

# Guotai Junan Greater China Growth Fund

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

Monthly Report - 31 Jan 2021



## 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 Sub-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 Sub-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

	2008 <sup>1</sup>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 <sup>2</sup>
The Fund (%)	-61.96	99.44	12.15	-33.37	18.42	12.02	1.37	-6.99	-8.66	27.53	-16.33	13.85	42.28	8.38
Hang Seng Total Return Index (%)	-46.40	56.65	8.57	-17.38	27.46	6.55	5.48	-3.92	4.30	41.29	-10.54	13.04	-0.29	3.87

<sup>1</sup> Calculated since 1 Jan 2008

<sup>2</sup> Measured as of 31 Jan 2021

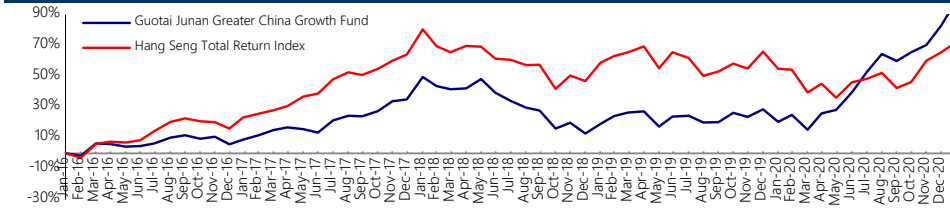
	1 Mth	3 Mths	6 Mths	YTD	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	8.38	19.72	29.73	8.38	64.49	32.67	98.22
Hang Seng Total Return Index (%)	3.87	17.46	15.83	3.87	10.96	-4.72	71.83

## Fund Facts

**Manager** Victor Tsang  
**Inception Date** 19 Nov 2007  
**Domicile** Hong Kong  
**Trustee & Registrar** HSBC Institutional Trust Services (Asia) Limited  
**Auditor** Ernst & Young Limited  
**Dealing Frequency** Daily  
**Base Currency** Hong Kong Dollar  
**NAV** HKD 136.99  
**Bloomberg Code** GJGCHGR HK Equity  
**ISIN Code** HK0000315355

Last update: 31 Jan 2021 The performance is measured in NAV-to-NAV in fund currency with net income re-investment

## 5 Year Performance



Source: Guotai Junan Assets (Asia) Limited

Last update: 31 Jan 2021

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

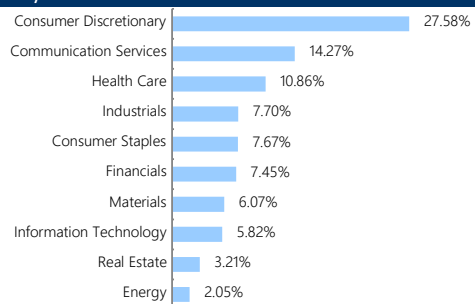
## Subscription and Redemption

**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  
 \* Redemption fee will be waived for investors who subscribed through nominee account.

## Top Ten Holdings

Company	%
Tencent Holdings Ltd.	7.21
Meituan Dianping	6.96
Wuxi Biologics Cayman Inc	5.87
Wuxi Apptec Co Ltd	3.72
Jiumaojiu International Holdin	3.57
Geely Automobile Holdings Ltd	3.43
China Merchants Bank Co. Ltd	3.21
Csc Financial Co Ltd	2.86
Smooere International Holdings	2.75
Country Garden Services Holdin	2.73

## Industry Allocation<sup>4</sup>



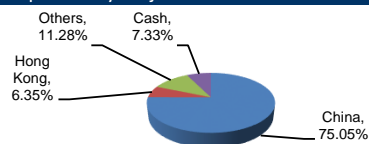
4. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd, based on the Global Industry Classification Standard.

## Contact

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

## Exposure by Major Revenue Source<sup>3</sup>



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

## Dividend Distribution History (Since Launch)

Record Date	Distribution Per Unit	Fund Price On Record Date
30-Jun-15	HKD 3.03	HKD 100.9

## Market Outlook and Investment Strategy

In January 2021, tech names led the way in the US equity market. Nasdaq Composite went up while the S&P 500 and the Dow went down. On January 6, the Capitol Hill riots by supporters of former US president Donald Trump shocked the whole world. On January 14, US elected president Joe Biden boosted market sentiment by announcing a US\$ 1.9 trillion stimulus plan to fight against economic recession and unemployment caused by the COVID-19. After the inauguration on January 20, Biden signed a series of executive orders, repealing some of the policies signed by Trump. Biden also aimed to tackle the pandemic, climate change, and immigration issues. The FOMC meeting decided to keep the federal funds rate and asset purchase scale unchanged, in line with market expectation. We think the pace of US labor market recovery continues slowing, the real unemployment rate remains high, and the federal funds rate remains unchanged in near term. Highly accommodative economic supporting policies will probably sustain as well. The US economic outlook will depend heavily on the progress of vaccination and the effectiveness of vaccines against new variants of the COVID-19. We tend to be cautious towards current market condition.

The bullish trend was extended in the onshore market, as the CSI300 Index rose 2.70% in January. Reflected by economic data, China's recovery slowed in January due to the resurgence of local COVID-19 cases. Considering ongoing Sino-US tension, policy makers formulated further supports to stimulate Chinese domestic demand (Urbanization 2.0, higher disposable income, less inequality), technology innovation (digitalization, big data, AI, 5G), green environment (carbon neutrality), and capital market reform. As the Chinese Lunar New Year approaches, China's domestic economy may fluctuate in short term on the back of pandemic uncertainties, but the medium-term trend remains upbeat. We are cautiously optimistic on Chinese market in short run, and we think a balanced approach between growth and value would be appropriate.

Hong Kong stock market was extremely active in January. Boosted by strong Southbound inflows (+1,015% YoY to HK\$ 310.6 billion), total trading volume were more than doubled in January. The unemployment rate of HK rose to 6.6% in the three months to December 2020, the highest jobless rate since 4Q 2004 as the pandemic continues to weigh on local economic activities. As the pandemic continued to rage in Hong Kong, the authority has stepped up restrictions, imposing short-term mandatory quarantine & testing on some of the most severely affected communities. We expect HK local economy will continue struggling with the pandemic until the completion of wide vaccination, and the economic outlook remains difficult to improve in short term. Meanwhile, we believe the fundamental will act as the major driver of market direction in long term, and we favor certain new economy names with great potential.

Taiwan market was quite strong in January, supported by inspiring economic data. Looking forward, although geopolitical uncertainties may affect the development of Taiwan, we are optimistic with Taiwan market in long run. Given TSMC has gained dominance in the next generation semiconductor technology against Samsung and Intel, the global demand for 5G technology, high performance computing, and data centers would be even stronger post the pandemic. Consequently, this will benefit the whole Taiwan tech supply chain and the tech dominated TAIEX Index.

## Disclaimer

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