

Guotai Junan Greater China Growth Fund

Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"

Monthly Report - 31 Dec 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 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	-6.01
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	-11.83

1. Calculated since 1 Jan 2008 2. Measured as of 31 Dec 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 (%)	-2.50	-10.66	-13.52	-6.01	-6.01	52.25	62.45
Hang Seng Total Return Index (%) ³	-0.31	-4.69	-17.92	-11.83	-11.83	-0.62	25.62

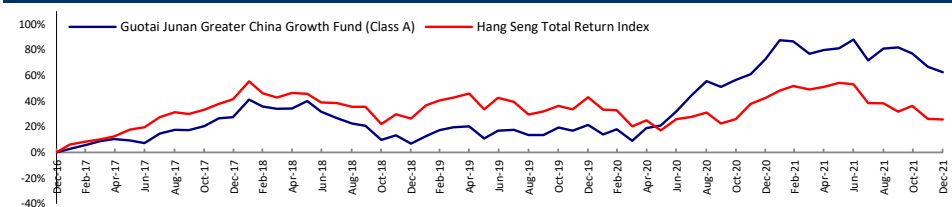
Fund Facts

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 118.8
Bloomberg Code GJGCHGR HK Equity
ISIN Code HK0000315355

Last update: 31 Dec 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 Dec 2021

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

Subscription and Redemption

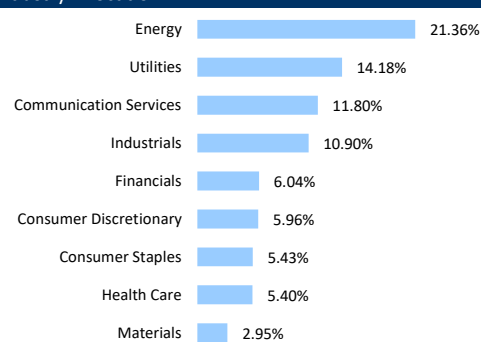
Min. Initial Subscription HKD 10,000
Subscription Fee Up to 5%
Annual Management Fee 1.5% p.a.
Redemption Fee*
 Less than 6 mths 1%
 6 mths or more but less than 12 mths 0.75%
 12 mths or more but less than 18 mths 0.50%
 18 mths or more but less than 24 mths 0.25%
 24 mths or more Waived
 *Please refer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

Top Ten Holdings⁴

Company	%
Petrochina Co Ltd	7.26
China Petroleum & Chemical Cor	6.07
Cnooc Ltd	5.79
Guangdong Investment Ltd	5.18
China Telecom Corporation Ltd.	4.87
Avichina Industry & Tecnology	4.51
China Merchants Bank Co. Ltd	4.05
China Mobile Ltd.	3.91
Techtronic Industries Co Ltd	3.89
Kulun Energy Company Limited	3.82

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

Industry Allocation⁶



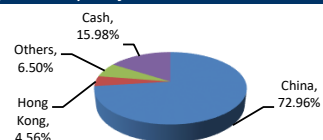
6. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd, based on the Global Industry Classification Standard.

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

Exposure by Major Revenue Source⁵



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

Market Outlook and Investment Strategy

Despite disappointing economic data, US equity market rebounded in December thanks to the "Santa Claus rally". The 10-yr US Treasury yield walked a V-shape and stood around 1.5% level. The 39-year high inflation indicates quicker tapering and rate hikes are probably on the way, which will be discussed in December FOMC meeting according to Fed Chair Powell. The acceleration of tightening may intensify equity market volatility. Pandemic wise, the unexpected emergence of the highly infectious Omicron variant led to a spike in market volatility in the beginning of the month. US daily COVID-19 cases skyrocketed to historical highs towards the month-end, while the panic was alleviated as data from South Africa and the UK indicated a lower risk of severity and death. Meanwhile, the FDA has issued an emergency use authorization (EUA) for Pfizer's COVID-19 oral pill for the treatment of mild-to-moderate COVID-19 in adults and pediatric patients, which offers a glimmer of hope to the reopening theme. Looking forward, although the WHO forecasts the pandemic will end in 2022, there's still a long way to go. The pace of US economic recovery will mainly depend on policy supports and the effectiveness of remedies against COVID-19 variants.

A-share market was quite volatile as concerns on property developers and regulatory uncertainties still hovered. In December, the CSI300 Index climbed by 2.24%, while the ChiNext Index retreated by 4.95%. Economic condition was largely stable despite local resurgence of COVID-19. Xi'an was locked down before Christmas amid China's worst local outbreak since the first time in Wuhan. Ningbo also tightened COVID-19 restrictions as new cases were reported. Policy wise, the PBOC announced to cut reserve requirement ratio by 0.5% for the second time this year to boost economic growth amid growing headwinds; the 1-yr LPR was also down 5bps while the 5-yr LPR was unchanged. Moreover, policy makers issued a notice to encourage banking financial institutions to provide financial support and services for mergers and acquisitions of key real estate enterprises to dissolve risks, alleviating some worries on the sector. Looking forward, ensuring stability is the top priority for 2022 economic work to counteract the effects of a housing market slowdown and external challenges. We are cautiously optimistic with the long-term development of Chinese economy, and we think certain cyclical (energy, materials, property-related) names will outperform in short-term on the back of inflation expectation and sector rotation.

Hong Kong equity market remained weak in December. The HSI slid by 0.33% to 23,397.67, and the HSTECH tumbled by 5.93% to 5,670.96. Investors' concern were still focusing on regulatory uncertainties and the ripple effect of Evergrande. The unemployment rate fell to 4.1% in the September to November period, the lowest jobless rate since 1Q20. Retail sales rose 4.2% YoY in November, the tenth straight month of recovery. The negotiation of quarantine exemption with mainland was paused, probably due to sporadic COVID-19 outbreaks. Vaccine wise, the third dose injection of COVID-19 vaccine is in progress. Looking forward, we think HK local economy still faces uncertainties, and we will keep flexible cash level to catch up opportunities from market fluctuations. The valuation of certain quality names has gradually become attractive, in our view.

Taiwan equity market attained historical-high on better economic condition in December. 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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