

Guotai Junan Greater China Growth Fund

Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"



Monthly Report - 31 Mar 2024

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	2010 ¹	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
The Fund (%)	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	-13.36
Hang Seng Total Return Index (%) ³	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	-10.46

1. Calculated since 1 Jan 2010 2. Measured as of 31 Mar 2024

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 (%)	1.17	-4.05	-11.69	-4.05	-21.72	-38.49	-9.03
Hang Seng Total Return Index (%) ³	0.64	-2.53	-6.33	-2.53	-15.68	-35.62	-32.77

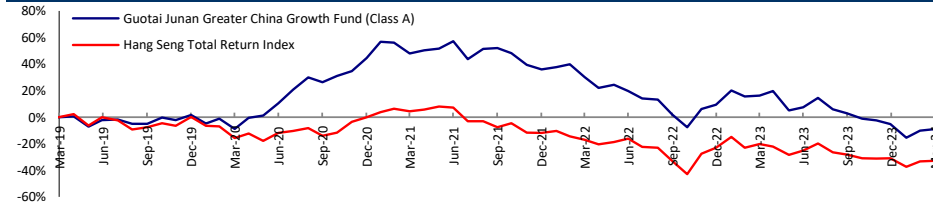
Fund Facts

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 79.51
Bloomberg Code	GJGCHGR HK Equity
ISIN Code	HK0000315355

Last update: 31 Mar 2024

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 2024

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

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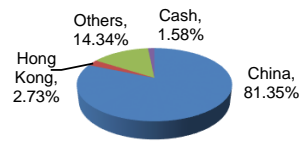
*The Fund is approved as Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme" of HK SAR

Top Ten Holdings⁴

Company	%
Alibaba Group Holding Ltd	6.27
China Mobile Ltd	5.43
Ping An Insurance Group Co-H	4.47
China State Construction Int	4.16
Samsonite International Sa	4.06
China Oilfield Services-H	3.68
China Telecom Corp Ltd-H	3.51
China Power International	3.04
Cssc Offshore & Marine Eng-H	2.92
Kunlun Energy Co Ltd	2.91

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

Exposure by Major Revenue Source⁵



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

Industry Allocation⁶

Industry	%
Industrials	22.47%
Consumer Discretionary	21.34%
Communication Services	11.60%
Utilities	10.42%
Consumer Staples	8.42%
Health Care	8.39%
Financials	7.20%
Materials	4.91%
Energy	3.68%

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

Market Outlook and Investment Strategy

US equities extended the rally in March on the back of upbeat economic data and rate cut expectation. The S&P 500, the Nasdaq Composite and the Dow rose by 3.1%, 1.79% and 2.08%, respectively. Data wise, US annual inflation rate edged up to 3.2% in February, slightly above forecasts of 3.1%. The core personal consumption expenditures (PCE) price, the Fed's preferred inflation gauge, eased to a near three-year low of 3.8% in February from 3.9% in January, while still above consensus of 3.7%. The Nonfarm Payrolls added 275K jobs in February, beating forecasts of 200K and higher than a downward-revised 229K in January, signaling the labor market remained tight. In the March FOMC meeting, members voted unanimously to hold the federal funds target range unchanged at 5.25-5.50%, in line with expectation. Fed Chair Powell delivered a dovish tone by stating that rate cuts would "likely be appropriate" this year, despite strong core inflation readings in the first two months, and officials were still waiting to gain greater confidence to begin cutting rates. The median of Dot Plot still implied 75bps rate cuts in 2024. Going forward, we believe the impact of high interest rates environment will weigh on the US economy, while we are also aware of the potential risk of a stronger-than-expected labor ("higher for longer"). The outlook still remains challenging, while a soft landing should be achievable as it is the year of presidential election.

A-share rose marginally in March, mainly driven by better-than-expected economic data and state funds' support. The CSI300 Index rallied by 0.61%, and the ChiNext Index edged up by 0.18%. Recent economic data signaled some strength in economic recovery. The official NBS Manufacturing PMI jumped to 50.8 in March from 49.1 in February, beating consensus and marking the first positive reading in 6 months. The official NBS Non-Manufacturing PMI rose to 53.0 in March from 51.4 in February, the 15th consecutive month of expansion in services activity and the fastest pace since last June. CPI rose by 0.7% YoY in February, above market forecasts of 0.3% and a turnaround from -0.8% in January, probably contributed by the Lunar New Year effect. In the National People's Congress, Premier Li Qiang delivered his first Government Work Report which targets a GDP growth of around 5% in 2024, unchanged from last year and in line with expectation of a base-case scenario. The fiscal budget was set at 3.0% of GDP (or CNY4.06trn) and CNY1trn of special Central Government Bonds (CGBs), also in line with consensus. In addition, the report opened room for continuous fiscal easing in the coming years, as Premier Li stated that the special CGBs were prepared as the funding for key projects and the CNY1trn was merely the first tranche. Policymakers could have additional room to support growth in 2024 and the coming years as well if necessary. Looking forward, the economic outlook is quite challenging as reflected by insufficient internal demand and lack of confidence. We believe the policy stance will stick to pro-growth and more measures will be announced to protect further downside of the economy. Considering internal uncertainties and external challenges, we are cautiously optimistic with the long-term development of Chinese economy.

Hong Kong equity market performance was similar to A-share in March. The HSI edged up by 0.18%, and the HSTECH rose by 1.35%. Recent local economic data were mixed. HK imports and exports fell by 1.8% and 0.8% in February, respectively. HK retail sales rose by 0.5% YoY in February, rebounding from a 1.2% drop in January. The annual inflation rate rose to 2.1% in February, accelerating from January's 10-month low of 1.7% but slightly below market expectations of 2.2%. Regarding the housing market, according to a report from the Hong Kong Economic Journal, HK's new home transactions reached ~4,170 sales in March, more than 14 times the figures from the prior month, an 11-year high, signaling an encouraging momentum after property curbs were removed. Looking forward, we think it remains to be seen whether this strong momentum can be sustained, and we remain bearish on HK local economy. 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

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