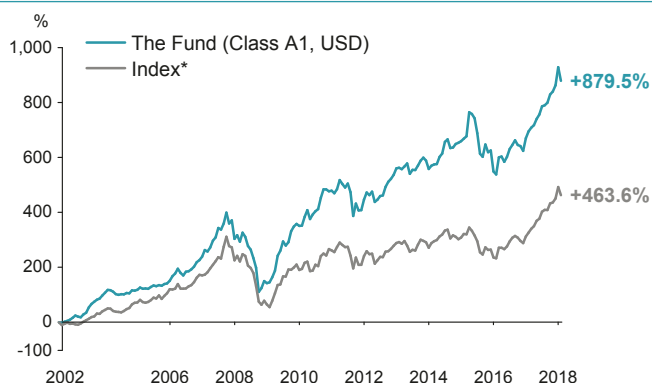
February 2018

- Value Partners High-Dividend Stocks Fund (The "Fund") primarily invests in higher yielding debt and equity securities in the Asian region.
- The Fund may invest in higher-yielding debt and equity securities that are below investment grade. Such investments can involve greater risks due to the speculative nature.
- The Fund may invest in China and other markets of the Asian region, 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. 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.
- In respect of the distribution units for the Fund, the Manager currently intends to make monthly dividend distribution. However, the distribution rate is not guaranteed. Distribution yield is not indicative of the return of the Fund. Distribution may be paid from capital of the Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount you originally invested or capital gains attributable to that and may result in an immediate decrease in the value of units.
- 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 provide capital appreciation to unitholders by investing primarily in a portfolio of relatively higher yielding debt and equity securities in Asian region.

## Performance since launch



## Performance update

	Class A1 USD	Class A2 MDIs USD	Class A Acc RMB	Index*
One month	-4.8%	-4.8%	-4.6%	-5.0%
Year-to-date	+1.7%	+1.7%	-1.0%	+2.2%
One year	+23.1%	+22.1%	+14.7%	+31.9%
Three years	+27.4%	+26.2%	+28.0%	+33.4%
Five years	+47.7%	+45.6%	N/A	+43.4%
Since launch	+879.5%	+62.1%	+51.2%	+463.6%
Annualized return <sup>^</sup>	+15.9%	+9.3%	+11.0%	+11.8%
Annualized volatility <sup>^</sup>	18.3%	13.0%	12.7%	20.0%

## Dividend information – Class A2 MDIs <sup>2</sup>

Classes <sup>3</sup>	Dividend per unit <sup>4</sup>	Annualized yield <sup>5</sup>	Ex-dividend date
Class A2 MDIs USD	0.0476	4.5%	28-2-2018
Class A2 MDIs HKD	0.0439	4.6%	28-2-2018
Class A2 MDIs AUD Hedged	0.0473	5.2%	28-2-2018
Class A2 MDIs CAD Hedged	0.0409	4.4%	28-2-2018
Class A2 MDIs GBP Hedged	0.0350	4.0%	28-2-2018
Class A2 MDIs NZD Hedged	0.0496	5.3%	28-2-2018
Class A2 MDIs RMB Hedged	0.0581	6.2%	28-2-2018
Class A2 MDIs RMB Unhedged	0.0417	4.7%	28-2-2018
Class A2 MDIs SGD Hedged	0.0415	4.1%	28-2-2018

## NAVs & codes

Classes <sup>3</sup>	NAV	ISIN	Bloomberg
Class A1 USD	96.94	HK0000288735	VALASHY HK
Class A1 HKD <sup>6</sup>	758.9384	HK0000288735	VALASHY HK
Class A Acc RMB Hedged	13.87	HK0000288719	VALHAHR HK
Class A Acc RMB Unhedged	15.12	HK0000288727	VALHAUR HK
Class A2 MDIs USD	12.57	HK0000288743	VALHYA2 HK
Class A2 MDIs HKD	11.59	HK0000288784	VALHA2H HK
Class A2 MDIs AUD Hedged	10.89	HK0000288750	VALHA2A HK
Class A2 MDIs CAD Hedged	11.07	HK0000288768	VALHA2C HK
Class A2 MDIs GBP Hedged	10.49	HK0000288776	VALHDSF HK
Class A2 MDIs NZD Hedged	11.25	HK0000288792	VALHA2N HK
Class A2 MDIs RMB Hedged	11.19	HK0000288800	VALHRMB HK
Class A2 MDIs RMB Unhedged	10.66	HK0000288818	VAHYRMB HK
Class A2 MDIs SGD Hedged	12.11	HK0000288867	VALHA2S HK

## The Fund – Class A1 USD: Monthly performance from 1 Jan 2009 to 28 Feb 2018

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2009	-3.0%	+1.2%	+7.5%	+8.9%	+18.9%	+5.4%	+9.2%	-3.8%	+3.3%	+10.2%	+3.9%	+2.1%	+82.8%
2010	-1.6%	+0.2%	+7.0%	+5.1%	-6.4%	+3.5%	+2.4%	+1.5%	+8.0%	+5.6%	+0.0%	-1.2%	+25.8%
2011	+0.4%	-1.6%	+2.6%	+5.7%	-2.3%	-2.1%	+2.5%	-5.2%	-15.1%	+9.2%	-4.7%	+0.2%	-11.9%
2012	+7.5%	+4.7%	-1.7%	+2.2%	-6.5%	+1.5%	+2.4%	+0.4%	+5.5%	+3.1%	+1.7%	+2.4%	+25.2%
2013	+3.7%	+0.4%	-0.8%	+1.5%	+1.7%	-5.6%	+2.3%	-0.1%	+2.5%	+2.7%	+1.6%	-1.5%	+8.1%
2014	-4.4%	+1.8%	+0.7%	+0.2%	+3.8%	+1.8%	+5.9%	+1.2%	-4.1%	+0.3%	+1.8%	+0.6%	+9.4%
2015	+0.8%	+1.2%	+1.1%	+11.2%	-0.7%	-1.8%	-6.4%	-9.5%	-1.6%	+6.4%	-3.8%	+0.9%	-3.7%
2016	-10.5%	-1.7%	+9.7%	+0.4%	-2.7%	+2.6%	+4.1%	+2.0%	+2.3%	-2.2%	-0.6%	-2.3%	-0.2%
2017	+6.3%	+3.2%	+1.7%	+1.1%	+2.8%	+1.9%	+3.5%	+0.4%	+1.0%	+3.3%	+1.2%	+2.4%	+32.9%
2018 (YTD)	+6.8%	-4.8%											+1.7%

\* Index refers to MSCI AC Asia Pacific (ex-Japan) Total Return Index up to 30 Apr 2016, thereafter it is the MSCI AC Asia (ex-Japan) Total Return Index. The Index is for reference only.

<sup>^</sup> Annualized return and volatility are calculated from inception on 2 Sep 2002. 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.

### Top 10 securities holdings

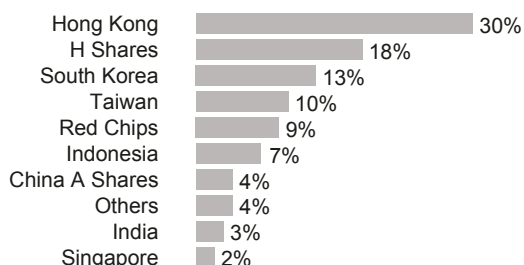
Name	Industry <sup>7</sup>	%
Longfor Properties Co Ltd	Real estate	4.6
China Construction Bank Corp	Banks	4.5
Taiwan Semiconductor Manufacturing Co Ltd	Semiconductors & semiconductor equipment	3.1
Ping An Insurance (Group) Co of China Ltd	Insurance	3.0
SITC International Holdings Co Ltd	Transportation	2.4
China Resources Power Holdings Co Ltd	Utilities	2.3
Far East Horizon Ltd	Diversified financials	2.3
Midea Group Co Ltd	Consumer durables & apparel	2.2
Far East Consortium International Ltd	Real estate	2.1
Qingdao Port International Co Ltd	Transportation	2.1

These stocks constitute 29% of the Fund.

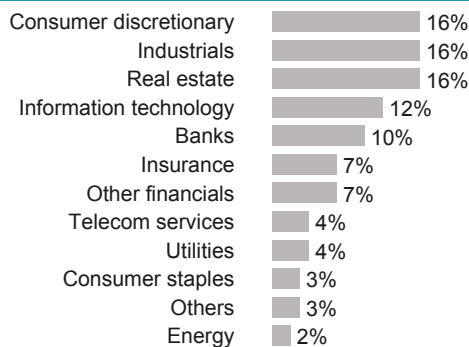
### Portfolio characteristics

<b>As at 28 Feb 2018</b>	<b>2018 <sup>8</sup></b>
Price/earnings ratio	9.1 times
Price/book ratio	1.2 times
Portfolio yield	4.1%
Yield to maturity/put	N/A

### Geographical exposure by listing <sup>9</sup>



### Sector exposure <sup>7,9</sup>



### Fund facts

Manager:	Value Partners Hong Kong Limited
Base currency:	USD
Trustee:	HSBC Institutional Trust Services (Asia) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	Class A1 USD - 2 Sep 2002 Class A2 MDis USD - 28 Sep 2012 Class A2 MDis HKD - 23 Sep 2013 Class A2 MDis AUD/CAD/NZD Hedged - 23 Sep 2013 Class A Acc RMB Unhedged - 20 Mar 2014 Class A2 MDis RMB Unhedged - 1 Sep 2014 Class A2 MDis RMB Hedged - 10 Sep 2014 Class A Acc RMB Hedged - 11 Sep 2014 Class A2 MDis GBP Hedged - 12 Mar 2015 Class A2 MDis SGD Hedged - 23 Jan 2017
Dividend policy <sup>2</sup> :	Class A2 MDis – aim at monthly distribution, subject to Manager's discretion

### Fee structure

	Class A1	Class A2 MDis	Class A Acc
Minimum subscription	USD10,000 or HKD equivalent <sup>6</sup>	USD10,000 / HKD80,000 / AUD10,000 / CAD10,000 / GBP10,000 / RMB60,000 / NZD10,000 / SGD10,000	RMB60,000
Minimum subsequent subscription	USD5,000 or HKD equivalent <sup>6</sup>	USD5,000 / HKD40,000 / AUD5,000 / CAD5,000 / GBP5,000 / RMB30,000 / NZD5,000 / SGD5,000	RMB30,000
Subscription fee		Up to 5%	
Management fee		1.25% p.a.	
Performance fee <sup>10</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 Tian, CFA; Michelle Yu, CFA; Yu Xiao Bo  
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### Recent fund awards



**Thomson Reuters Lipper Fund Awards 2016 & 2017 <sup>11</sup>**  
**Best Asia Pacific ex-Japan Equity (10 Years)**  
 ~ Thomson Reuters



**Fund Selector Asia Singapore Awards 2016 <sup>12</sup>**  
**Asia Pacific Equity (Platinum Winner)**  
 ~ Fund Selector Asia

Scan QR code for fund documents<sup>13</sup>:



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 (for Class A1). 2. The Manager currently intends to make monthly dividend distribution in respect of the A2 MDIs Classes; actual dividend payout will be subject to the Manager's discretion. Distribution may be paid from capital of the Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount that have been originally invested or capital gains attributable to that and may result in an immediate decrease in the value of units. For A1 Class units, Manager will review dividend distribution at its discretion once a year (last dividend payout date: 21 Nov 2005). Please refer to the explanatory memorandum for more details. 3. The Fund may invest in financial derivative instruments ("FDI") for hedging purposes. In adverse situations, the Fund's use of FDI may become ineffective in hedging and the Fund may suffer significant losses. Each hedged share class will hedge the Fund's base currency back to its currency of denomination on a best efforts basis. However, the volatility of the hedged classes measured in the Fund's base currency may be higher than that of the equivalent class denominated in the Fund's base currency. Risks associated with FDI include counterparty risk, credit risk and liquidity risk. Such exposure may lead to a high risk of capital loss. The AUD/CAD/GBP/NZD/RMB/SGD Hedged Classes are not recommended for investors whose base currency of investment is not in the aforesaid currencies. 4. The receiving bank may charge a fee for incoming payments. Such fees will reduce the actual amount of dividends received by the investor. 5. Annualized yield of MDIs Class is calculated as follows: (Latest dividend amount/NAV as of ex-dividend date) x 12. Investors should note that yield figures are estimated and for reference only and do not represent the performance of the Fund, and that there is no guarantee as to the actual frequency and/or amount of dividend payments. 6. Investors should note that the base currency of the Fund is in USD. The HKD equivalent NAV per unit is for reference only and should not be used for subscription or redemption purpose. Conversion to the base currency of the Fund will normally take place at the prevailing rate (as determined by the Fund's Trustee or Custodian) on the corresponding fund dealing day. Investors should be aware of possible risks resulting from fluctuations of exchange rates against USD. 7. Classification is based on Global Industry Classification Standard (GICS). 8. 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. Investors should note that all yield figures are for reference only and do not represent the actual performance of the Fund or the dividend yield received by investors, nor does a positive yield imply a positive return. "Dividend yield" is calculated based on the equity portion of the Fund, whereas "Yield to maturity/put" is calculated based on the debt portion of the Fund by taking the average of yields of individual holdings (being the higher of the yield to maturity and yield to put of each bond/convertible bond) after excluding event-driven investment with extremely high yield. 9. Exposure refers to net exposure (long exposure minus short exposure). Due to rounding, percentages shown may not add up to 100%. 10. 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). 11. The award reflecting performance as at Dec 2016 and Dec 2015 respectively. 12. The award winners were selected among funds with "Accredited Investor" status in Singapore, based on performance data from 30 Jun 2012 to 30 Jun 2015 and voting from a panel of industry fund selectors. 13. For Hong Kong investors only.

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 Hong Kong 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

For Swiss Qualified Investors: The sales prospectus, the Articles of Association, the Key Investor Information Document as well as the annual and semi-annual reports of the Fund are available free of charge from the Representative. Both the place of performance and the place of jurisdiction for units/shares in the Fund offered or distributed in or from Switzerland shall be the seat of the Swiss representative.

Swiss Representative and Paying Agent: BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich.  
 This document has not been reviewed by the Securities and Futures Commission of Hong Kong. Issuer: Value Partners Hong Kong Limited.



# Value Partners Greater China High Yield Income Fund

NAV per unit: USD15.82 (P Acc USD) / USD9.18 (P MDis USD)

Fund size : USD5,324.5 million

February 2018

- Value Partners Greater China High Yield Income Fund (the "Fund") primarily invests in a portfolio of fixed and floating rate bonds and other debt securities, including convertible bonds, in the Greater China region.
- The Fund may invest in high yielding securities which may be unrated or below investment grade and debt securities issued by special purpose vehicles. The Fund is therefore exposed to higher credit/insolvency risk and default risk.
- The Fund primarily invests in the Greater China region and therefore is subject to emerging market and concentration 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. Adverse development in such region may affect the value of the underlying securities in which the Fund invests.
- In respect of the distribution shares for the Fund, the Manager currently intends to make monthly dividend distribution. However, the distribution rate is not guaranteed. Distribution yield is not indicative of the return of the Fund. Distribution may be paid from capital of the Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount you originally invested or capital gains attributable to that and may result in an immediate decrease of the net asset value per share of the Fund.
- 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 marketing material alone. Please read the explanatory memorandum for details and risk factors.

## Investment objective

To provide capital appreciation to investors through primarily investing in Greater China debt securities including but not limited to high yield, convertible, and mainland Chinese offshore bonds.

## Commentary

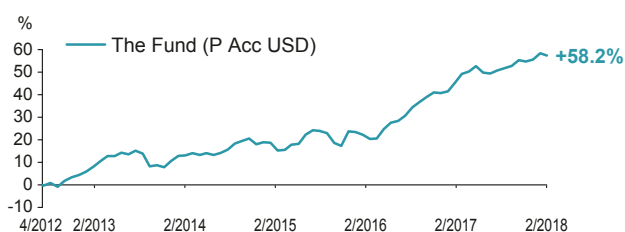
### Portfolio review:

Driven by uncertainty over the Fed's rate hike schedule under the new Fed Chairman Powell and renewed concern over accelerating inflation, the global market underwent a difficult month in February, with both equity and fixed income recording losses during the month. In the Asian credit markets, long-dated high-grade bonds were the worst performers while short-dated high-yield issues, helped by their hefty credit spreads, outperformed.

### Outlook:

Concern over rising US Treasury yield and inflation is further compounded by market anxiety over the Fed Chairman's recent hawkish rhetoric. High equity and credit valuations also deterred some investors from putting more money into the markets. However, we are of the view that long-dated yields are likely to be range bound, even in a rising rate environment as change of demographics and long-term investment needs will keep long yields in check. In such an environment, we will put our focus on the credit sectors which will benefit from an improving global environment.

## Performance since launch



## Performance update

	The Fund (P Acc USD)
One month	-0.6%
Year-to-date	+1.2%
One year	+5.5%
Three years	+34.0%
Five years	+38.2%
Since launch	+58.2%
Annualized return	+8.0%
Annualized volatility	5.9%

## The Fund – P Acc USD: Monthly performance from 27 Mar 2012 to 28 Feb 2018

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2012	N/A	N/A	-0.3%	+1.2%	-1.7%	+2.7%	+1.6%	+1.0%	+1.4%	+2.1%	+2.3%	+2.1%	+13.0%
2013	+0.0%	+1.3%	-0.6%	+1.4%	-1.1%	-5.0%	+0.5%	-0.8%	+2.6%	+2.1%	+0.2%	+0.9%	+1.2%
2014	-0.7%	+0.7%	-0.7%	+0.8%	+1.3%	+2.3%	+1.0%	+0.9%	-2.2%	+0.8%	-0.2%	-2.9%	+1.1%
2015	+0.3%	+2.0%	+0.3%	+3.5%	+1.6%	-0.2%	-0.8%	-3.6%	-1.1%	+5.5%	-0.2%	-1.0%	+6.1%
2016	-1.5%	+0.2%	+3.6%	+2.2%	+0.6%	+1.8%	+2.9%	+1.8%	+1.6%	+1.5%	-0.2%	+0.6%	+15.9%
2017	+2.8%	+2.6%	+0.7%	+1.6%	-1.9%	-0.3%	+0.9%	+0.7%	+0.7%	+1.7%	-0.4%	+0.6%	+10.1%
2018 (YTD)	+1.8%	-0.6%											+1.2%

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Email: fis@vp.com.hk www.valuepartners-group.com

## Dividend information – Class MDis <sup>1</sup>

Classes <sup>2</sup>	Dividend amount / unit	Annualized yield <sup>3</sup>	Ex-dividend date
P MDis USD	0.0621	8.1%	28-2-2018
P MDis HKD	0.0622	8.1%	28-2-2018
P MDis SGD Hedged	0.0649	7.8%	28-2-2018
A MDis AUD Hedged	0.0652	8.6%	28-2-2018
A MDis CAD Hedged	0.0622	8.1%	28-2-2018
A MDis EUR Hedged	0.0575	7.0%	28-2-2018
A MDis GBP Hedged	0.0606	7.7%	28-2-2018
A MDis NZD Hedged	0.0720	9.1%	28-2-2018

## Top 10 securities holdings

Name	Sector <sup>4</sup>	Country	%
Energy Resources LLC 0% 09/30/2022	Materials	Mongolia	1.7
Golden Wheel Tiandi Holdings Co Ltd 8.25% 11/03/2019	Real estate	China/Hong Kong	1.3
Yida China Holdings Ltd 6.95% 04/19/2020	Real estate	China/Hong Kong	1.2
China Evergrande Group 8.75% 06/28/2025	Real estate	China/Hong Kong	1.2
China Evergrande Group 9.5% 03/29/2024	Real estate	China/Hong Kong	1.2
Tunghsu Venus Holdings Ltd 7% 06/12/2020	Technology, hardware & equipment	China/Hong Kong	1.1
Rock International Investment Inc 6.625% 03/27/2020	Materials	China/Hong Kong	1.1
Poseidon Finance 1 Ltd 0% 02/01/2025	Diversified financials	China/Hong Kong	1.1
Geo Coal International Pte Ltd 8% 10/04/2022	Energy	Singapore	1.1
AMTD Group Co Ltd 7.625% PERP	Diversified financials	China/Hong Kong	1.1

### NAVs & Codes

Classes <sup>2</sup>	NAV	ISIN	Bloomberg
P Acc USD	15.82	KYG9319N1097	VPGCPUA KY
P Acc HKD	15.84	KYG9319N1253	VPGCPHA KY
P MDis USD	9.18	KYG9319N1170	VPGPUMD KY
P MDis HKD	9.20	KYG9319N1337	VPGPUMD KY
P MDis SGD Hedged	10.01	KYG9319N1824	VPPSHMA KY
A MDis AUD Hedged	9.08	KYG9319N2327	VPGCAUD KY
A MDis CAD Hedged	9.17	KYG9319N2400	VPGCCAD KY
A MDis GBP Hedged	9.48	KYG9319N3317	VPGCAGH KY
A MDis EUR Hedged	9.91	KYG9319N3499	VCHAMEH KY
A MDis NZD Hedged	9.46	KYG9319N2574	VPGCHNZ KY

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

Real estate	40.0%
Energy	8.0%
Others	7.9%
Materials	7.6%
Diversified financials	7.2%
Banks	5.4%
Cash <sup>6</sup>	3.8%
Retailing	3.3%
Transportation	2.9%
Telecommunication services	2.4%
Technology, hardware & equipment	2.1%
Software & services	2.0%
Capital goods	1.9%
Consumer durables & apparel	1.6%
Food, beverage & tobacco	1.6%
Apparel	1.3%
Consumer services	1.0%
Average duration	2.5 years
Yield to worst <sup>7</sup>	8.3%
Number of bond issuers	202

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

China/Hong Kong	65.2%
CEEMEA	6.5%
Latin America	6.2%
Others	5.5%
Indonesia	4.1%
Cash <sup>6</sup>	3.8%
Australia	3.1%
India	1.9%
Singapore	1.9%
Mongolia	1.8%

### Currency breakdown

USD	94.0%
HKD	3.2%
CNY	1.5%
AUD	0.5%
TWD	0.3%
EUR	0.2%
IDR	0.2%
SGD	0.1%

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. The manager intends to declare and pay monthly dividends equal to all or substantially all of the net income attributable to each of the Distribution Classes. However, there is neither a guarantee that such dividends will be made nor will there be a target level of dividend payout. No dividends will be paid with respect to the Accumulation Classes. Distribution may be paid from capital of the Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount that have been originally invested or capital gains attributable to that and may result in an immediate decrease in the value of units. Please refer to the Explanatory Memorandum for further details including the distribution policy. 2. The Fund may invest in financial derivative instruments ("FDI") for hedging purposes. In adverse situations, the Fund's use of FDI may become ineffective in hedging and the Fund may suffer significant losses. Each hedged share class will hedge the Fund's base currency back to its currency of denomination on a best efforts basis. However, the volatility of the hedged classes measured in the Fund's base currency may be higher than that of the equivalent class denominated in the Fund's base currency. Risks associated with FDI include counterparty risk, credit risk and liquidity risk. Such exposure may lead to a high risk of capital loss. The AUD/CAD/EUR/GBP/NZD/SGD Hedged Classes are not recommended for investors whose base currency of investment is not in the aforesaid currencies. 3. Annualized yield of MDis Class is calculated as follows: (Latest dividend amount/NAV as of ex-dividend date) x 12. Investors should note that yield figures are estimated and for reference only and do not represent the performance of the Fund, and that there is no guarantee as to the actual frequency and/or amount of dividend payments. 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 collateral and margins. 7. Investors should note that Yield to worst is for reference only and does not represent the actual performance of the Fund or the dividend yield received by investors, nor does a positive yield imply a positive return. 8. Including bonds whose issuers do not seek credit ratings (Greater China Paper 15.7%; Equity-linked Investments 10.2%; Loan 2.0%; Others 2.0%; Mongolia Bonds 1.7%; Global EM Bonds 1.5%; Dim Sum Bonds 1.0%). 9. Announced in Oct 2017 by The Asset Benchmark Research in the Asian G3 Bond Benchmark Review, which ranks the Top Investment Houses (Hedge Funds category) based on the number of votes won by their astute investors. All votes are subject to a weighting methodology. 10. The awards were judged based on performance over the past 12 months, up to 30 Apr 2017. 11. The period covered by the awards is from 1 Jan 2016 to 31 Dec 2016. 12. For Hong Kong investors only.

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Investors should note investment involves risk and past performance is not indicative of future results. Investors should refer to the explanatory memorandum for details and risk factors in particular those associated with investment in Greater China markets, non-investment grade debt securities, and debt securities issued by special purpose vehicles. 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.

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For Swiss Qualified Investors: The sales prospectus, the Articles of Association, the Key Investor Information Document as well as the annual and semi-annual reports of the Fund are available free of charge from the Representative. Both the place of performance and the place of jurisdiction for units/shares in the Fund offered or distributed in or from Switzerland shall be the seat of the Swiss representative.

Swiss Representative and Paying Agent: BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich.  
This document has not been reviewed by the Securities and Futures Commission of Hong Kong. Issuer: Value Partners Hong Kong Limited.

### Credit ratings

A	0.1%	Investment grade	0.4%
BBB	0.3%	High yield	61.7%
BB	5.7%	Average credit rating	B
B & Below	56.0%		
Non-Rated <sup>8</sup>	34.1%		
Cash <sup>6</sup>	3.8%		

### Fund facts

Manager:	Value Partners Hong Kong Limited
Base currency:	USD
Administrator:	HSBC Trustee (Cayman) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	P Acc & MDis USD/HKD – 27 Mar 2012 A MDis AUD/CAD/NZD – 23 Sep 2013 P MDis SGD – 26 Sep 2014 A MDis EUR – 5 Feb 2015 A MDis GBP – 14 Apr 2015
Dividend policy <sup>1</sup> :	MDis – Aim at Monthly distribution, subject to Manager's discretion

### Fee structure (Class A and Class P)

Minimum subscription	HK\$80,000/USD10,000 or equivalent
Subscription fee	Up to 5%
Management fee	1.5% p.a.
Performance 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

**Fixed income investment team:**

**Chief Investment Officer, Fixed Income:** Gordon Ip, CFA

**Senior Fund Managers:** Elaine Hu; Jason Yan, CFA, ACCA

**Fund Managers:** Edwin Kam, CFA; Yee Choon Lim

### Recent fund awards



**2017 Asian G3 Bonds Top Investment House <sup>9</sup>**  
**Value Partners - Ranked Number 1**  
**in Hedge Fund category**  
~ The Asset Benchmark Research Awards 2017

**Best Fixed Income Fund <sup>10</sup>**  
~ HFM Asia Performance Awards 2017

**Fund Manager of the Year –**  
**Long-only Fixed Income (Highly Commended) <sup>11</sup>**  
**Value Partners' Chief Investment Officer,**  
**Fixed Income – Gordon Ip**  
~ The Asset, Triple A, Asset Servicing, Investor and Fund Management Awards 2017

Scan QR code for fund documents<sup>12</sup>:



February 2018

- Value Partners Multi-Asset Fund (The "Fund") aims to invest through an actively managed portfolio of collective investment schemes including unit trusts, mutual funds, unlisted index funds and exchange traded funds ("Underlying Schemes") in global markets which are primarily linked to the global trend of economies.
- Since the investment decisions of the Underlying Schemes are made at the level of such schemes, there can be no assurance that the selection of the managers of the Underlying Schemes will result in an effective diversification of investment styles. The Fund may also be adversely affected by suspension of redemption or calculation of net asset value or termination of the Underlying Schemes.
- The Fund may invest in Underlying Schemes which invest in emerging markets and will be subject to greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The Fund may also invest in unlisted index funds and commodity-related investment schemes and will be subject to liquidity risk and commodity market risk.
- The Fund may also invest in unrated or below investment grade debt securities and other 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 invest through an actively managed portfolio of collective investment schemes managed by the Manager or its connected persons and/or its third parties in global markets which are primarily linked to the global trend of economies.

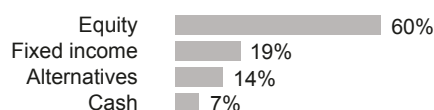
## Performance update

	The Fund
One month	-3.1%
Year-to-date	+1.7%
Since launch	+15.2%

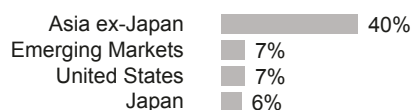
## Top 5 holdings

Holdings	%
Value Partners Classic Fund	23.1
Value Partners Greater China High Yield Income Fund	14.3
Janus Henderson Horizon Japanese Smaller Companies Fund	6.4
Prudent Investment Fund - Prudent Diversified Corporate Lending Fund	5.2
JPMorgan ASEAN Fund	5.0

## By asset class <sup>1</sup>



## Equity – by region <sup>1</sup>



## Fixed income – by category <sup>1</sup>



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. Exposure refers to net exposure (long exposure minus short exposure). Due to rounding, percentages shown may not add up to 100%. 2. The award recognized individuals who have led his/her team to outstanding performances over the consistency of three-year and five-year performances against the benchmark and their peers up to 30 Sep 2017. 3. The award was based on performance for the full 12-month period, from Sep 2016 to the end of Aug 2017. 4. Based on performance and achievements for 2016.

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. The information provided does not constitute investment advice and it should not be relied on as such. All material has been obtained from sources believed to be reliable, but its accuracy is not guaranteed.

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

## NAV & codes

Classes	NAV	ISIN	Bloomberg
Class A USD	11.52	HK0000269149	VPMAAUS HK
Class A HKD	11.46	HK0000269156	VPMAHKD HK

## Fund facts

Manager:	Value Partners Hong Kong Limited
Trustee:	HSBC Institutional Trust Services (Asia) Limited
Base currency:	US dollars
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	Class A USD - 13 Oct 2015 Class A HKD - 18 Aug 2016

## Fee structure

	Class A
Minimum subscription	USD10,000 or equivalent
Minimum subsequent subscription	USD5,000 or equivalent
Subscription fee	Up to 5%
Management fee	1.75% p.a.
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; Luo Jing, CFA; Kai Mak; Yu Chen Jun

## Recent corporate awards



**Manager of the Year - Greater China Equity (Outstanding Award)**  
**Dato' Seri Cheah Cheng Hye and Mr. Louis So (Value Partners' Co-CIOs) <sup>2</sup>**  
 ~ Benchmark Fund of the Year Awards 2017, Hong Kong

**Management Firm of the Year <sup>3</sup>**  
 ~ AsiaHedge Awards 2017

**Best Fund Provider - Greater China Equity <sup>4</sup>**  
 ~ Asset Management Awards for Excellence 2017

# Value Partners Fund Series

## Value Partners Asian Income Fund

NAV per unit: Class A USD Acc - USD10.44 | Class A USD MDIs - USD10.31

Fund size : USD78.5 million

February 2018

- Value Partners Asian Income Fund (The "Fund") invests primarily in Asian equity and/or fixed income securities including convertible bonds and to deliver lower portfolio volatility.
- The Fund is subject to concentration risk as a result of the concentration of its investments in the Asian markets. The Fund may be more volatile than a broadly based fund as it is more susceptible to fluctuation in value resulting from adverse conditions in the Asian market.
- The Fund may invest in small and mid-capitalization companies. The stocks of such companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalization companies in general.
- The Fund may invest in debt securities including those that are below investment grade/unrated, and may involve greater risks, including credit risk, issuer-specific risk, counterparty risk and sovereign debt risk. The Fund may also invest in derivatives which can involve material risks, e.g. counterparty default risk, insolvency or liquidity risk. All these may expose the Fund to significant losses.
- Investment in fixed income securities may include contingent convertible bonds whose structure is innovative and untested. These instruments may be subject to conversion risk e.g. compulsory conversion by the issuer upon uncontrollable triggering events and hence the Fund may experience losses.
- In respect of the distribution units for the Fund, the Manager currently intends to make monthly dividend distribution. However, the distribution rate is not guaranteed. Distribution yield is not indicative of the return of the Fund. Distribution may be paid from capital of the Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount you originally invested or capital gains attributable to that and may result in an immediate decrease in the value of units.
- 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 maximize return and income by investing in Asian equities, Asian fixed income securities and other assets relating to Asian companies that are listed in Asia, or have registered offices in Asia or generate a predominant share of their sales and/or their profits in Asia. The Fund also aims to achieve lower portfolio volatility by actively screening and selecting a combination of lower volatility equities and fixed income securities.

### Performance update

	The Fund
One month	N/A
Year-to-date	N/A
Since launch	N/A
Annualized return <sup>^</sup>	N/A
Annualized volatility <sup>^</sup>	N/A

*Due to SFC regulations, no performance data is shown for fund which is less than six months old.*

### Top 5 holdings - equities

Holdings	Industry <sup>1</sup>	%
China Construction Bank Corporation	Banks	3.3
CTBC Financial Holding Co Ltd	Banks	3.2
Far EastOne Telecommunications Co Ltd	Telecom services	2.6
Taiwan Semiconductor Manufacturing Co Ltd	Semiconductors & semiconductor equipment	2.2
Malayan Banking Bhd	Banks	1.9

### Top 5 holdings - fixed income

Holdings	Sector <sup>1</sup>	Country	%
Geo Coal International Pte Limited 8% 10/4/2022	Energy	Singapore	2.0
Medco Platinum Road Pte Limited 6.75% 1/30/2025	Energy	Indonesia	1.9
UBS Group Funding Switzerland 5% PERP	Financials	Switzerland	1.9
Indika Energy Capital II Pte 6.875% 4/10/2022	Energy	Indonesia	1.4
Medco Straits Services Pte Limited 8.5% 8/17/2022	Energy	Indonesia	1.4

<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.

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### Asset type (%)<sup>2</sup>

	Equities	Fixed Income	Total
Taiwan	21.2	-	21.2
China	-	17.2	17.2
Singapore	10.5	2.0	12.5
Hong Kong	11.1	1.2	12.3
H Shares	11.5	-	11.5
Thailand	6.6	-	6.6
Indonesia	-	5.3	5.3
Malaysia	4.2	-	4.2
Korea	3.3	-	3.3
Cash <sup>3</sup> & cash equivalents	-	-	2.0
Switzerland	-	1.9	1.9
India	-	1.3	1.3
Red Chips	1.0	-	1.0
Total	69.4	28.9	100.3

### Credit ratings of fixed income

BBB	1.2%
BB	7.0%
B & Below	16.7%
Non-rated <sup>4</sup>	3.9%

## NAV &amp; codes

Classes <sup>5</sup>	NAV	ISIN	Bloomberg
Class A USD Unhedged Acc	10.44	HK0000352374	VPUSUAU HK
Class A AUD Hedged MDis	10.27	HK0000352259	VPAAHMU HK
Class A CAD Hedged MDis	10.26	HK0000352267	VPACHMU HK
Class A HKD Unhedged MDis	10.34	HK0000352291	VPAHUMU HK
Class A NZD Hedged MDis	10.28	HK0000352309	VPANHMU HK
Class A RMB Hedged MDis	10.31	HK0000352317	VPARHMU HK
Class A RMB Unhedged MDis	9.81	HK0000352325	VPARUMU HK
Class A USD Unhedged MDis	10.31	HK0000352382	VPAUHMU HK
Class A HKD Unhedged Acc	10.48	HK0000352283	VPAHUAU HK

Dividend information – Class MDis <sup>6</sup>

Classes <sup>5</sup>	Dividend amount / unit	Annualized yield <sup>7</sup>	Ex-dividend date
Class A AUD Hedged MDis	0.046800	5.5%	28-2-2018
Class A CAD Hedged MDis	0.041700	4.9%	28-2-2018
Class A HKD Unhedged MDis	0.042600	4.9%	28-2-2018
Class A NZD Hedged MDis	0.050300	5.9%	28-2-2018
Class A RMB Hedged MDis	0.055000	6.4%	28-2-2018
Class A RMB Unhedged MDis	0.041800	5.1%	28-2-2018
Class A USD Unhedged MDis	0.042600	5.0%	28-2-2018

## Portfolio characteristics

As at 28 Feb 2018	2018
Portfolio yield <sup>8</sup>	5.0%

## Fund facts

Manager:	Value Partners Hong Kong Limited
Base currency:	US dollars
Trustee:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	13 Nov 2017
	Class A USD Unhedged Acc
	Class A AUD Hedged MDis
	Class A CAD Hedged MDis
	Class A HKD Unhedged MDis
	Class A NZD Hedged MDis
	Class A RMB Hedged MDis
	Class A RMB Unhedged MDis
	Class A USD Unhedged MDis
	Class A HKD Unhedged Acc

## Fee structure (Class A)

Share classes	Acc	MDis
	Unhedged: HKD/SGD/USD Hedged: SGD	Unhedged: HKD/RMB/SGD/USD Hedged: AUD/CAD/EUR/NZD/ RMB/SGD
Minimum subscription	USD10,000 or equivalent	
Minimum subsequent subscription	USD5,000 or equivalent	
Subscription fee	Up to 5%	
Redemption fee	Nil	
Management fee	1.5% p.a.	
Performance fee	N/A	
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; Luo Jing, CFA; Kai Mak; Yu Chen Jun  
**Fixed income investment team:**  
**Chief Investment Officer, Fixed Income:** Gordon Ip, CFA  
**Senior Fund Managers:** Elaine Hu; Jason Yan, CFA, ACCA  
**Fund Managers:** Edwin Kam, CFA; Yee Choon Lim

## Recent corporate awards



**Manager of the Year - Greater China Equity (Outstanding Award)**  
**Dato' Seri Cheah Cheng Hye and Mr. Louis So (Value Partners' Co-CIOs) <sup>9</sup>**  
 ~ Benchmark Fund of the Year Awards 2017, Hong Kong

**Management Firm of the Year <sup>10</sup>**  
 ~ AsiaHedge Awards 2017

**Best Fund Provider - Greater China Equity <sup>11</sup>**  
 ~ Asset Management Awards for Excellence 2017

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. Classification is based on Global Industry Classification Standard (GICS). 2. Equities are classified by country of listing and fixed income securities are classified by country of risk. 3. Cash refers to net cash on hand excluding cash for collaterals and margins. 4. Including bonds whose issuers do not seek credit ratings. 5. The Fund may invest in financial derivative instruments ("FDI") for hedging purposes. In adverse situations, the Fund's use of FDI may become ineffective in hedging and the Fund may suffer significant losses. Each hedged share class will hedge the Fund's base currency back to its currency of denomination on a best efforts basis. However, the volatility of the hedged classes measured in the Fund's base currency may be higher than that of the equivalent class denominated in the Fund's base currency. Risks associated with FDI include counterparty risk, credit risk and liquidity risk. Such exposure may lead to a high risk of capital loss. The AUD/CAD/EUR/NZD/RMB/SGD Hedged Classes are not recommended for investors whose base currency of investment is not in the aforesaid currencies. 6. The manager intends to declare and pay monthly dividends equal to all or substantially all of the net income attributable to each of the Distribution Classes. However, there is neither a guarantee that such dividends will be made nor will there be a target level of dividend payout. No dividends will be paid with respect to the Accumulation Classes. Distribution may be paid from capital of the Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount that have been originally invested or capital gains attributable to that and may result in an immediate decrease in the value of units. Please refer to the Explanatory Memorandum for further details including the distribution policy. 7. Annualized yield of MDis Class is calculated as follows: (Latest dividend amount/NAV as of ex-dividend date) x 12. Investors should note that yield figures are estimated and for reference only and do not represent the performance of the Fund, and that there is no guarantee as to the actual frequency and/or amount of dividend payments. 8. Portfolio yield is the weighted average of the dividend yield of equity and fixed income securities. 9. The award recognized individuals who have led his/her team to outstanding performances over the consistency of three-year and five-year performances against the benchmark and their peers up to 30 Sep 2017. 10. The award was based on performance for the full 12-month period, from Sep 2016 to the end of Aug 2017. 11. Based on performance and achievements for 2016.

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 herein has been obtained from sources believed to be reliable but Value Partners Hong Kong 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.

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