

# Guotai Junan Greater China Growth Fund

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



## Monthly Report - 30 Jun 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 <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 30 Jun 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 (%)	-3.79	-8.05	-11.89	-11.89	-23.80	22.42	33.44
Hang Seng Total Return Index (%) <sup>3</sup>	3.01	0.89	-4.81	-4.81	-21.87	-16.10	0.05

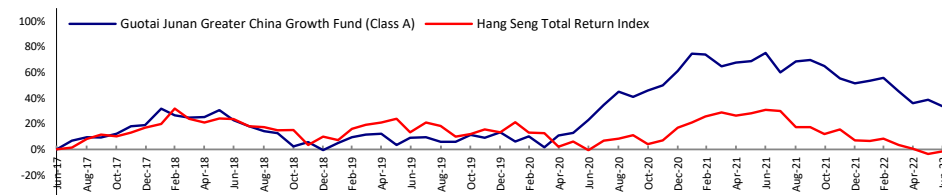
### Fund Facts

**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 104.68  
**Bloomberg Code** GJGCHGR HK Equity  
**ISIN Code** HK0000315355

Last update: 30 Jun 2022

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

### 5 Year Performance



Source: Guotai Junan Assets (Asia) Limited

Last update: 30 Jun 2022

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

### Subscription and Redemption

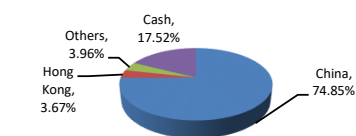
**Min. Initial Subscription** HKD 10,000  
**Subscription Fee** Up to 5%  
**Annual Management Fee** 1.5% p.a.  
**Redemption Fee\***  
 Less than 6 mths 1%  
 6 mths or more but less than 12 mths 0.75%  
 12 mths or more but less than 18 mths 0.50%  
 18 mths or more but less than 24 mths 0.25%  
 24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

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

Company	%
Cnooc Ltd	7.54
Petrochina Co Ltd	6.56
China Mobile	6.07
China Telecom Corporation Ltd.	5.51
Postal Savings Bank Of Chi-H	4.82
Cheung Kong Infrastructure Hol	4.67
China Merchants Bank Co. Ltd	4.34
Aia	3.86
China Longyuan-H	3.76
China Bluechemical Ltd.	3.73

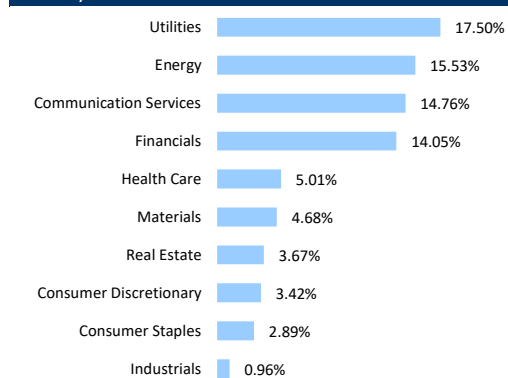
4. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd.

### 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.

### 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

US equities slumped in June as investors began to price in further rate hikes and rising recession risk. According to the communique of the NATO summit in Madrid, the NATO has officially invited Sweden and Finland to join the military alliance and condemned Russia's invasion as "a blatant violation of international law". The progress of the Russia-Ukraine conflict still remained highly uncertain, which disrupted global energy supply chain and fueled the inflationary pressure. The US inflation rate unexpectedly accelerated to 8.6% in May, the highest since December 1981. In the June FOMC meeting, the Fed raised the federal funds rate by 75bps, the biggest hike since 1994, with an indication of another 50 or 75 bps hike at the next meeting. Meanwhile, policymakers stressed their overarching focus was to curb inflation to the 2% long-term goal. Despite recession concerns, they were willing to accept the price of a slowing economy in order to tame inflation. Pandemic wise, the daily new cases stood around 100k with growing hospitalizations as the subvariant BA.5 has outcompeted its peers to be the dominant in the US. It has three key mutations in its spike protein which make it more transmissible and immune-evading. 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 disruption from COVID.

A-share rallied as prolonged lockdowns were lifted in major cities in the beginning of June. The CSI300 Index rose by 9.62% and the ChiNext Index soared by 16.86%. Several macro indicators began to pick up thanks to the reopening, especially the official service PMI (from 47.8 in May to 54.7 in June). More importantly, authorities have calibrated the zero-COVID policy by halving the number of quarantine days for inbound visitors as well as removing asterisk symbol in the digital travel pass. Moreover, the latest pandemic guidelines highlighted standardizing COVID containment measures to avoid excessive local restrictions, which boosted investor expectation on further reopening. Looking forward, we expect dynamic adjustments in quarantine measures to mitigate the COVID disruption on economic activities. 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. We are cautiously optimistic with the long-term development of Chinese economy.

Hong Kong equity market extended the rebound in June, mainly driven by optimism from the reopening and easing regulatory concerns on certain sectors. The HSI went up by 2.08% and the HSTECH jumped by 8.62%. Economic data were quite disappointing in general. Retail sales declined 4.9% YoY in May after a recovery in April; export also shrank by 1.4% YoY in May amid worsening economic prospects. Pandemic wise, the number of daily new cases rebounded steadily towards the month end, implying another wave of outbreak might come soon. Looking ahead, we think HK local economy will suffer from the aftermath of Omicron outbreak, and the equity market may 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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