

# Guotai Junan Greater China Growth Fund

Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"

Monthly Report - 31 Jan 2022



## 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 120.34  
**Bloomberg Code** GJGCHGR HK Equity  
**ISIN Code** HK0000315355

## 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

## Contact

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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 January, US equity market experienced huge volatility on the back of accelerating tightening expectation. The soaring inflation indicates quicker tapering and rate hikes are probably on the way. The 10-yr US Treasury yield soared from 1.5% to a high of 1.87%, triggering rounds of selloffs, particularly in those long duration growth stocks. Coupled with rising oil and gas prices, energy and financial names significantly outperformed the rest of the market. From January FOMC meeting minutes, it can be inferred that the Fed may have to aggressively tighten monetary policy beginning in March to combat persisting inflation pressures. Pandemic wise, the number of new daily cases in the US skyrocketed to historical highs, exceeding 1 million cases per day. Though the highly contagious Omicron variant generally produced milder symptoms than previous strains, officials said the pandemic was not over, and many healthcare systems still struggled to take care of patients. The FDA has issued an emergency use authorization (EUA) for Pfizer's and Merck's COVID-19 oral pills for the treatment of mild-to-moderate COVID-19 in adults and pediatric patients, which offered a glimmer of hope to the reopening of the economy. 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 also quite volatile as worries on liquidity tightening, property developers, and regulatory uncertainties in some sectors still hovered. In January, the CSI300 Index tumbled by 7.62%, while the ChiNext Index slumped by 12.45%. The resurgence of local COVID-19 cases grew rapidly ahead of the Lunar New Year holidays and Beijing Winter Olympics, putting pressure on economic activities. Policy wise, followed the RRR and 1-yr LPR cut in December, the PBOC announced to cut the 1-yr LPR by 10bps and 5-yr LPR by 5bps in January to further boost economic growth amid growing headwinds. Looking forward, ensuring stability is the top priority for 2022 economic work to counteract the effects of an internal slowdown and external challenges. We are cautiously optimistic with the long-term development of Chinese economy, and we think certain cyclical (energy, materials, financials) names will continue outperforming in short-term on the back of inflation expectation and sector rotation.

Hong Kong equity market rebounded in January, mainly driven by energy and financials. The HSI rose by 1.73% to 23,802.26, while the HSTECH dropped by 4.49% to 5,416.29. Investors' concern was focusing on higher US Treasury yield, regulatory uncertainties and the ripple effect of Evergrande. The unemployment rate continued going down to 3.9% in the fourth quarter, the lowest jobless rate since February 2020. Retail sales rose 3.4% YoY in December, the eleventh straight month of recovery. Pandemic wise, HK reported over 100 daily COVID-19 cases with officials worried about invisible transmission among communities. Consequently, stricter quarantine measures were implemented, and the progress of third dose vaccine injection was accelerated. Looking forward, we think HK local economy still faces some 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 pulled back in January after hitting a record high 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 pushes the price higher, which is beneficial to the whole Taiwan tech supply chain and the tech dominated TAIEX Index.

## Disclaimer

The information and data contained in this document is for reference only and does not constitute investment advice, or an offer to sell, or a solicitation of an offer to buy any security, investment product or service.

Certain data in this document has been obtained from third parties. Guotai Junan Assets (Asia) Limited has taken its best endeavour to ensure the accuracy of such data, and in good faith believes it is reliable, and however does not guarantee the accuracy of such data.

Investment involves risk. The prices of units may go up as well as down. Past performance is not indicative of future performance. Please refer to the Explanatory Memorandum for details including risk factors.

This document is issued by Guotai Junan Assets (Asia) Limited and has not been reviewed by the Securities and Futures Commission.

## Fund Performance (Class A)

| Calendar Year Performance                     | 2008 <sup>1</sup> | 2009  | 2010  | 2011   | 2012  | 2013  | 2014 | 2015  | 2016  | 2017  | 2018   | 2019  | 2020  | 2021   |
|---|-------------------|-------|-------|--------|-------|-------|------|-------|-------|-------|--------|-------|-------|--------|
| 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 | -6.00  |
| Hang Seng Total Return Index (%) <sup>2</sup> | -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 |

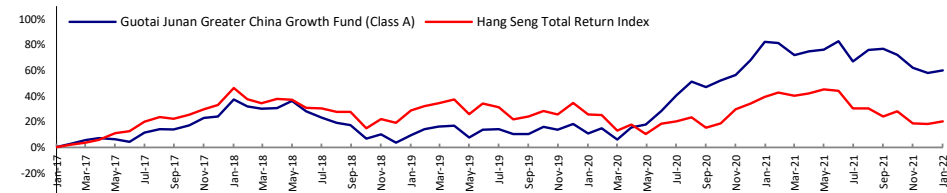
1. Calculated since 1 Jan 2008 2. Measured as of 31 Jan 2022  
 3. A reference index for comparative purposes only

| Cumulative Performance                        | 1 Mth | 3 Mths | 6 Mths | YTD <sup>2</sup> | 1 Yrs  | 3 Yrs | 5 Yrs |
|---|-------|--------|--------|------------------|--------|-------|-------|
| The Fund (%)                                  | 1.29  | -7.02  | -4.17  | 1.29             | -12.15 | 46.19 | 60.03 |
| Hang Seng Total Return Index (%) <sup>3</sup> | 1.73  | -6.11  | -7.65  | 1.73             | -13.64 | -6.51 | 20.35 |

Last update: 31 Jan 2022

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 Jan 2022

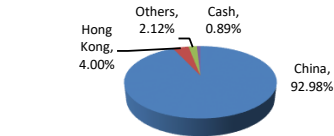
The performance is measured in NAV-to-NAV in fund currency with net income re-investment

## Top Ten Holdings<sup>4</sup>

| Company                        | %    |
|--------------------------------|------|
| Petrochina Co Ltd              | 8.01 |
| China Petroleum & Chemical Cor | 6.75 |
| Cnooc Ltd                      | 6.68 |
| China Telecom Corporation Ltd. | 5.45 |
| China Merchants Bank Co. Ltd   | 5.37 |
| Postal Savings Bank Of Chi-H   | 5.35 |
| Haier Smart Home Co Ltd        | 4.34 |
| Kulun Energy Company Limited   | 4.16 |
| Pacific Basin Shipping Ltd     | 4.00 |
| Netease Inc                    | 3.84 |

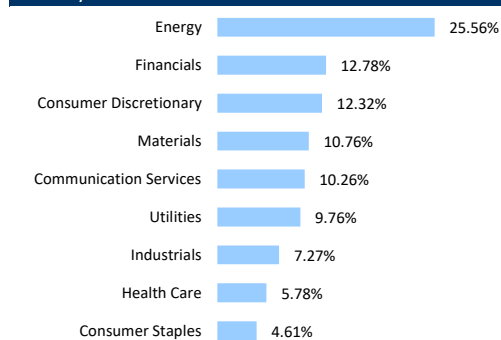
4. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd.

## Exposure by Major Revenue Source<sup>5</sup>



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

## Industry Allocation<sup>6</sup>



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