Guotai Junan Greater China Growth Fund

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

Monthly Report - 31 Aug 2022

國泰君安資產管理(亞洲)
GUOTAI JUNAN ASSETS (ASIA)

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 98.88
Bloomberg Code	GJGCHGR HK Equity
ISIN Code	HK0000315355

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 (%) [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

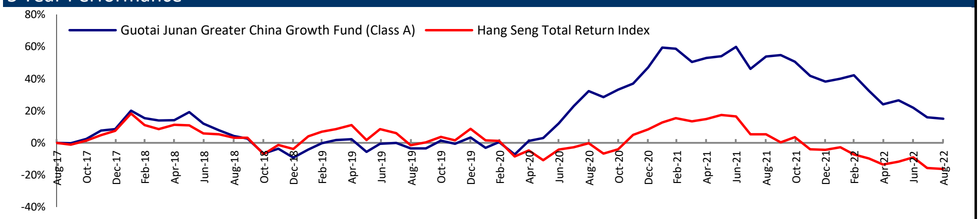
1. Calculated since 1 Jan 2008 2. Measured as of 31 Aug 2022

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 (%)	-0.75	-9.12	-19.07	-16.77	-25.24	19.10	15.03
Hang Seng Total Return Index (%) [3]	-0.78	-5.27	-9.83	-12.47	-20.50	-15.05	-16.29

Last update: 31 Aug 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 Aug 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

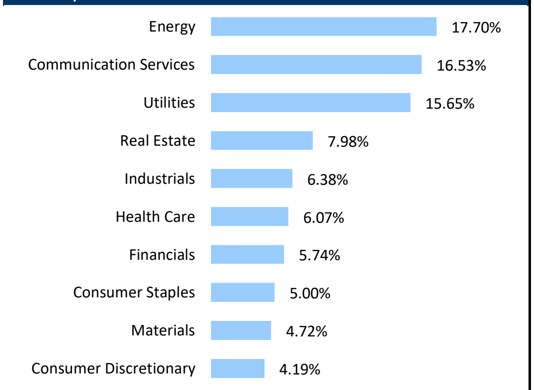
*Please refer to the Explanatory Memorandum for fee details

Top Ten Holdings[4]

	%
Cnooc Ltd	8.87
Petrochina Co Ltd-H	8.83
China Mobile Ltd	7.02
China Telecom Corp Ltd-H	5.96
Ck Infrastructure Holdings L	5.00
Ck Asset Holdings Ltd	4.25
China Resources Power Holdin	3.66
China Unicom Hong Kong Ltd	3.55
Huaneng Power Intl Inc-H	2.86
Aia Group Ltd	2.79

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

Industry Allocation[6]



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

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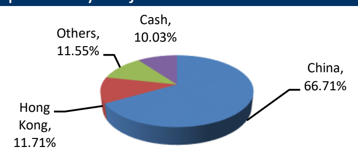
^The Fund is approved as Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme" of HKSAR

Exposure by Major Revenue Source[5]



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

Market Outlook and Investment Strategy

US equities retreated in August as investors worried about further rate hikes and rising recession risk. On the geopolitical front, European natural gas prices skyrocketed as Russia planned to halt the natural gas supply to Europe by the end of August. 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 was 8.5% in July, below market forecasts of 8.7%. The 10-yr US Treasury yield climbed from 2.64% to 3.13% in August, hurting the valuation of growth stocks. Fed Chair Powell emphasized the Fed would not hesitate to raise interest rates, even if it brought an economic slowdown. He also highlighted lower inflation was welcomed, but one-month improvement was simply not enough for the Fed to judge whether the inflation turned into a downward trend. Consequently, the market projected a higher chance of another 75 basis points (bps) hike in September. COVID wise, the condition was getting better in general as the average daily new cases declined by the end of August. Going forward, high 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.

A-share continued to consolidate on the back of renewed lockdown, power rationing due to the worst heatwaves in decades, as well as depreciating CNY. The CSI300 Index went down by 2.19% and the ChiNext Index retreated by 3.75%. Macro data remained weak. The official NBS Manufacturing PMI was 49.4 in August, the second straight month of contraction; the service PMI declined to a three-month low of 52.6 in August, reflecting renewed COVID curbs and power shortage. Provinces including Chongqing and Sichuan were struggling with crop losses and electricity rationing caused by extreme hot weather. The PBOC cut the 1-yr loan prime rate (LPR) by 5bps and the 5-yr LPR by 15 bps to boost the economy. Moreover, the State Council outlined a 19-point policy package adding another 300 billion yuan to state policy banks' investment in infrastructure projects, and 500+ billion yuan special bonds to local governments. Policymakers have reiterated they wouldn't flood the economy with excessive stimulus. Looking forward, we think lockdown will continue to disrupt economic activities in short term. 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 with a mild recovery. We are cautiously optimistic with the long-term development of Chinese economy.

Similar to A-share, Hong Kong equity market consolidated in August. The HSI edged down by 1% and the HSTECH slid by 1.33%. Economic data were lackluster. HK 2Q22 GDP contracted by 1.3% YoY, and the government revised down the full-year growth forecast to between 0.5% and -0.5% (from between 1% and 2%), indicating a deteriorating growth outlook. Retail sales rose 1% YoY in July, while imports and exports slumped by 9.9% and 8.9% respectively. On the geopolitical front, the US and China reached an agreement over the auditing of US-listed Chinese companies, which allows US accounting officials to review the audit papers of those Chinese ADRs. Related names rebounded on the back of this event. Looking ahead, we think HK local economy will suffer from worsening economic prospects and weakening demand, and the equity market may continue to 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.