

# Guotai Junan Greater China Growth Fund

Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"

Monthly Report - 31 May 2021



## 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 <sup>1</sup>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 <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	42.28	4.77
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	-0.29	8.12

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

<sup>2</sup> Measured as of 31 May 2021

	1 Mth	3 Mths	6 Mths	YTD	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	0.72	-2.89	12.57	4.77	49.62	29.26	83.68
Hang Seng Total Return Index (%)	2.08	1.59	11.78	8.12	31.44	5.82	67.06

## Fund Facts

Manager	Victor Tsang	Last update: 31 May 2021	The performance is measured in NAV-to-NAV in fund currency with net income re-investment
Inception Date	19 Nov 2007	<b>5 Year Performance</b>	
Domicile	Hong Kong		
Trustee & Registrar	HSBC Institutional Trust Services (Asia) Limited	Source: Guotai Junan Assets (Asia) Limited	
Auditor	Ernst & Young Limited	Last update: 31 May 2021	
Dealing Frequency	Daily	The performance is measured in NAV-to-NAV in fund currency with net income re-investment	
Base Currency	Hong Kong Dollar		
NAV	HKD 132.43		
Bloomberg Code	GJGCHGR HK Equity		
ISIN Code	HK0000315355		

## Subscription and Redemption

	Min. Initial Subscription	Subscription Fee	Annual Management Fee	Redemption Fee*
	HKD 10,000	Up to 5%	1.5% p.a.	
				Less than 6 mths
				6 mths or more but less than 12 mths
				12 mths or more but less than 18 mths
				18 mths or more but less than 24 mths
				24 mths or more

\* Redemption fee will be waived for investors who subscribed through nominee account.

## Contact

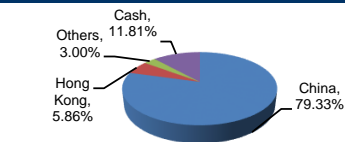
Ms. Helen Cheung  
Phone: (852) 2509 7740  
Fax: (852) 2509 7784

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

## Top Ten Holdings

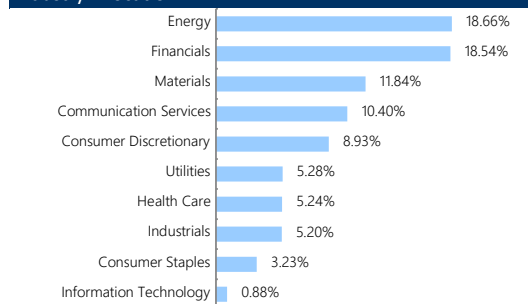
Company	%
Petrochina Co Ltd-H	6.14
China Petroleum & Chemical-H	5.60
Cnooc Ltd	4.08
Sinopec Shanghai Petrochem-H	4.02
China Resources Power Holdin	3.68
China Telecom Corp Ltd-H	3.36
Aia Group Ltd	3.27
China Merchants Bank	3.13
Cansino Biologics Inc-H	3.13
China Bluechemical Ltd - H	3.07

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



<sup>3</sup> Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd.

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



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

## 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 Strategy

The US equity market diverged with the rally of S&P 500 and the Dow and the pullback of the Nasdaq Composite in May. It seemed the divergence between the growth and the value reemerged. According to the FOMC meeting minutes, Fed officials revised up their economic forecast and believed the US economy would continue to recover, thanks to loose monetary policy and aggressive fiscal stimulus. The Fed removed the "substantial" risk description from the statement as the vaccination campaign progressed well and economic conditions improved. As for the unexpected inflation data, the Fed explained the rise in inflation was a temporary condition caused by low-base and supply-side bottlenecks due to shortages of raw materials and labor. In addition, US President Joe Biden has proposed a \$6 trillion budget for fiscal year 2022 that would take the US to its highest sustained levels of federal spending since World War II, including large new investments in education, transportation and fighting climate change. Vaccine wise, more than 50% of US residents received at least one dose of COVID-19 vaccine by the end of May, according to the Centers for Disease Control and Prevention (CDC). We think the Fed will remain accommodative in short-term, and the pace of economic recovery will mainly depend on the vaccination progress and the effectiveness of vaccines against new variants of COVID-19.

China A-share market rallied in May followed the stabilization in April. The CSI300 Index went up by 4.06%, and the ChiNext Index jumped by 7.04% in May. Due to the rising concern on inflation and some market speculation, the National Development and Reform Commission has admonished key enterprises in the bulk commodity sector to rein in market irregularities and keep commodity prices stable. As a result, domestic commodity futures have fallen continuously and short-term inflationary pressure has eased. Considering ongoing Sino-US tension, policy makers formulated further supports to stimulate Chinese domestic demand (Urbanization 2.0, higher disposable income, less inequality), technology innovation (digitalization, big data, AI, 5G), green environment (carbon neutrality), and capital market reform. According to National Health Commission of China, over 661 million doses of vaccine were inoculated nationwide by the end of May. Overall, we remain moderately positive in short-term, and we are cautiously optimistic with the long-term development of Chinese economy. We think certain cyclical names (financials, energy, and telecom operators) will probably outperform in near term on the back of economic recovery and inflation expectation.

Hong Kong economy improved in May. The unemployment rate of HK eased to 6.4% in the February to April period as the COVID-19 cases continued to recede. HK GDP rose by 7.9% YoY in 1Q21, beating market expectations thanks to a low-base and strong export growth, but local consumption remained subdued. Vaccine wise, about 21% of HK residents received at least one dose of COVID-19 vaccine by the end of May. Through the month, the HSI rose by 1.49% to 29,151.80, and the HSTECH decreased by 2.51% to 8,104.35. Looking forward, we think the HK local economy still faces challenges, and we will keep flexible cash level to catch up opportunities from market fluctuations.

In May, Taiwan equity market suffered huge volatilities due to the resurgence of COVID-19 cases. Looking forward, although geopolitical uncertainties and the pandemic may affect the development of Taiwan, we are optimistic with Taiwan market in long run. 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. In addition, the shortage of chips push the price higher, which is beneficial to foundries. Consequently, this will benefit the whole Taiwan tech supply chain and the tech dominated TAIEX Index.

## Disclaimer

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