

# GAM Star China Equity – GBP Institutional

Equity - Asia-Pacific

GBP UCITS (FCA Recognised) / ISA eligible (Reporting fund status) / Price as at 31 Oct 2014 GBP 13.2219 (Acc) 12.9200 (Inc)

November 2014

**GAM**

## Fund description

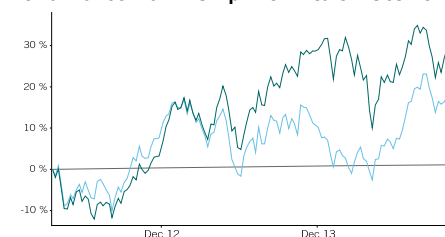
<b>Investment strategy:</b>	Asia-Pacific
<b>Investment objective:</b>	Capital appreciation.
<b>Investment style:</b>	A portfolio focusing on quoted equity and equity related securities of companies with assets in, or revenues derived from, China and Hong Kong. A fundamental stock-picker with a macro overlay.
<b>Currency hedging:</b>	May be employed to protect against exchange rate risk.

## Manager commentary as at 31 Oct 2014

October was a volatile month. Hong Kong and China were among the best-performing major markets globally in October. China is a net oil importer, so the fall in crude oil prices has been a positive for China. The railway sector was in the spotlight again in October as the Chinese government accelerated new projects approvals and railway capital expenditure. Additionally, there are talks of a potential merger of the two locomotive manufacturers in China. However, the railway sector is known as the most corrupt and inefficient sector in China, so we are not sure how creating new monopolies and too-big-to-fail players in the locomotive sector can improve efficiency or create long-term value. The share price falls of oil companies in October on the back of the weaker oil price also helped to reinforce our view that the hype around SOE reforms is unsustainable. Their shares dropped despite earlier talk of SOE reforms, spin-offs, and companies announcing savings on lower capex. Despite muted expectations, third-quarter company results were largely in-line with expectations. However, as we predicted after the first-half results, there has been a pick-up in non-performing loans (NPLs) at the banks, even the larger ones. While we do not expect a major asset quality crisis, mini credit crises and defaults are unavoidable, and NPLs will continue to pick up as long as economic growth continues to drift off. We remain cautious about banks in general. We have not made substantial changes in fund positioning over the month. We remain focused on the internet / technology and environmental / alternative energy sectors. Previously, we trimmed our exposure to Macau gaming due to various short-term concerns discussed in the last couple of months. Since the end of October, however, we have added some exposure back to the sector as the third-quarter results were better than expected.

## Fund performance and risk analysis

### Performance from 18 Apr 2012 to 31 Oct 2014



### Performance summary as at 31 Oct 2014

	Fund %	Equity Index %
1 month return	7.78	5.70
3 months' return	1.10	3.32
12 months' return	6.09	7.15
Return since inception	32.22	20.26
Annualised return since inception	11.65	7.55

The fund does not include the security of capital which is characteristic of a deposit with a bank or building society.

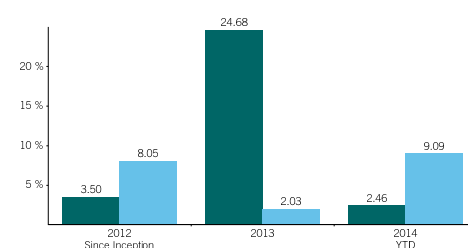
### Standardised past performance to 31 Oct 2014

October-October (%)	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
GAM Star China Equity – GBP Institutional	N/A*	N/A*	-2.54†	27.87	6.09
MSCI China Index in GBP	N/A*	N/A*	2.10†	9.92	7.15

\*Please note this fund launched on 18 Apr 2012 and therefore performance data does not exist for these periods.

†Performance from inception date 18 Apr 2012.

### Performance history to 31 Oct 2014



### Key to charts and tables:

Fund: GAM Star China Equity – GBP Institutional; Equity Index: MSCI China Index in GBP; Cash Index: Average GBP 1 Month Deposit Rate

### Historical monthly returns

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2014	-0.80	2.39	-5.83	-7.44	6.18	1.83	5.88	0.18	-6.37	7.78	-	-	2.46
2013	10.96	1.71	-4.55	-0.48	5.98	-7.21	5.46	2.44	0.67	5.01	2.85	0.68	24.68
2012	-	-	-	-1.04	-6.01	-1.02	-2.50	0.77	3.84	3.77	4.09	2.02	3.50

## Manager



Michael Lai

## Fund facts

**Fund managed by** Michael Lai  
**Fund type** UCITS  
**Stock exchange listing** Irish  
**Currency classes** EUR, GBP, USD classes are available  
**Base currency of the class** GBP  
**Inception date of the fund** 9 Jul 2007  
**Inception date of the class** 18 Apr 2012  
**Fund size** GBP 1,481.3m  
**Class size** GBP 35.4m  
**Dividend policy** Net income will be distributed annually. Reporting fund status received.  
**Dealing day** Any business day  
**Investment manager and sponsor fees\*** 0.85%  
**TER** 1.06% as at 30 Jun 2014  
**Bloomberg**  
 Acc GAMCEGA ID Inc GAMIGBI ID  
**ISIN**  
 Acc IE00B3CTFS84 Inc IE00B3TBB453  
**SEDOL**  
 Acc B3CTFS8 Inc B3TBB45  
**Valoren**  
 Acc 18438982 Inc 12323355  
**Authorised for public sale in** Austria, France, Germany, Hong Kong, Ireland, Liechtenstein, Luxembourg, Macau, Netherlands, Norway, Portugal, Singapore (Institutional & Accredited Investors only), Sweden, Switzerland, Taiwan (Entire fund authorised for retail public) and United Kingdom  
**Data sources** GAM, MSCI, Financial Times  
**IMA Sector**  
 China/Greater China

\*Excludes administration and custodian fee - please see Prospectus for further details on fees.

### Contact details

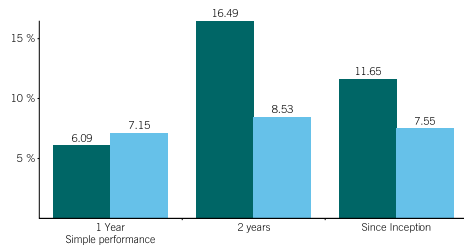
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For daily updates on this fund and a glossary of terms see [www.gam.com](http://www.gam.com). Access may be subject to certain restrictions.

Past performance is not indicative of future performance. Performance is shown net of fees.

## Fund performance and risk analysis, continued

### Compound annual growth rates as at 31 Oct 2014



### Risk summary as at 31 Oct 2014

	12 months		Since Inception	
	Fund	Equity Index	Fund	Equity Index
Maximum drawdown (%) ***	-12.83	-13.82	-12.83	-14.06
Annualised standard deviation (%)	16.64	15.72	15.71	14.11
Sharpe Ratio*	0.34	0.43	0.71	0.50

\*\*\* The largest loss, peak to trough based on monthly data

\* Risk free rate is Average GBP 1 Month Deposit Rate

### Relative summary as at 31 Oct 2014

	Relative to Equity Index	
	12 months	Since Inception
Alpha (%)	0.06	0.39
Beta	0.82	0.91
Correlation	0.77	0.81

#### Key to charts and tables:

Fund: GAM Star China Equity – GBP Institutional; Equity Index: MSCI China Index in GBP

## Asset allocation

### Geographic breakdown vs Equity Index as at 31 Oct 2014

China	82.00 %	100.00 %
Hong Kong	15.21 %	

### Industry breakdown vs Equity Index as at 31 Oct 2014

Financials	27.83 %	36.73 %
Information Technology	27.13 %	13.37 %
Consumer Disc	19.12 %	5.30 %
Energy	8.78 %	12.62 %
Industrials	6.42 %	6.35 %
Utilities	3.45 %	3.98 %
Healthcare	2.86 %	2.20 %
Telecom Services	0.82 %	11.92 %
Materials	0.80 %	2.67 %

Net Current Assets 2.79 %

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### Currency exposure as at 31 Oct 2014

Name	% of Fund
Hong Kong Dollar	78.0
US Dollar	22.0

### Top 10 holdings as at 31 Oct 2014

Name	Industry	% of Fund
Tencent Holdings	Information Technology	8.3
Vipshop Holdings ADRs	Consumer Disc	4.7
Hong Kong Exchanges and Clearing	Financials	4.6
Ping An Insurance-H	Financials	4.1
Industrial & Commercial Bank of China	Financials	3.8
Bank of China-H	Financials	3.7
China Overseas Land & Investment	Financials	3.6
Galaxy Entertainment Group	Consumer Disc	3.6
YY ADRs	Information Technology	3.4
Jd.Com ADRs	Consumer Disc	2.9
<b>Total</b>		<b>42.7</b>

Source: GAM unless otherwise stated (Performance is shown net of fees, on a NAV to NAV basis). This material is confidential and is intended solely for the use of the person or persons to whom it is given or sent and may not be reproduced, copied or given, in whole or in part, to any other person. It is not an invitation to subscribe and is by way of information only. Nothing contained herein constitutes investment, legal, tax or other advice nor is it to be solely relied on in making an investment or other decision. The fund is a sub-fund of GAM Star Fund plc. GAM Star Fund plc is an Irish umbrella fund with segregated liability between sub-funds. GAM Star Fund plc is authorised as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) and is a recognised scheme under the Financial Services and Markets Act 2000. The fund is managed by GAM Fund Management Limited which is regulated by the Central Bank of Ireland. Subscriptions will only be received and shares or units ('Shares') issued on the basis of the current prospectus for the fund. Copies of the fund's current prospectus, key investor information document (KIID) and financial statements can be obtained free of charge from GAM Fund Management Limited, George's Court, 54-62 Townsend Street, Dublin 2, from the centralising agent for France, BNP Paribas Securities Services, 66 rue de la Victoire, 75009 Paris, from its representative in Switzerland GAM Anlagefonds AG, Hardstrasse 201, PO Box 8037, Zurich, from the information agent in Germany Bank Julius Baer Europe AG, An der Welle 1, D-60322 Frankfurt am Main, from the information agent in Austria, UniCredit Bank Austria, Schottengasse 6 - 8, A-1010 Vienna or in Hong Kong from GAM Hong Kong Limited, 16th Floor, Two Exchange Square, Central, Hong Kong. Paying Agent in Switzerland is State Street Bank GmbH, Zurich Branch, Beethovenstrasse 19, CH-8027 Zurich. Shares are not available for sale in any state or jurisdiction in which such sale would be prohibited. Investors should only rely on the fund's offering documents when making a decision on whether to invest in the fund. The Shares of the fund have not been registered under the US Securities Act of 1933, as amended (the "Securities Act"), and the fund is not registered under the US Investment Company Act of 1940, as amended (the "Company Act"). Accordingly, unless an exemption is available, such shares may not be offered, sold or distributed in the United States or to US persons. However, pursuant to an exemption from registration under the Securities Act and the Company Act, the shares may be sold or resold in the United States or to certain qualified US investors in transactions that do not constitute a public offering. **The fund does not include the security of capital which is characteristic of a deposit with a bank or building society.** In Hong Kong, this document is restricted to professional investors (as defined in the Securities and Futures Ordinance (Cap 571)) only. In Singapore, this material is limited to investors as defined in s. 305(5) of the Securities and Futures Act (Cap. 289) ('SFA') only. The fund is not authorised or recognised by the Monetary Authority of Singapore and Shares in the fund are not allowed to be offered to the retail public in Singapore; and any written material issued in connection with the offer is not a prospectus as defined in the SFA and, accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. In other countries in Asia Pacific, this material should only be distributed in accordance with the applicable laws in the relevant jurisdiction. The views expressed herein are those of the manager at the time and are subject to changes. **The price of Shares may go down as well as up and the price will depend on fluctuations in financial markets outside GAM's control, as a result an investor may not get back the amount invested. Past performance is not indicative of future performance.** Reference to a security is not a recommendation to buy or sell that security. Holdings and allocations are subject to change. Prices quoted refer to accumulation Shares unless otherwise stated. Historic data may be subject to restatement from time to time. In the United Kingdom, this material has been issued and approved by GAM London Ltd, 20 King Street, London SW1Y 6QY, authorised and regulated by the Financial Conduct Authority.

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