

# Guotai Junan Greater China Growth Fund

Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"

Monthly Report - 30 Jun 2023



## 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	2009 <sup>1</sup>	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 (%) <sup>3</sup>	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 30 Jun 2023

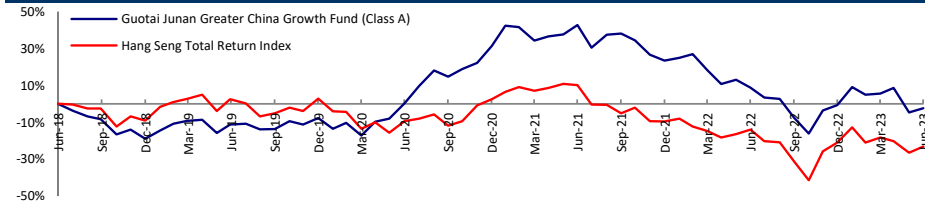
3. A reference index for comparative purposes only

Cumulative Performance	1 Mth	3 Mths	6 Mths	YTD <sup>2</sup>	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	2.35	-7.53	-1.81	-1.81	-10.28	-2.63	-2.43
Hang Seng Total Return Index (%) <sup>3</sup>	4.51	-6.04	-2.74	-2.74	-10.64	-15.11	-23.12

Last update: 30 Jun 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: 30 Jun 2023

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

## 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 93.92
Bloomberg Code	GJGCHGR HK Equity
ISIN Code	HK0000315355

## 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	%
China Life Insurance Co-H	6.83
Alibaba Group Holding Ltd	6.37
China Resources Power Holdin	5.98
Baidu Inc-Class A	5.79
China Power International	4.89
Kunlun Energy Co Ltd	4.83
Sands China Ltd	4.77
Meituan-Class B	4.00
Lenovo Group Ltd	3.74
China Oilfield Services-H	3.61

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

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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

Moderating inflation, upbeat job data, and debt ceiling bill passing contributed a positive month for US equities. The S&P 500, the Nasdaq Composite and the Dow rallied by 6.47%, 6.59% and 4.56%, respectively. The US annual inflation further eased to 4.0% in June, the lowest since March 2021 and below market expectations of 4.1%, mainly driven by a fall in energy prices. US Nonfarm Payrolls unexpectedly added 339K jobs in May, the most in four months and above market forecasts of 190K, demonstrating the resilience of labor market. In June's FOMC meeting, the Fed paused rate hikes as expected, deciding to assess the economic impact of the cumulative tightening of monetary policy in order to determine the appropriate rate action in the future. The Dot Plot of rate predictions indicated two further rate rises in 2023. Going forward, we think 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.

A-share rode on a roller-coaster in June amid market speculation on policy stimulus. The CSI300 Index ticked up by 1.16%, and the ChiNext Index rebounded by 0.98%. Recent data suggested the economic recovery lost steam. The official NBS Manufacturing PMI rose to 49 in June from 48.8 in May, matching market estimates while pointing to the 3rd straight month of contraction in factory activity. China retail sales slowed sharply to 3.1% YoY in June, marking the weakest performance since December 2022. CPI unexpectedly flattened in June, the lowest reading since February 2021, indicating weak domestic demand. A number of supporting measures were released in June, including the extension of New Energy Vehicle (NEV) tax exemption, 10bps cut in both 1-yr and 5-yr Loan Prime Rate (LPR), and encouraging home appliance promotion. Moreover, China Premier Li Qiang stated Beijing would roll out more practical and effective measures to strengthen domestic demand, boost market confidence, and support development & growth at the World Economic Forum's Annual Meeting of the New Champions in Tianjin. Looking forward, the economic outlook will be bumpy as reflected by insufficient demand and lack of confidence. We believe the policy stance will stick to pro-growth and more measures will be announced to protect the downside of the economy in the upcoming Politburo meeting. Considering internal uncertainties and external challenges, we expect a mild recovery in 2023 and we are cautiously optimistic with the long-term development of Chinese economy.

For similar reasons, Hong Kong equity market rebounded in June. The HSI climbed by 3.74%, and the HSTECH jumped by 7.85%. Economic data were generally disappointing. HK imports fell 16.7% YoY in May, slipping further from an 11.9% drop in April. Exports dropped 15.6% YoY in May, below market estimation. HK retail sales rose 16.5% YoY in May, accelerating from a 13.1% gain in April. The HK government emphasized that retail sales would continue to improve in the coming months, supported by increasing tourist arrivals and another round of consumption vouchers. 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 should be more structural opportunities for long term investments.

## Disclaimer

The information and data contained in this document is for reference only and does not constitute investment advice, or an offer to sell, or a solicitation of an offer to buy any security, investment product or service.

Certain data in this document has been obtained from third parties. Guotai Junan Assets (Asia) Limited has taken its best endeavour to ensure the accuracy of such data, and in good faith believes it is reliable, and however does not guarantee the accuracy of such data.

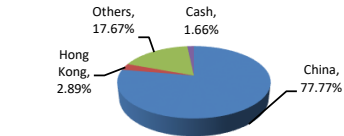
Investment involves risk. The prices of units may go up as well as down. Past performance is not indicative of future performance. Please refer to the Explanatory Memorandum for details including risk factors.

This document is issued by Guotai Junan Assets (Asia) Limited and has not been reviewed by the Securities and Futures Commission.

## Industry Allocation<sup>6</sup>

Consumer Discretionary	24.55%
Utilities	21.29%
Financials	9.72%
Information Technology	9.28%
Communication Services	9.08%
Health Care	6.62%
Real Estate	5.25%
Energy	3.61%
Industrials	3.36%
Materials	2.88%
Consumer Staples	2.70%

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



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