

Guotai Junan Greater China Growth Fund

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



Monthly Report - 31 Jul 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 Jul 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 (%)	-4.82	-6.58	-17.21	-16.14	-20.66	15.97	18.82
Hang Seng Total Return Index (%) ³	-7.32	-2.48	-13.28	-11.78	-19.92	-20.43	-13.05

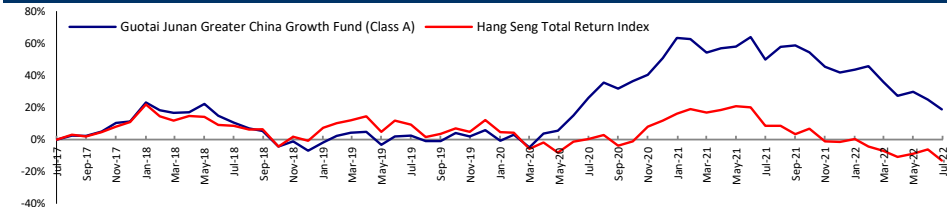
Fund Facts

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 99.63
Bloomberg Code GJGCHGR HK Equity
ISIN Code HK0000315355

Last update: 31 Jul 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: 31 Jul 2022

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

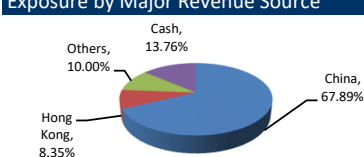
Subscription and Redemption

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 Holdings⁴

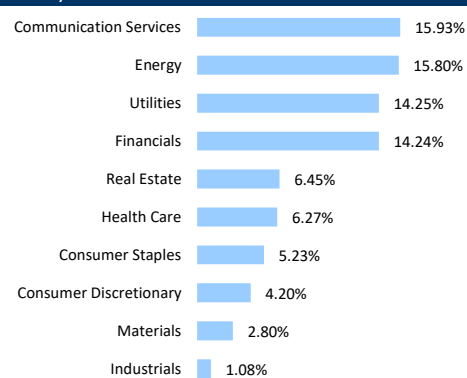
Company	%
Petrochina Co Ltd-H	8.03
Cnooc Ltd	7.76
China Mobile Ltd	6.56
China Telecom Corp Ltd-H	5.94
Ck Infrastructure Holdings L	5.09
Ck Asset Holdings Ltd	4.39
Postal Savings Bank Of Chi-H	4.28
China Merchants Bank-H	3.73
Wuxi Biologics C	3.69
China Unicom Hong Kong Ltd	3.43

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

Led by growth stocks, US equities rebounded in July as market sentiment was lifted by receding inflation and recession worries. On the geopolitical front, Russia and Ukraine remained in a stalemate. After Russia announced to reduce gas supplies, European gas prices spiked on fears of gas supply scarcity. 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 further accelerated to 9.1% in June, above market expectation, the highest since November 1981. US Q222 GDP contracted by 0.9%, below consensus and technically entering a recession. In the July FOMC meeting, the Fed raised the federal funds rate by 75 basis points (bps) to a range of 2.25% to 2.50%, the second 75bps hike in a row to tamp down soaring inflation. Other than reemphasizing the commitment to curb inflation to the 2% long-term goal, Powell mentioned the pace of tightening might relent while assessing how cumulative policy adjustments were affecting the economy and inflation. COVID wise, the average daily new cases rose to around 120k by the end of July, mainly driven by the dominant strain BA.5. It has three key mutations in its spike protein which make it more transmissible and immune-evading. Going 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 pandemic disruption.

In July, A-share was quite volatile amid growing concerns on renewed lockdowns, rising geopolitical tension, and the ripple effect of mortgage boycott. The CSI300 Index slumped by 7.02% and the ChiNext Index retreated by 4.99%. Macro data were generally disappointing. China Q222 GDP growth was 0.4% YoY, missing market expectation. The NBS official manufacturing PMI fell to 49 in July, below the breakeven level; service PMI also declined to 53.8 in July, as sporadic COVID lockdowns negatively affected economic activities. In the middle of the month, a rapidly rising number of homebuyers from different provinces announced to stop mortgage repayment on unfinished residential projects, stoking fears that the crisis would cause domino effects from the property sector to the broader financial system. Consequently, share price of banks and private property developers tumbled. To restore market confidence, the CBIRC have instructed banks and asset management companies to coordinate with local governments and related property developers to deal with the issue properly. 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. Considering the property downturn, we expect more practical loosening measures and a mild recovery in the rest of the year. We are cautiously optimistic with the long-term development of Chinese economy.

Similar to A-share, Hong Kong equity market retreated significantly in July. The HSI went down by 7.79% and the HSTECH slumped by 11.07%. Recent economic data were lackluster. According to preliminary estimation, Hong Kong Q222 GDP shrank by 1.4% YoY, below analysts' forecast of +0.6%, mainly attribute to weak exports. Retail sales declined by 4.1% YoY in June, while government officials claimed the upcoming disbursement of Phase II consumption vouchers would help support consumption. Pandemic wise, the number of daily new cases continued rising steadily towards the month end, implying another wave of outbreak might come soon. Looking ahead, we think the local economy will suffer from worsening economic prospects and weakening demand, and the equity market may consolidate in short term. It takes time for both the real economy and investors' confidence to restore. 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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