

Guotai Junan Greater China Growth Fund

Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"

Monthly Report - 31 May 2020



國泰君安國際
GUOTAI JUNAN INTERNATIONAL
ASSET MANAGEMENT

Important Information

The Fund may invest in listed companies that derive a significant portion of their revenues from goods produced or sold, investments made or services performed in the Greater China region, which includes the People's Republic of China, the Hong Kong & Macau Special Administrative Regions and Taiwan..

The Fund may invest in the Greater China securities markets, which are emerging markets. As such, the Fund may involve a higher degree of risk and is usually more sensitive to price movements.

The value of the Fund can be volatile and could go down substantially within a short period of time..

The investment decision is yours. You should not invest unless the intermediary who sells this Fund to you has advised you that this Fund is suitable for you and has explained why, including how investing in it would be consistent with your investment objectives.

Investors should not make investment decisions based on this material alone. Please refer to the explanatory memorandum, including the risk factors involved..

The Manager may at its discretion pay dividends out of or effectively out of the capital of the Sub-Fund. Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment and may result in an immediate reduction of the Net Asset Value per Unit of the Sub-Fund.

Investment Objective

To achieve medium- to long-term capital appreciation by investing in listed companies which are domiciled in or have operating incomes from the Greater China region (Mainland China, Hong Kong, Macau and Taiwan).

Fund Performance

	2008 ¹	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 ²
The Fund (%)	-61.96	99.45	12.15	-33.38	18.42	12.02	1.36	-4.12	-8.66	27.53	-16.33	13.85	-0.37
Hang Seng Total Return Index (%)	-46.40	56.65	8.57	-17.38	27.46	6.55	5.48	-3.92	4.30	41.29	-10.54	13.04	-17.98

1. Calculated since 1 Jan 2008

2. Measured as of 31 May 2020

Fund Facts

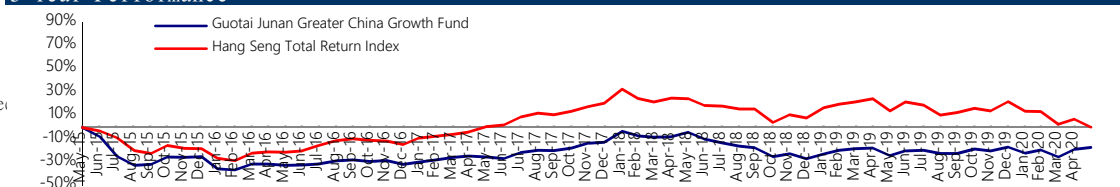
Manager Guotai Junan Assets (Asia) Limited
Inception Date 19 Nov 2007
Domicile Hong Kong
Trustee & Registrar HSBC Institutional Trust Services (Asia) Limited
Auditor Ernst & Young Limited
Dealing Frequency Daily
Base Currency Hong Kong Dollar
NAV HKD 88.51
Bloomberg Code GJGCHGR HK Equity
ISIN Code HK0000315355

	1 Mth	3 Mths	6 Mths	YTD	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	1.78	2.45	3.53	-0.37	9.18	10.68	-17.12
Hang Seng Total Return Index (%)	-6.30	-11.79	-12.23	-17.98	-12.27	-0.55	0.20

Last update: 31 May 2020

The performance is measured in NAV-to-NAV in fund currency with net income re-investment

5 Year Performance



Source: Guotai Junan Assets (Asia) Limited

Last update: 31 May 2020

The performance is measured in NAV-to-NAV in fund currency with net income re-investment

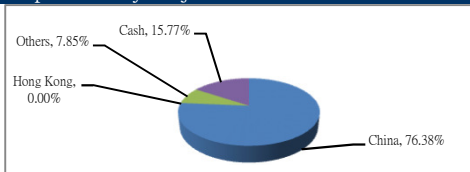
Subscription and Redemption

Min. Initial Subscription HKD 10,000
Subscription Fee Up to 5%
Annual Management Fee 1.5% p.a.
Redemption Fee*
Less than 6 mths 1%
6 mths or more but less than 12 mths 0.75%
12 mths or more but less than 18 mths 0.50%
18 mths or more but less than 24 mths 0.25%
24 mths or more Waived
* Redemption fee will be waived for investors who subscribed through nominee account.

Top Ten Holdings

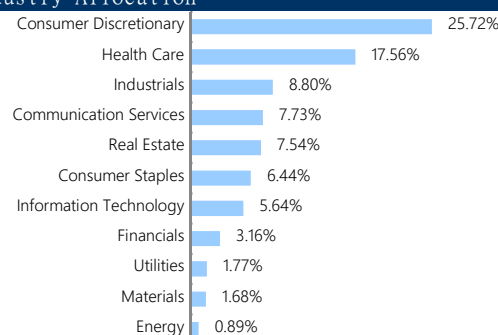
	%
Tencent Holdings Ltd.	7.39
Alibaba Group Holding Ltd	6.83
Meituan Dianping	5.67
Wuxi Biologics Cayman Inc	4.95
Shandong Weigao Group Medical	4.14
Poly Property Dlp	3.76
Shimao Property Holdings Ltd.	3.44
Country Garden Services Holdin	3.36
China Merchants Bank Co. Ltd	3.06
Li Ning Co. Ltd.	3.04

Exposure by Major Revenue Source³



3. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd.

Industry Allocation⁴



4. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd, based on the Global Industry Classification Standard.

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*The Fund is approved as Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme" of HKSAR

Market Outlook and Investment

US stock market rose again aiming at expectation on lifted lockdown policies and economic recovery, with Dow Jones increased by 4.26%, while S&P 500 was up by 4.53%, and Nasdaq has increased by 6.75%. The U.S. macro economy continued to report disappointing data, notably the US weekly jobless claims for the week ending May 23 read 2,123k with consensus at 2,100k. ISM Manufacturing Index of May increased slightly to 43.1 from previous 41.5, but below the consensus of 43.6. The strong market performance indicated that investors choose to look forward and focus on economic recovery at post pandemic period, as well as the unprecedented supportive policies from the Fed, as its balance sheet grew to a historical high at \$7 trillion. The social movement and protest activities triggered by the death of Georgy Floyd also seemed to have very limited impact on market reaction. However, we tend to be cautious toward the market condition, as both sentiment and fundamental would have a large probability to see strong headwinds ahead. Chinese reported rather strong data. The official manufacturing PMI in May remained in expansion territory reading at 50.6, while the Caixin manufacturing PMI also bounced back to 50.7. CPI growth rate slow down but remained at high level at 3.3%, which miss the consensus of 3.7%, mainly due to softer price rising of pork and other food. As for the stock market, the CSI300 decreased by 1.16% to 3,867.02 as the global market stabilized. Concerning our investment strategy for Hong Kong/China market, we tend to be cautious on the market of 2020, as the COVID-19 pandemic arouse the concern on the global economic fundamental growth. Hong Kong local names would continue to be under pressure thanks to both the political dilemma and global growth slow down. We believe domestic leading sectors, such as white spirit and pharmaceuticals, on the other hand, would deliver satisfied full year results thanks to the rigid demand. The 2020 NPC has not set a full year GDP growth target but instead to focus on stabilizing employment and poverty alleviation. We believe in longer term the fundamental results will act as the major driver of market direction, and we would keep flexible cash level accordingly.

Disclaimer

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Investment involves risk. The prices of units may go up as well as down. Past performance is not indicative of future performance. Please refer to the Explanatory Memorandum for details including risk factors.

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