# Guotai Junan Greater China Growth Fund

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

Monthly Report - 31 Mar 2023

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 101.57 |
| Bloomberg Code | GJGCHGR HK Equity |
| ISIN Code | HK0000315355 |

## Fund Performance (Class A)

| Calendar Year Performance | 2009 [1] | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| The Fund (%) | 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 | -19.49 |
| Hang Seng Total Return Index (%) [3] | 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 | -12.54 |

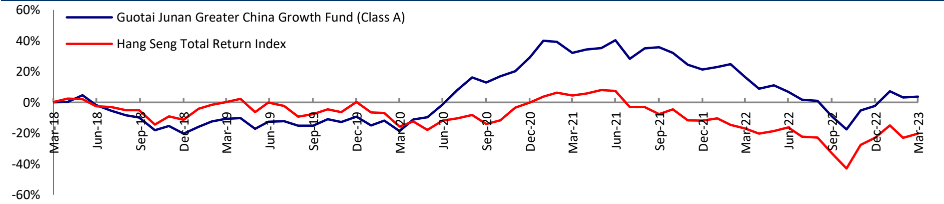
1. Calculated since 1 Jan 2008 2. Measured as of 31 Mar 2023

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 (%) | 0.54 | 6.19 | 14.20 | 6.19 | -10.78 | 27.39 | 3.77 |
| Hang Seng Total Return Index (%) [3] | 3.48 | 3.51 | 19.07 | 3.51 | -4.05 | -5.39 | -20.25 |

Last update: 31 Mar 2023 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 Mar 2023

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 |

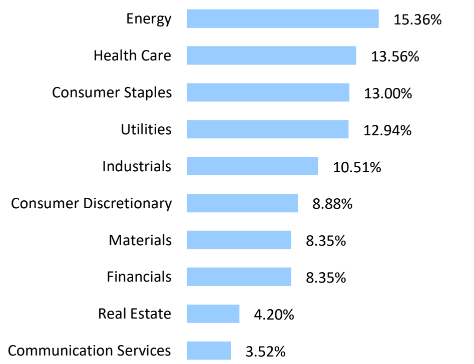
*Please refer to the Explanatory Memorandum for fee details

## Top Ten Holdings[4]

| Top Ten Holdings | % |
|---|---|
| Petrochina Co Ltd-H | 5.81 |
| China Life Insurance Co-H | 5.20 |
| Cnooc Ltd | 5.05 |
| China Resources Power Holdin | 4.71 |
| China Power International | 4.27 |
| Zijin Mining Group Co Ltd-H | 4.23 |
| Wuxi Biologics Cayman Inc | 4.21 |
| Swire Pacific Ltd-Cl B | 4.20 |
| Tsingtao Brewery Co Ltd-H | 4.14 |
| Kunlun Energy Co Ltd | 3.96 |

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.

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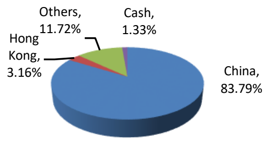
^The Fund is approved as Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme" of HKSAR

## Exposure by Major Revenue Source[5]




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

## Market Outlook and Investment Strategy

March is a dramatic month for US equities. Silicon Valley Bank (SVB), a California-based regional bank, became the second biggest bankruptcy of US banks in history, which caused significant volatility in the banking industry. Meanwhile, investors have to digest UBS's takeover of Credit Suisse and subsequent turmoil in both equity and bond markets. While these failures were seen as idiosyncratic and largely driven by poor management of individual banks amid high interest rates and declining market liquidity, US major indices recorded gain in March after proper emergency handling. The S&P 500, the Nasdaq Composite and the Dow rose by 3.51%, 6.69% and 1.89%, respectively. According to the latest FOMC minutes, the Fed expressed the resilience of the US banking system and raised the policy rate by 25bps in March. US Inflation slowed for a ninth consecutive period to 5% in March, below market forecasts of 5.2%, leading to speculation that further rate hikes will be limited. Going forward, we think high inflation and softened demand will continue to weigh on the US economy. The outlook remains quite challenging, with a soft or hard landing largely depends on policy supports and sustained post-COVID disruption.

A-share continued to consolidate in March, as rising US-China tensions and concerns about the sustainability of economic recovery dampened market sentiment. The CSI300 Index slid by 0.46%, and the ChiNext Index declined by 1.22%. Economic data was mixed, retail sales increased by 10.6% YoY in March, beating market forecasts of 7.4%; exports unexpectedly surged 14.8% YoY to an eight-month high in March, easily exceed consensus of a 7% fall, thanks to government efforts to increase trade with developed countries while exploring new possibilities with emerging economies. At the Two Sessions in Beijing, the GDP growth target of this year was set at around 5%, a relatively conservative goal given the low base last year. Other important statements include: bringing the growth of residents' income on par with national economic growth; promoting stable and high-quality imports and exports; pay more attention to the development of the private-owned enterprises; reform state-owned enterprises to improve efficiency and quality. In addition, the PBoC cut RRR by 25bps for the first time this year to keep liquidity ample and support economic recovery. Looking forward, we think disruptions from future COVID waves will be probably milder than before, as people have more medical preparation and the herd immunity to deal with it. We believe recent policy adjustments reiterated a prioritization on economic growth. Considering internal uncertainties and external challengers, we expect a mild recovery in 2023 and we are cautiously optimistic with the long-term development of Chinese economy.

Hong equity market experienced some differentiation and closed higher in March. The HSI rebounded by 3.1% and the HSTECH jumped by 9.65%. Driven by market speculation on artificial intelligence (AI), the TMT sector led the way through the month. Economic data was improving in general. HK retail sales soared 29.6% YoY in February, the largest growth since February 2021. Both imports and exports were declining at a slower pace. Followed the reopen, more and more tourists came to Hong Kong and refreshed local economy. According to the Hong Kong Tourism Board, total visitor arrivals soared to over 1.4 million in February, surpassing 1 million for the first time since COVID outbreak. Moreover, the HK government has announced free flight tickets for global tourists and consumption vouchers for local residents, in order to boost local economy. Looking ahead, although HK local economy will still be affected by worsening external conditions, the comprehensive reopen and other supportive measures should bring some hope of recovery. It takes time for both the real economy and investors' confidence to restore. We have been patient and prudent to catch up opportunities from irrational selloffs. There will be more structural opportunities for long term investments given the worst (such as lockdowns and regulatory headwinds) should be behind us.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