

Guotai Junan Greater China Growth Fund

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



Monthly Report - 31 May 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 Performance (Class A)

| Calendar Year Performance | 2008 ¹ | 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 (%) ² | -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 May 2022
3. A reference index for comparative purposes only

| Cumulative Performance | 1 Mth | 3 Mths | 6 Mths | YTD ² | 1 Yrs | 3 Yrs | 5 Yrs |
|---|-------|--------|--------|------------------|--------|--------|-------|
| The Fund (%) | 2.02 | -10.95 | -10.71 | -8.43 | -17.84 | 34.21 | 36.05 |
| Hang Seng Total Return Index (%) ³ | 2.15 | -4.81 | -7.88 | -7.59 | -24.64 | -13.10 | -1.49 |

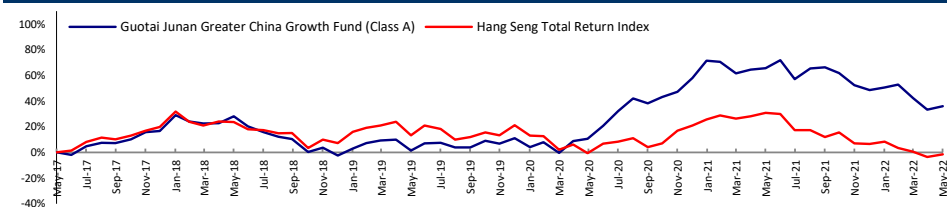
Fund Facts

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 108.8
Bloomberg Code GJGCHGR HK Equity
ISIN Code HK0000315355

Last update: 31 May 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 May 2022

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

Subscription and Redemption

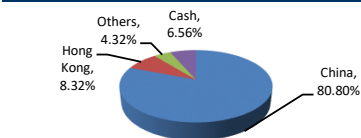
Min. Initial Subscription HKD 10,000
Subscription Fee Up to 5%
Annual Management Fee 1.5% p.a.
Redemption Fee*
 Less than 6 mths 1%
 6 mths or more but less than 12 mths 0.75%
 12 mths or more but less than 18 mths 0.50%
 18 mths or more but less than 24 mths 0.25%
 24 mths or more Waived
 *Please refer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

Top Ten Holdings⁴

| Company | % |
|--------------------------------|------|
| Cnooc Ltd | 8.70 |
| Petrochina Co Ltd | 7.10 |
| China Mobile | 6.03 |
| China Telecom Corporation Ltd. | 5.54 |
| Cheung Kong Infrastructure Hol | 4.90 |
| Postal Savings Bank Of Chi-H | 4.34 |
| China Longyuan-H | 4.02 |
| China Merchants Bank Co. Ltd | 3.97 |
| China Bluechemical Ltd. | 3.84 |
| Aia | 3.53 |

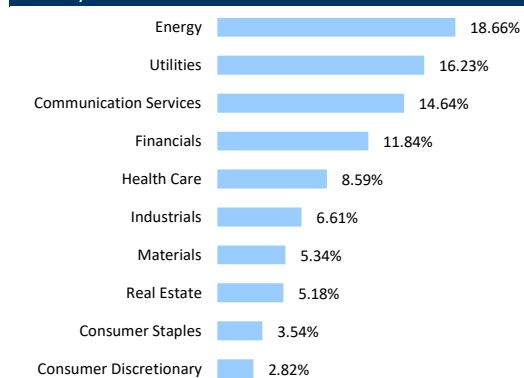
4. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd.

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

US equities stabilized in the second half of May after the dive in April, while volatility stood at high level. Russian President Vladimir Putin said Moscow was open to resume dialogue with Ukraine, according to the Kremlin. EU leaders agreed a partial embargo of Russian oil imports which would take effect by the end of this year. The progress of the Russia-Ukraine conflict still remained highly uncertain, which disrupted global energy supply chain and fueled the inflationary pressure. Energy was one of the best performing sectors in May amid higher prices. In the May FOMC meeting, the Fed raised the federal funds rate by 50bps and would start the Balance Sheet reduction on June. Moreover, the Fed officials stressed similar hikes would be necessary in the next several meetings to tackle rising inflation, and policies might move from neutral to a restrictive stance depending on the evolving economic outlook. Pandemic wise, the daily new cases rose significantly due to the widespread of new Omicron subvariant BA.2.12.1. Meanwhile, experts found another two subvariants BA.4 and BA.5 were also gaining ground in the US. Looking forward, escalating inflation and evolving COVID variants will continue to weigh on the US economy. The pace of economic recovery will largely depend on policy supports and the disruptions of COVID condition.

Followed the sharp selloff in April, A-share market posted a modest rebound in May. The CSI300 Index rose by 1.87% and the ChiNext Index climbed by 3.71%. April's economic data were quite disappointing, while the official PMI numbers in May improved month-on-month. As new COVID cases declined and several supportive policies were published, concerns over lockdowns eased gradually and the reopening theme rebounded towards the month end. Given the challenging macro environment, policymakers announced a package of stimulus measures, including tax relief, fee reductions, hand out consumption vouchers, and defer social security premiums etc. Moreover, the PBOC surprisingly cut the 5-yr loan prime rate (LPR) by 15bps to 4.45%, the largest cut on record, aiming to stimulate the weak mortgage demand. Looking forward, ensuring stability is the top priority for 2022 economic work to counteract an internal slowdown and external challenges. We expect more practical loosening measures to support the real economy as we approach the 20th Party Congress in November. We are cautiously optimistic with the long-term development of Chinese economy, and we think certain cyclical (energy, materials) names will continue outperforming in short-term.

Hong Kong equity market experienced a V-shaped rebound as optimism overweighed in the second half of May. The HSI went up by 1.54% and the HSTECH edged up by 0.26%. HK 1Q22 GDP contracted by 4.0% YoY, mainly due to stringent lockdown measures to curb the Omicron outbreak. The seasonally adjusted unemployment rate rose to 5.4% in the three months ending April. On positive side, retail sales rebounded by 8.1% YoY in April after two consecutive months of decline, amid receding COVID cases and the issuance of the first batch consumption vouchers. Both imports and exports recorded YoY recovery in April, also attribute to improving pandemic condition. In addition, China Vice Premier Liu He emphasized to support the healthy development of the platform economy and the private sector, as well as oversea listings, which led to a rally in the Internet sector. Looking ahead, we think HK local economy will recover more or less given multiple stimulating measures, while the equity market may continue to consolidate in short term. It takes time for both the real economy and investors' confidence to recover. We will be patient and prudent to catch up opportunities from irrational selloffs. The valuation of certain quality names has become attractive, in our view.

Disclaimer

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