

# Guotai Junan Greater China Growth Fund

"Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"

Monthly Report - 30 Sep 2020



## 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 Fund Performance

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).

	2008 <sup>1</sup>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 <sup>2</sup>
The Fund (%)	-61.96	99.44	12.15	-33.37	18.42	12.02	1.37	-6.99	-8.66	27.53	-16.33	13.85	24.36
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	-14.22

<sup>1</sup> Calculated since 1 Jan 2008

<sup>2</sup> Measured as of 30 Sep 2020

## Fund Facts

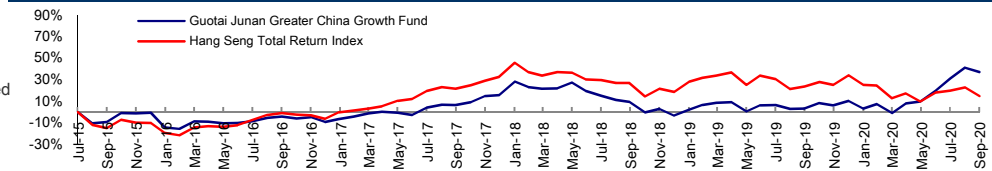
**Manager** Guotai Junan Assets (Asia) Limited  
**Inception Date** 19 Nov 2007  
**Domicile** Hong Kong  
**Trustee & Registrar** HSBC Institutional Trust Services (Asia) Limited  
**Auditor** Ernst & Young Limited  
**Dealing Frequency** Daily  
**Base Currency** Hong Kong Dollar  
**NAV** HKD 110.48  
**Bloomberg Code** JGJCHGR HK Equity  
**ISIN Code** HK0000315355

	1 Mth	3 Mths	6 Mths	YTD	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	-2.80	14.53	38.57	24.36	33.03	28.85	51.14
Hang Seng Total Return Index (%)	-6.44	-2.62	1.98	-14.22	-7.05	-5.58	34.75

Last update: 30 Sep 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: 30 Sep 2020

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

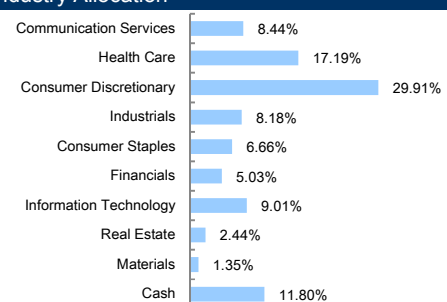
## Subscription and Redemption

**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

	%
Alibaba Group Holding Ltd	9.76
Tencent Holdings Ltd.	8.44
Wuxi Biologics Cayman Inc	8.14
Meituan Dianping	7.98
Li Ning Co. Ltd.	4.57
Country Garden Services Holdin	4.43
Yihai International Holding Lt	3.37
Wuxi Apptec Co Ltd	3.16
Shandong Weigao Group Medical	3.13
Byd Co. Ltd	3.08

## Industry Allocation<sup>4</sup>

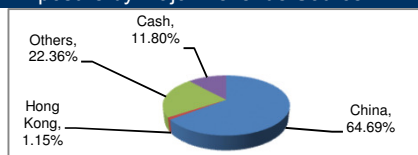


4. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd, based on the Global Industry Classification Standard.

## Contact

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

## Exposure by Major Revenue Source<sup>3</sup>



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

## Dividend Distribution History (Since Launch)

Record Date	Distribution Per Unit	Fund Price On Record Date
30-Jun-15	HKD 3.03	HKD 100.9

## Market Outlook and Investment

Uncertainties reemerged in US equity market. NASDAQ declined 5.16% in Sep, followed by the S&P 500 (-3.92%) and the Dow Jones (-2.28%). After the rally in August, investors' enthusiasm faded as the pace of recovering slowed. The ISM Manufacturing PMI fell to 55.4 in September from 56 in August, below market forecasts of 56.4. The cooling down suggested that investors still focused on the recovery of economy, the unprecedented supportive policies from the Fed, and the upcoming series of presidential debates. Considering the Sino-US geopolitical uncertainty and potential risks of the third wave COVID-19 which might mitigate the recovery of global economy, we tend to be cautious towards the current market condition. Given the current pandemic situation in the US is still not under control, the market may be over-optimistic on the hope of wide vaccination. In this case, we will keep our positions flexible, as the structural changes in consumer behavior and the accelerated digitalization trend will favor certain industries while harm others.

China reported rather strong data. The official manufacturing PMI in September remained in expansion territory reading at 51.5, while the Caixin manufacturing PMI was little-changed at 53. CPI growth rate dropped a bit to 2.4%, in line with the consensus, mainly due to slowed food inflation. For onshore equity market, the CSI300 Index dropped 4.75% MTD to 4,587.40 as of 30 Sep 2020.

As for our investment strategy for Hong Kong/China market, we are still cautiously optimistic on the market for the rest of 2020, although the COVID-19 pandemic arouse concerns on the global economy. We favor domestic Chinese demand-oriented names, since the situation in China has been under control and economic activities have almost resumed back to normal. Hong Kong names will likely be under pressure due to the political dilemma and the perennial COVID-19 new cases. We think leading sectors, such as consumers, information technology, and pharmaceuticals, will deliver satisfied full-year results thanks to the strong demand. Meanwhile, we believe the fundamental will act as the major driver of market direction in long term, and we will keep flexible cash level to benefit from temporary sell-off opportunities.

For Taiwan, the Market Taiwan Manufacturing PMI rose to 55.2 in September from 52.2 a month earlier, and new export orders rebounded by 13.6% YoY. Although geopolitical concerns may cast some uncertainties over the development of the region in short term, we are optimistic with Taiwanese market in long term. Given TSMC has gained dominance in the next generation semiconductor technology against Samsung and Intel, the global demand for 5G technology, high performance computing, and data centers would be even stronger post the pandemic. Consequently, this will benefit the whole Taiwan tech supply chain and the tech dominated TAIEX Index.

## Disclaimer

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