

Guotai Junan Greater China Growth Fund

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

Monthly Report - 31 Oct 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 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 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 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
Dealing Frequency Daily
Base Currency Hong Kong Dollar
NAV HKD 129.43
Bloomberg Code GJGCHGR HK Equity
ISIN Code HK0000315355

Fund Performance (Class A)

Calendar Year Performance	2008 ¹	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 ²
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	2.40
Hang Seng Total Return Index (%) ³	-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	-4.47

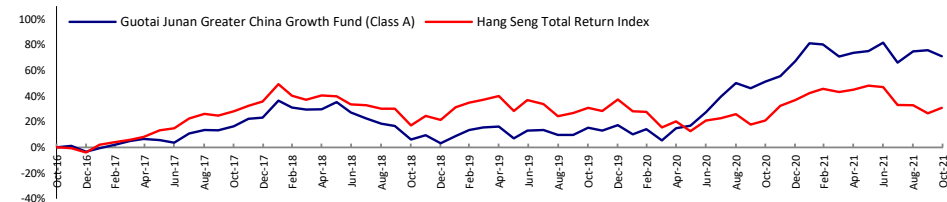
1. Calculated since 1 Jan 2008 2. Measured as of 31 Oct 2021
 3. A reference index for comparative purposes only

Cumulative Performance	1 Mth	3 Mths	6 Mths	YTD	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	-2.67	3.07	-1.56	2.40	13.11	61.28	71.05
Hang Seng Total Return Index (%) ³	3.27	-1.64	-9.80	-4.47	8.03	11.56	30.77

Last update: 31 Oct 2021

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 Oct 2021

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

Subscription and Redemption

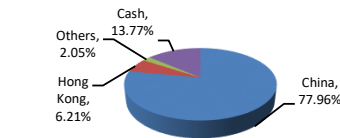
Min. Initial Subscription HKD 10,000
Subscription Fee Up to 5%
Annual Management Fee 1.5% p.a.
Redemption Fee*
 Less than 6 mths 1%
 6 mths or more but less than 12 mths 0.75%
 12 mths or more but less than 18 mths 0.50%
 18 mths or more but less than 24 mths 0.25%
 24 mths or more Waived
 *Please refer to the Explanatory Memorandum for fee details

Top Ten Holdings⁴

Company	%
Petrochina Co Ltd-H	7.24
China Mobile Ltd	6.50
China Petroleum & Chemical-H	5.88
China Telecom Corp Ltd-H	5.78
Cnooc Ltd	5.70
Guangdong Investment Ltd	4.72
Ck Hutchison Holdings Ltd	4.28
China Merchants Bank	4.04
Anhui Conch Cement Co Ltd-H	3.50
Chinasoft International Ltd	3.26

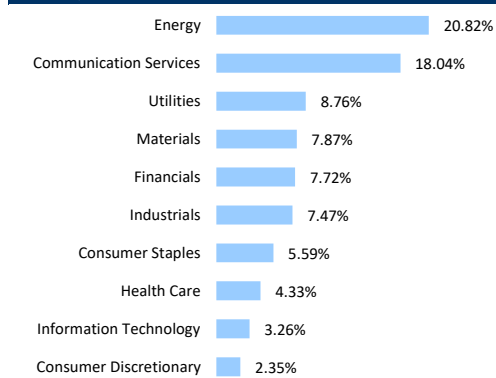
4. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd.

Exposure by Major Revenue Source⁵



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

Industry Allocation⁶



6. 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 Strategy

In October, despite disappointing economic data, US equity market hit historical high on the back of stabilized COVID-19 condition and better economic outlook. The annualized US 3Q21 GDP was 2% QoQ, well below market forecasts of 2.7%, the weakest growth since the re-opening of economy. The US 10-year Treasury yield hovered around 1.5% to 1.6% level during the month, as investors remained cautious ahead of the November FOMC meeting. Policymakers are expected to announce a tapering amid concerns over inflationary pressure, while markets have already priced in a 90% chance of quarter-point tightening by mid-2022. Besides, the US House of Representatives gave final approval to legislation temporarily raising the government's borrowing limit to US\$28.9 trillion, pushing off the deadline for debt default only until December. The new oral antiviral medicine Molnupiravir by Merck and Ridgeback offers a glimmer of hope to further economic recovery, whereas potential risks of side effects (tumorigenesis and detrimental mutations) need to be evaluated carefully. Overall, the pace of economic recovery will mainly depend on policy supports and the effectiveness of vaccines and medicines against new variants of COVID-19.

In October, A-share market still suffered high volatilities due to Evergrande saga, regulatory uncertainties, and the COVID-19. The CSI300 Index edged up by 0.87%, and the ChiNext Index climbed by 3.27%. China 3Q21 GDP growth rate was 4.9% YoY, missing market estimate of 5.2%, dragged by the resurgence of local COVID-19 cases and natural disasters. On Oct 23, the Standing Committee of the National People's Congress (NPC) adopted a decision to authorize the State Council to pilot property tax reforms in certain regions. The five-year pilot program includes all types of residential and non-residential property in pilot areas, and more details would be announced later. Meanwhile, the PBOC has asked banks to maintain steady and orderly supply of mortgage and property developer loans. Vaccine wise, people in many areas began to inoculate the booster shot/third dose of COVID-19 vaccines. Looking forward, we expect policymakers to make cross-cyclical adjustments to macro policies and maintain continuity, stability, and sustainability. We tend to be patient in short-term, and we are cautiously optimistic with the long-term development of Chinese economy. We think certain cyclical names (energy, telecom operators) will continue outperforming on the back of demand recovery and inflation expectation.

Hong Kong equity market rebounded a bit after a disastrous third quarter. Investors' concern were still focusing on regulatory uncertainties and the ripple effect of Evergrande. The HSI went up by 3.26% to 25,377.24, and the HSTECH rallied by 4.5% to 6,375.85. The unemployment rate fell to 4.5% in the July to September period, the lowest jobless rate since 1Q20. Retail sales rose 4.7% YoY in September, slowed from a 10% increase in the previous month. The Chief Executive Carrie Lam outlined a far-reaching proposal to transform northern Hong Kong into a metropolis covering about 300 square kilometers in her policy address on October 6th. Vaccine wise, about 68% of HK residents received at least one dose of COVID-19 vaccine by the end of October. 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.

Taiwan equity market rebounded slightly on better economic condition in October, while geopolitical uncertainties still hovered. TSMC announced it would not leak sensitive client information in response to US transparency requests. 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 the whole Taiwan tech supply chain and the tech dominated TAIEX Index.

Disclaimer

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