



國泰君安國際
GUOTAI JUNAN INTERNATIONAL
ASSET MANAGEMENT

Guotai Junan Investment Funds

Guotai Junan Greater China Growth Fund
Guotai Junan Equity Income Fund

INTERIM REPORT (Unaudited)
For the six months ended 30 June 2019

Guotai Junan Assets (Asia) Limited

CONTENTS	PAGE(S)
DIRECTORY OF PARTIES	3
INVESTMENT MANAGER'S REVIEW	
- MARKET REVIEW	4
- MARKET OUTLOOK	5
- INVESTMENT STRATEGY	6
- SUBFUNDS' PERFORMANCE	7-10
STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO	11
INVESTMENT PORTFOLIO	12-17
STATEMENT OF ASSETS AND LIABILITIES	18-19
DISTRIBUTION DISCLOSURE	20

DIRECTORY OF PARTIES

Investment Manager

Guotai Junan Assets (Asia) Limited
27th Floor, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Directors of the Manager

YIM Fung
QI Haiying
CHIU Simon Siu Hung

Trustee and Registrar

HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central, Hong Kong

Auditors

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Legal Adviser

Deacons
5th Floor, Alexandra House
18 Chater Road Central
Hong Kong



INVESTMENT MANAGER'S REVIEW

FOR THE PERIOD ENDED 30 JUNE 2019 (UNAUDITED)

MARKET REVIEW

After a volatile and painful period in 2018, global equity markets recovered in the first half of 2019, although fear of global economic slowdown and lack of progress between US and China trade talks keep volatility high, the anxiety over potential recession and trade disputes between US and China cast doubts and fears on the equity markets.

The year began with relief for global stock markets, trade negotiation between US and China gave a glimpse of hope to the equity investor, better than expected corporate earnings helped many indices rebound strongly in the first quarter of 2019. But sentiment shifted quickly from May, trade talks stalled and President Trump raised tariff on China and put Huawei on sanction list was the key driver for the market correction in all major markets. And concerns over inverted yield curves signaling a possible recession is another reason keeps equity investors cautious. Rising expectations of the FED will stop hiking interest rate and will cut in the second half helped stabilizing the market somehow before the end of first half. S&P 500 increased by 17.3% for the first half of 2019.

For Hong Kong market, Hang Seng Index climbed 10.4% in the first half of 2018, underperforming other major equity markets indexes globally. After rebounding strongly in the first quarter, the worries of trade disputes escalation between US and China sent the market lower with an increased volatility. Although the annual results in March showed corporate earnings better than expectation for listed companies in 2018, companies are cautious about the outlook in the coming quarters since the lingering concern on trade policies. However, onshore market performed relatively better on expectation that the central government will implement more monetary and fiscal stimuli to stimulate the economy, especially on consumption related sectors, as export demand may be under pressure from the trade disputes. CSI 300 index increased 27.1% in first half of 2019.



INVESTMENT MANAGER'S REVIEW (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2019 (UNAUDITED)

MARKET OUTLOOK

We expect that divergence in economic conditions and a possible wide spread monetary easing globally to be the overarching theme for global economy in 2H2019. The U.S. economy continues its recovery with the strong job market readings, unemployment rate in U.S. stayed below 4% level, though inflations are not picking up as the FED expected yet. But the FED turned dovish and in July cut interest rate for the first time in 10 years. While the other major economies are facing slower economic growth than previously expected, and more than a dozen central banks already cut the benchmark rates this year so far, with capital flowing back to the US, the rising USD put pressure on emerging markets currencies and capital outflows present the biggest risk on emerging equity markets. And there are still a lot of uncertainties on political events that may derail the global economy recovery, particularly the trade dispute between US and China and a potential no-deal Brexit may deteriorate the economic conditions in Europe. We suspect there might be more market volatility down the road for equity investors. With market volatility keeping at a much higher level and staying there for a while longer than we would like.

And for the greater China markets, we expect the central government would release more favorable policies to revive the industrial sectors with the supply side reform such as de-capacity and de-inventory. And we also expect the new economy such as 5G and Internet related service sectors would keep benefitting from the technology upgrades and consumption upgrades.

For Hong Kong market, after the roller coaster run in the first half of 2019, now Hong Kong market is trading at an attractive valuation level, we expect that a large part of the negativities have already been factored in. We are conservatively optimistic on companies with good earning visibility and trading at reasonable valuation levels, meanwhile we would remain cautious when the volatility is at an elevated level, stay defensive until good entry level presents itself.



INVESTMENT MANAGER'S REVIEW (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2019 (UNAUDITED)
INVESTMENT STRATEGY

We believe corporate earnings growth is the most important driver of the market performance, sector selection would still be as critical as ever, we believe sectors with strong cash flows, sectors benefit from the technology upgrades and sectors benefit from consumption upgrades would outperform the general market, and we would position ourselves accordingly.

INVESTMENT MANAGER'S REVIEW (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2019 (UNAUDITED)
SUB-FUNDS' PERFORMANCE

A. Guotai Junan Greater China Growth Fund

Performance table

Index / Fund's Name	Jan - Jun 2019 Rate of Return (%)*	Since Inception Rate of Return (%)
MSCI Golden Dragon Total Return Index	13.3%	52.0%
MSCI China Daily Total Return Index	12.9%	26.1%
Hang Seng Total Return Index	12.8%	56.5%
Taiwan TaieX Total Return Index	11.4%	88.3%
Hang Seng China Enterprises Total Return Index	10.1%	-2.0%
Guotai Junan Greater China Growth Fund	9.6%	-11.7%
Hang Seng China-Affiliated Total Return Index	8.8%	5.7%

* Ranked by the total returns of indices or the Fund for Jan - Jun 2019.

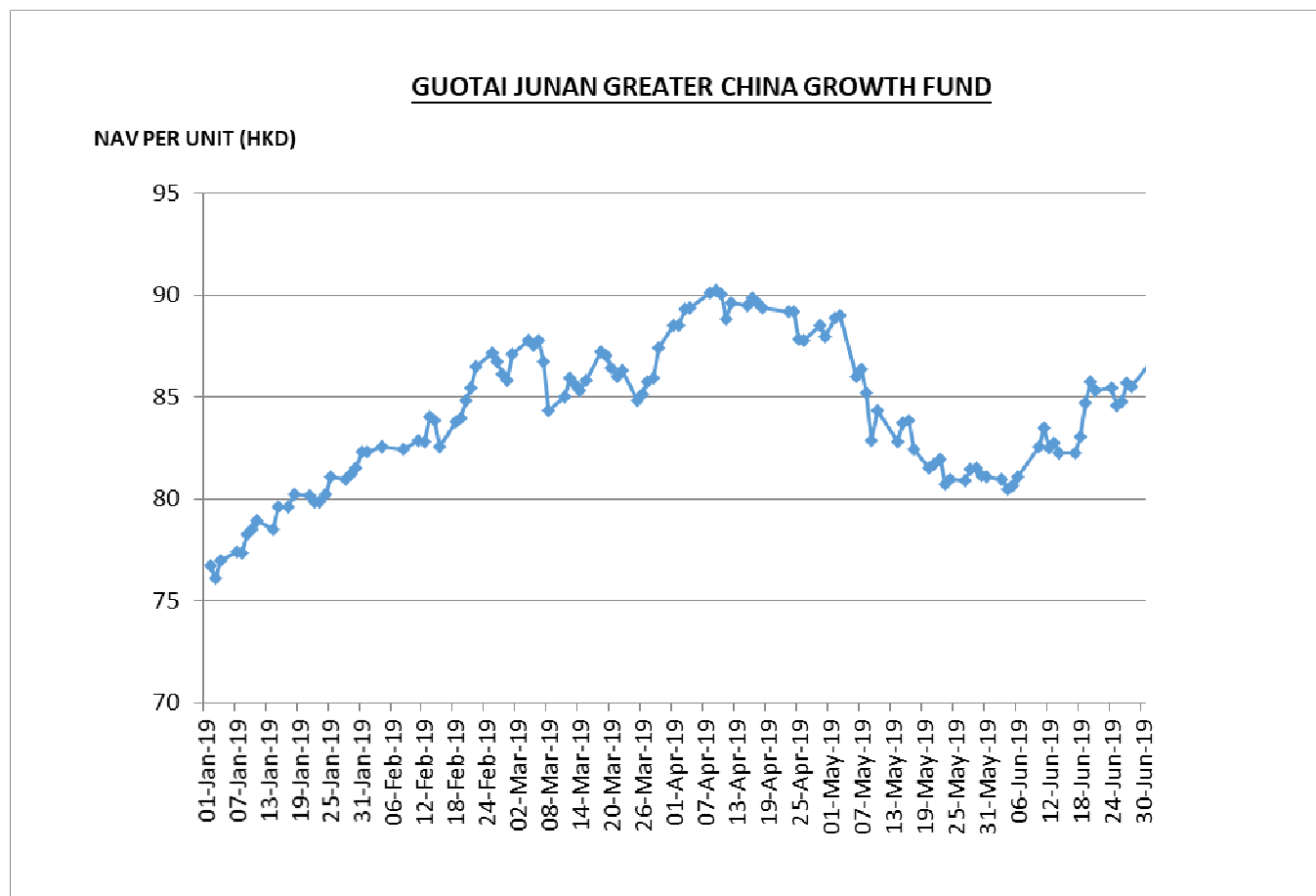
The total return of the Guotai Junan Greater China Growth Fund ("GJGC" hereafter) increased by 9.6% in the first half of year 2019, and recorded a loss of 11.7% since inception i.e. 19 Nov 2007.

In the 1st half of year 2019, GJGC underperformed the total returns of the Hang Seng Index ("HSI") and Hang Seng China Enterprises Index ("HSCEI") by 3.2% and 0.5% respectively. GJGC's portfolio had underweighted financials and communication services stocks, which have underperformed the Hang Seng Index constituents.

As of the end of 1H 2019, GJGC's portfolio was well diversified. Amongst all exposure, financials, real estate and industrials were the top weighed sectors, which made up of 25.8%, 13.7% and 9.7% of the NAV respectively.

INVESTMENT MANAGER’S REVIEW (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2019 (UNAUDITED)
SUB-FUNDS’ PERFORMANCE (CONTINUED)

A. Guotai Junan Greater China Growth Fund



INVESTMENT MANAGER'S REVIEW (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2019 (UNAUDITED)
SUB-FUNDS' PERFORMANCE (CONTINUED)

B. Guotai Junan Equity Income Fund

Performance table

Index / Fund's Name	Jan - Jun 2019 Rate of Return (%)*	Since Inception Rate of Return (%)
MSCI Golden Dragon Total Return Index	13.3%	68.3%
MSCI China Daily Total Return Index	12.9%	56.5%
Hang Seng Total Return Index	12.8%	74.0%
Taiwan Taiex Total Return Index	11.4%	72.1%
Hang Seng China Enterprises Total Return Index	10.1%	24.2%
Hang Seng China-Affiliated Total Return Index	8.8%	32.5%
Guotai Junan Equity Income Fund	7.6%	43.8%
Dow Jones Hong Kong Select Dividend 30 Total Return Index	6.9%	18.6%

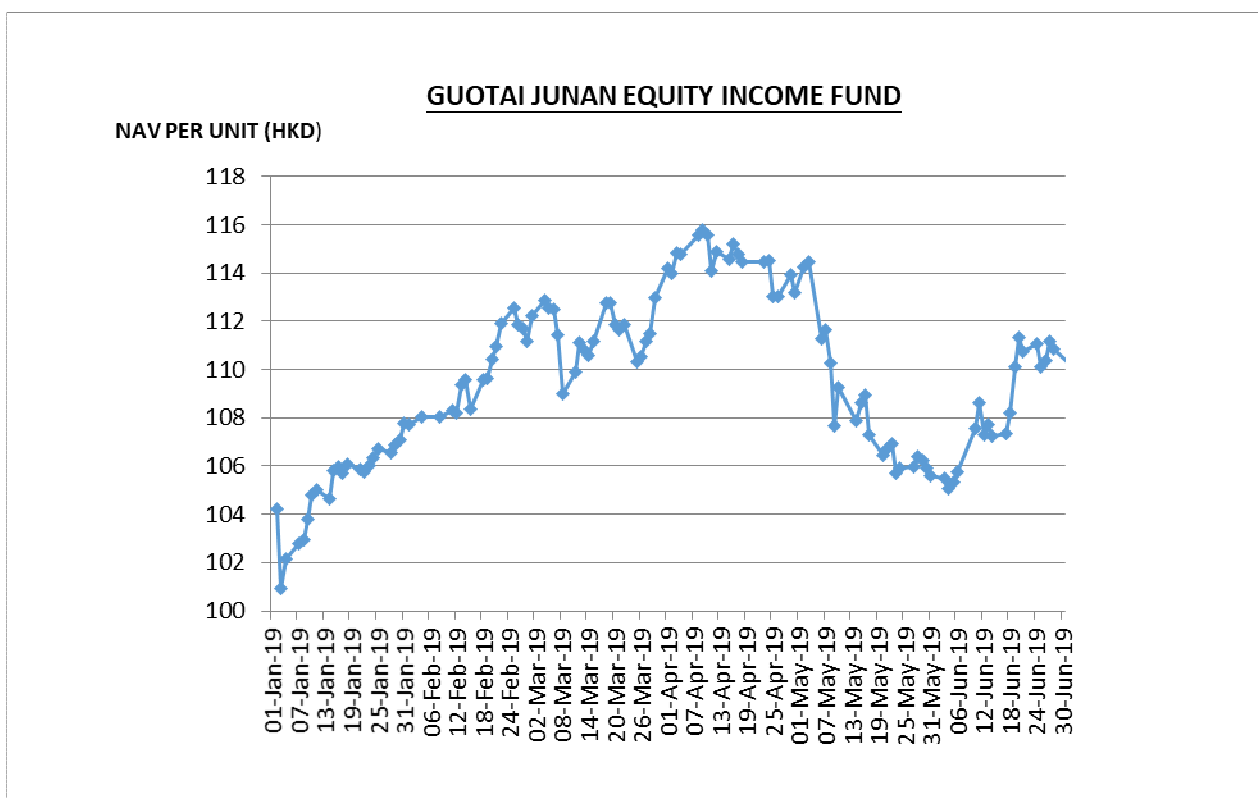
* Ranked by the total returns of indices or the Fund for Jan - Jun 2019.

The NAV of the Guotai Junan Equity Income Fund ("GJEI") had a total return of 7.6% in first half 2019, and recorded a total return of 43.8% since its inception on 29 Feb 2012. GJEI underperformed the total return of the Hang Seng Index ("HSI") and the Hang Seng China Enterprises Index ("HSCEI") by 5.2% and 2.5% respectively. But GJEI outperformed the total return of the Dow Jones Hong Kong Select Dividend 30 Index ("DJHKSD") by 0.7%. We believe the GJEI's strategy of investing in companies with brighter prospect, reasonable valuation, good cash flows and willingness to share profits with shareholders through high dividends, is still sound, but the underweight to financials and communication services stocks led to the underperformance to Hang Seng Index constituents.

As of 30 June 2019, the portfolio of GJEI tilted more exposure to financials, which provided higher dividend yields. Financials and real estate are the top weighted sectors representing 29.0% and 16.7% of the fund's NAV respectively.

INVESTMENT MANAGER'S REVIEW (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2019 (UNAUDITED)
SUB-FUNDS' PERFORMANCE (CONTINUED)

B. Guotai Juan Equity Income Fund



STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO
FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)

GUOTAI JUNAN GREATER CHINA GROWTH FUND

	% of net assets	
	30 June 2019	31 December 2018
Equity		
- Hong Kong	79.66	73.77
- United States	2.81	0.98
	<u>83.13</u>	<u>74.75</u>

GUOTAI JUNAN EQUITY INCOME FUND

	% of net assets	
	30 June 2019	31 December 2018
Equity		
- Hong Kong	78.19	72.65
- United States	1.54	1.17
 <i>Futures Commodities</i>		
- Hong Kong		(0.01)
	<u>79.73</u>	<u>73.81</u>



INVESTMENT PORTFOLIO
AS AT 30 JUNE 2019 (UNAUDITED)
GUOTAI JUNAN GREATER CHINA GROWTH FUND

Investment Portfolio as at 30 JUN 2019

Listed Investment Equities	Holdings	Market Value (HKD)	% of Net Assets
HONG KONG			
AIA GROUP LTD	40,000	3,370,000	5.67
ANHUI CONCH CEMENT CO LTD-H	13,000	636,350	1.07
BOC AVIATION LTD	59,000	3,870,400	6.51
BOSHIWA INTERNATIONAL HOLDING ¹	690,000	-	0
CHINA ANIMAL HEALTHCARE LTD ²	400,000	-	0
CHINA AOYUAN GROUP LIMITED	150,000	1,647,000	2.77
CHINA CONSTRUCTION BANK CORPORATION	200,000	1,346,000	2.26
CHINA LESSO GROUP HOLDINGS LTD	100,000	628,000	1.06
CHINA MENGNIU DAIRY CO. LTD.	30,000	907,500	1.53
CHINA MERCHANTS BANK CO. LTD	60,000	2,337,000	3.93
CHINA OVERSEAS PROPERTY HOLDING	100,000	407,000	0.68
CHINA RESOURCES LAND LTD.	40,000	1,376,000	2.32
CHINA TAIPING INSURANCE HOLDING	52,086	1,088,597	1.83
CHINASOFT INTERNATIONAL LTD	200,000	768,000	1.29
GUANGDONG INVESTMENT LTD	50,000	773,000	1.30
GUANGZHOU PHARMACEUTICAL CO. LTD	16,000	564,000	0.95
H Aidilao International Holding	20,000	653,000	1.10

¹ Trading for these securities was suspended since 15 March 2012. The security was written-down to nil.

² Trading for these securities was suspended since 30 March 2015. The security was written-down to nil

INVESTMENT PORTFOLIO (CONTINUED)
AS AT 30 JUNE 2019 (UNAUDITED)
GUOTAI JUNAN GREATER CHINA GROWTH FUND (CONTINUED)

Investment Portfolio as at 30 JUN 2019

Listed Investment Equities	Holdings	Market Value (HKD)	% of Net Assets
HONG KONG			
HENDERSON LAND DEVELOPMENT CO	11,000	473,550	0.80
HONG KONG & CHINA GAS CO	165,000	2,857,800	4.81
HONG KONG EXCHANGES AND CLEARING	10,000	2,758,000	4.64
LENOVO GROUP LTD.	150,000	907,500	1.53
LI NING CO. LTD.	77,000	1,418,340	2.39
LINK REIT	25,000	2,400,000	4.04
MAANSHAN IRON & STEEL CO LTD	10,000	31,000	0.05
MEITUAN DIANPING	17,000	1,164,500	1.96
NEW WORLD DEVELOPMENT CO LTD	60,000	733,200	1.23
PING AN INSURANCE (GROUP) CO.	56,000	5,252,800	8.84
SANDS CHINA LTD	16,000	597,600	1.01
SANY HEAVY EQUIPMENT INTERNATIONAL	200,000	564,000	0.95
SEMICONDUCTOR MANUFACTURING INC	40,000	348,000	0.59
SINO BIOPHARMACEUTICAL LTD.	80,000	639,200	1.08
SUNAC CHINA HOLDINGS LTD	15,000	576,000	0.97
SUNNY OPTICAL TECHNOLOGY (GROUP)	1,000	80,700	0.14

INVESTMENT PORTFOLIO (CONTINUED)

AS AT 30 JUNE 2019 (UNAUDITED)

GUOTAI JUNAN GREATER CHINA GROWTH FUND (CONTINUED)

Investment Portfolio as at 30 JUN 2019

Listed Investment Equities	Holdings	Market Value (HKD)	% of Net Assets
HONG KONG			
TENCENT HOLDINGS LTD.	7,000	2,468,200	4.15
VITASOY INTERNATIONAL HOLDINGS	24,000	901,200	1.52
WH GROUP LTD	100,000	792,000	1.33
YUEXIU PROPERTY CO LTD	550,000	973,500	1.64
ZOOMLION HEAVY INDUSTRY SCIENCE	200,000	1,026,000	1.73
UNITED STATES			
ALIBABA GROUP HOLDING LTD	800	1,059,402	1.78
TAIWAN SEMICONDUCTOR MANUFACTURING	2,000	612,227	1.03
TOTAL INVESTMENT		49,006,566	82.48
TOTAL INVESTMENT, AT COST		45,262,183	



INVESTMENT PORTFOLIO
AS AT 30 JUNE 2019(UNAUDITED)

GUOTAI JUNAN EQUITY INCOME FUND

Investment Portfolio as at 30 JUN 2019

Listed Investment Equities	Holdings	Market Value (HKD)	% of Net Assets
HONG KONG			
AIA GROUP LTD	100,000	8,425,000	5.23
BANK OF COMMUNICATIONS CO. LTD	400,000	2,372,000	1.47
BOC AVIATION LTD	70,000	4,592,000	2.85
BOC HONG KONG HOLDINGS LTD	50,000	1,537,500	0.95
CHAMPION REAL ESTATE INVESTMENT	525,000	3,417,750	2.12
CHINA AOYUAN GROUP LIMITED	200,000	2,196,000	1.36
CHINA CONSTRUCTION BANK CORPORATION	1,000,000	6,730,000	4.17
CHINA EVERGRANDE GROUP	12,000	262,800	0.16
CHINA GAS HOLDINGS LTD	50,000	1,452,500	0.90
CHINA LESSO GROUP HOLDINGS LTD	500,000	3,140,000	1.95
CHINA LILANG LTD.	82,000	588,760	0.37
CHINA MERCHANTS BANK CO. LTD	160,000	6,232,000	3.87
CHINA OVERSEAS PROPERTY HOLDING	700,000	2,849,000	1.77
CHINA RESOURCES LAND LTD.	100,000	3,440,000	2.13
CNOOC LTD	100,000	1,336,000	0.83
FAR EAST HORIZON LTD.	100,000	799,000	0.50
FUTURE LAND DEVELOPMENT HOLDING	200,000	2,056,000	1.28
GUANGDONG INVESTMENT LTD	200,000	3,092,000	1.92
GUANGZHOU PHARMACEUTICAL CO. LTD	30,000	1,057,500	0.66



INVESTMENT PORTFOLIO (CONTINUED)
AS AT 30 JUNE 2019(UNAUDITED)

GUOTAI JUNAN EQUITY INCOME FUND (CONTINUED)

Investment Portfolio as at 30 JUN 2019

Listed Investment Equities	Holdings	Market Value (HKD)	% of Net Assets
HONG KONG			
YUEXIU TRANSPORT INFRASTRUCTURE LTD	300,000	1,914,000	1.19
HAILILAO INTERNATIONAL HOLDING	50,000	1,632,500	1.01
HENDERSON LAND DEVELOPMENT CO	33,000	1,420,650	0.88
HKT TRUST & HKT LTD	50,000	620,000	0.38
HONG KONG & CHINA GAS CO	385,000	6,668,200	4.14
HONG KONG EXCHANGES AND CLEARING	24,000	6,619,200	4.11
LENOVO GROUP LTD.	300,000	1,815,000	1.13
LI NING CO. LTD.	160,000	2,947,200	1.83
LINK REIT	90,000	8,640,000	5.36
NEW HOLDINGS LTD	30,048	482,571	0.30
PING AN INSURANCE (GROUP) CO.	150,000	14,070,000	8.73
SANDS CHINA LTD	40,000	1,494,000	0.93
SANY HEAVY EQUIPMENT INTERNATIONAL	500,000	1,410,000	0.87
SINO BIOPHARMACEUTICAL LTD.	200,000	1,598,000	0.99
SUNAC CHINA HOLDINGS LTD	45,000	1,728,000	1.07
TENCENT HOLDINGS LTD.	15,000	5,289,000	3.28



INVESTMENT PORTFOLIO (CONTINUED)

AS AT 30 JUNE 2019(UNAUDITED)

GUOTAI JUNAN EQUITY INCOME FUND (CONTINUED)

Investment Portfolio as at 30 JUN 2019

Listed Investment Equities	Holdings	Market Value (HKD)	% of Net Assets
HONG KONG			
VITASOY INTERNATIONAL HOLDINGS	50,000	1,877,500	1.16
WH GROUP LTD	200,000	1,584,000	0.98
YUEXIU REIT	100,000	534,000	0.33
ZHEJIANG EXPRESSWAY CO LTD	250,000	2,057,500	1.28
ZOOMLION HEAVY INDUSTRY SCIENCE	800,000	4,104,000	2.55
UNITED STATES			
ALIBABA GROUP HOLDING LTD	1,500	1,986,378	1.23
NVIDIA CORP	1,000	1,283,457	0.80
TAL EDUCATION GROUP	4,000	1,191,006	0.74
TOTAL INVESTMENT		128,541,972	79.76
TOTAL INVESTMENT, AT COST		113,228,205	



STATEMENT OF ASSETS AND LIABILITIES
FOR THE SIX MONTHS ENDED 30 JUNE 2019

GUOTAI JUNAN GREATER CHINA GROWTH FUND

	30 June	31 December
	2019	2018
	HK\$	HK\$
Assets		
Financial assets at fair value through profit or loss	49,006,566	44,058,259
Dividend receivables	263,500	0
Due from unitholder	45,460	0
Due from brokers	2,145,062	5,994,553
Interest receivables	229	134
Cash and bank balances	10,707,838	9,799,876
Total assets	<u>62,168,655</u>	<u>59,852,822</u>
Liabilities		
Accounts payable and accruals	294,125	298,415
Due to brokers	2,438,992	634,816
Total liabilities	<u>2,733,117</u>	<u>933,231</u>
Equity		
Net assets attributable to unitholders	59,435,538	58,919,591
Total liabilities and equity	<u>62,168,655</u>	<u>59,852,822</u>
	Units	Units
Number of units in issue	<u>695,215.66</u>	<u>755,062.82</u>
	HK\$	HK\$
Net asset value per unit	<u>85.49</u>	<u>78.03</u>



STATEMENT OF ASSETS AND LIABILITIES
FOR THE SIX MONTHS ENDED 30 JUNE 2019

GUOTAI JUNAN EQUITY INCOME FUND

	30 June	31 December
	2019	2018
	HK\$	HK\$
Assets		
Financial assets at fair value through profit or loss	128,541,972	283,605,831
Dividend receivables	799,305	14,850
Due from brokers	9,248,340	48,751,748
Interest receivables	722	617
Cash and bank balances	31,977,819	74,970,976
Total assets	<u>170,568,158</u>	<u>407,344,022</u>
Liabilities		
Financial liabilities at fair value through profit or loss	0	26,200
Other payable and accruals	390,433	732,003
Due to brokers	8,943,400	22,376,207
Total liabilities	<u>9,333,833</u>	<u>23,134,410</u>
Equity		
Net assets attributable to unitholders	161,234,325	384,209,612
Total liabilities and equity	<u>170,568,158</u>	<u>407,344,022</u>
	Units	Units
Number of units in issue	<u>1,454,502.71</u>	<u>3,632,592.69</u>
	HK\$	HK\$
Net asset value per unit	<u>110.85</u>	<u>105.77</u>



DISTRIBUTION DISCLOSURE

RECORD OF DISTRIBUTION FROM 1 JANUARY 2019

GUOTAI JUNAN GREATER CHINA GROWTH FUND

No distribution has been declared for the reported period from 1 January 2019 to 30 June 2019

GUOTAI JUNAN EQUITY INCOME FUND

On 28 June 2019, the Manager declared on behalf of Guotai Junan Equity Income Fund to distribute the interim dividend for 2019 at HKD\$ 2.00 per unit which was paid on 08 July 2019

