

Guotai Junan Greater China Growth Fund

Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"



Monthly Report - 30 Jun 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 30 Jun 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 (%)	-2.96	4.75	0.51	0.51	-11.32	-39.37	-2.60
Hang Seng Total Return Index (%) ³	-1.09	8.97	6.22	6.22	-2.20	-31.72	-26.69

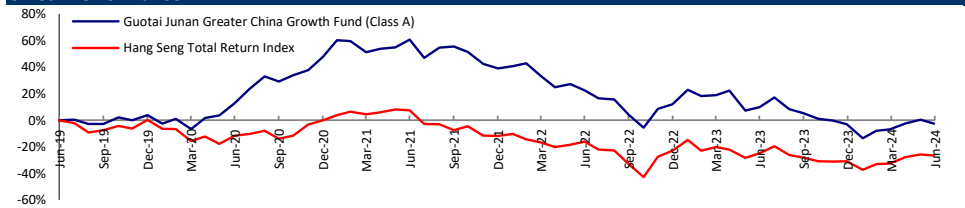
Fund Facts

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 83.29
Bloomberg Code	GJGCHGR HK Equity
ISIN Code	HK0000315355

Last update: 30 Jun 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: 30 Jun 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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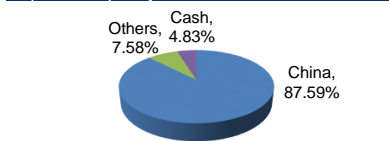
*The Fund is approved as Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme" of HK SAR

Top Ten Holdings⁴

Company	%
Alibaba Group Holding Ltd	7.39
China State Construction Int	5.73
Byd Co Ltd-H	4.99
Kunlun Energy Co Ltd	4.68
Kuaishou Technology	4.22
Crrc Corp Ltd - H	4.06
China Pacific Insurance Gr-H	3.84
Avichina Industry & Tech-H	3.77
China Railway Group Ltd-H	3.65
China Overseas Property Hold	3.52

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

Exposure by Major Revenue Source⁵



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

Industry Allocation⁶

Consumer Discretionary	27.65%
Industrials	22.19%
Financials	9.37%
Health Care	9.31%
Communication Services	7.28%
Real Estate	5.57%
Utilities	4.68%
Consumer Staples	3.20%
Information Technology	3.07%
Materials	2.85%

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

Market Outlook and Investment Strategy

June was a positive month for US equities. The S&P 500 and the NASDAQ reached record highs fueled by excitement around artificial intelligence. Data wise, US annual inflation rate unexpectedly slowed to 3.3% in May, the lowest in three months. The core personal consumption expenditures (PCE) price, the Fed's preferred inflation gauge, edged higher by 0.1% MoM in May. It was the softest increase since November 2023, slowing from 0.3% in the three prior months. US labor data were mixed. The Nonfarm Payrolls added 272K jobs in May, the most in 5 months, and well above forecasts of 185K. While the unemployment rate rose to 4% in May, the highest since January 2022, up from 3.9% in the previous month and surprising market expectations. In the June FOMC, the Fed kept the interest rates unchanged, and signaled only one 25bps rate cut by the end of year which surprised those who expected two cuts this year. The first general US presidential debate also provided some colors to the market. Going forward, we believe the upcoming rate cuts will be data dependent, and we are aware of the potential risk of "higher for longer". A soft landing should be achievable as it is the year of presidential election.

A-share continued to consolidate in June as pessimism arose. The CSI300 Index declined by 3.30%, and the ChiNext Index slumped by 6.74%. Recent economic data suggested that the crux of the matter was insufficient domestic demand. The official NBS Manufacturing PMI stood at 49.5 in June, in line with expectation, marking the fourth time of contraction in factory activity so far this year. The official NBS Non-Manufacturing PMI was down to 50.5 in June from 51.1 in May, missing market forecasts of 51.0, the lowest figure since last December. CPI was 0.3% in May, holding steady for the second straight month while falling short of market forecasts of 0.4%. PPI improved from -2.5% in April to -1.4% in May, the softest decline since February 2023. Imports slowed to 1.8% YoY in May, missing market estimates of 4.2%, indicating domestic demand remained weak. During the 2024 Lujiazui Forum, Pan Gongsheng, the chair of the PBOC, reiterated a supportive monetary policy stance while clearly distancing itself from quantitative easing. Instead, he emphasized a gradual approach to incorporating bond purchases as a liquidity management tool. CSRC chairman Wu Qing aimed to optimize the primary market pricing mechanism, support mergers and acquisitions, and enhance research and development funding. He redoubled his commitment to stringent regulatory oversight to crack down fraudulent listings and accounting issues, underscoring his zero-tolerance approach to market misconduct. 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.

Similarly, Hong Kong equities retreated in June. The HSI slid by 2%, and the HSTECH went down by 3.69%. Recent local economic data were quite disappointing. HK imports and exports climbed by 9.6% and 14.8% in May, respectively. Retail sales plummeted by 12.9% YoY in May, marking the third consecutive month of falling retail activity. The annual inflation rate edged up to 1.2% in May, holding close to an almost three-year low of 1.1% in April. According to the latest official figures, HK home sales plummeted by more than 30% in June, suggesting the enthusiasm since property curbs were lifted has started to fade. High mortgage rates and economic malaise dented demand. Looking forward, 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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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.

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