

China Convergence Fund

A Sub-Fund of Value Partners Intelligent Funds

NAV per unit: Class A USD - USD161.62

Fund size : USD101.0 million



★★★★★
Morningstar Rating™*
As at 31-05-2024

CIES Eligible[△]

May 2024

- China Convergence Fund (The "Fund") primarily invests in A and B-shares listed on the stock exchanges of Shanghai and Shenzhen as well as in H-shares listed in Hong Kong.
- The Fund invests in China and therefore is subject to emerging market risks. Generally, investments in emerging markets are more volatile than investments in developed markets due to additional risks relating to political, social, economic and regulatory uncertainty.
- The Fund is also subject to concentration risk due to its concentration in China-related companies. Adverse development in such region may affect the value of the underlying securities in which the Fund invests.
- The Fund may directly invest in A-shares and other eligible securities through the qualified foreign institutional investors ("QFII") quota. Investors will be subject to certain risks including repatriation risk, custodial risk, regulatory risk. In addition, the QFII policy and rules are subject to change. All these may adversely impact the Fund.
- The Fund may also invest in derivatives which can involve material risks, e.g. counterparty default risk, insolvency or liquidity risk, and may expose the Fund to significant losses.
- You should not make investment decision on the basis of this material alone. Please read the explanatory memorandum for details and risk factors.

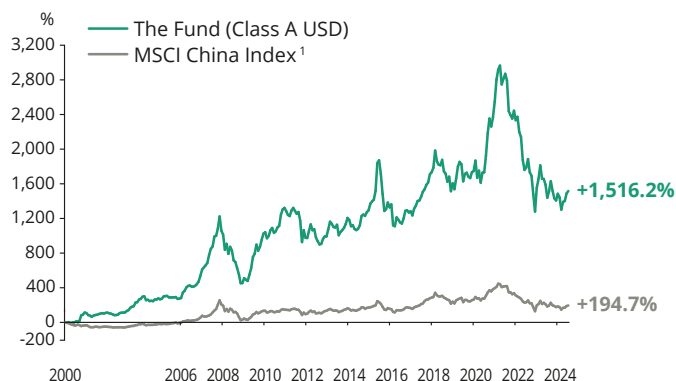
Investment objective

The Fund aims to achieve long-term capital appreciation by investing primarily in equity securities of China-related companies. This includes securities listed on a Mainland China stock exchange, the Hong Kong Stock Exchange and major stock exchanges in other jurisdictions. The investable universe covers, but is not limited to A, B and H-shares as well as American Depositary Receipts.

NAVs & codes

| Classes ² | NAV | ISIN | Bloomberg |
|----------------------|--------|--------------|------------|
| Class A USD | 161.62 | KYG9317Q1047 | VAPAICB KY |
| Class A AUD Hedged | 9.27 | KYG9317Q1385 | VAPAAHD KY |
| Class A CAD Hedged | 10.71 | KYG9317Q1468 | VAPACAH KY |
| Class A NZD Hedged | 11.02 | KYG9317Q1534 | VAPANZH KY |
| Class A RMB Hedged | 6.82 | KYG9317Q2789 | VAFCAR KY |

Performance since launch



Performance update

| | Class A USD | MSCI China Index ¹ |
|---|-------------|-------------------------------|
| Year-to-date | +4.8% | +6.8% |
| One month | +1.7% | +2.4% |
| One year | +5.0% | +4.3% |
| Three years | -45.6% | -43.0% |
| Five years | -6.5% | -11.4% |
| Total return since launch | +1,516.2% | +194.7% |
| Annualized return since launch [△] | +12.3% | +4.6% |

The Fund - Class A USD: Monthly performance

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual |
|------------|--------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|
| 2015 | +1.8% | +1.3% | +6.7% | +19.8% | +1.7% | -8.1% | -12.6% | -12.5% | +1.5% | +5.5% | -3.8% | +2.4% | -0.5% |
| 2016 | -16.6% | -0.9% | +8.5% | -2.1% | -2.5% | -1.1% | +4.8% | +6.7% | +0.4% | -1.8% | +1.1% | -3.5% | -8.7% |
| 2017 | +5.9% | +2.3% | +3.8% | +0.3% | +2.9% | +3.7% | +1.8% | +3.1% | +1.6% | +5.5% | +1.3% | +2.9% | +41.3% |
| 2018 | +10.5% | -6.0% | -2.0% | -0.4% | +3.3% | -6.7% | -1.5% | -5.1% | +3.4% | -9.4% | +5.6% | -4.0% | -13.2% |
| 2019 | +7.7% | +7.8% | +2.8% | -1.4% | -10.3% | +4.9% | +0.8% | -2.5% | -0.9% | +3.9% | +0.7% | +6.5% | +20.2% |
| 2020 | -10.1% | +4.6% | -7.5% | +6.8% | +0.2% | +10.6% | +12.8% | +7.4% | -3.8% | +4.5% | +7.3% | +9.6% | +47.5% |
| 2021 | +4.0% | +1.5% | -7.1% | +2.4% | +1.9% | -2.7% | -12.2% | -1.8% | -1.7% | +3.7% | -4.3% | +1.6% | -14.8% |
| 2022 | -7.1% | -2.6% | -11.8% | -5.8% | +1.5% | +5.1% | -7.7% | -2.2% | -11.8% | -12.7% | +20.0% | +6.1% | -29.0% |
| 2023 | +8.9% | -8.0% | -0.2% | -3.8% | -8.9% | +4.9% | +7.0% | -6.2% | -5.5% | -1.7% | +5.1% | -2.6% | -12.1% |
| 2024 (YTD) | -9.2% | +6.4% | +0.6% | +5.9% | +1.7% | | | | | | | | +4.8% |

[△] The Fund is one of the eligible collective investment schemes for the purpose of the New Capital Investment Entrant Scheme (New CIES) in Hong Kong with effect from 1 March 2024.

[△] Annualized return is calculated from inception based on published NAV.

Top holdings

| Name | Industry ³ | % |
|-----------------------------------|-----------------------------|-----|
| Tencent Holdings Ltd | Media & entertainment | 9.3 |
| PDD Holdings Inc | Retailing | 7.4 |
| Alibaba Group Holding Ltd | Retailing | 6.6 |
| Meituan | Consumer services | 5.1 |
| China Construction Bank Corp | Banks | 4.1 |
| ANTA Sports Products Ltd | Consumer durables & apparel | 4.0 |
| Kweichow Moutai Co Ltd | Food, beverage & tobacco | 3.6 |
| NetEase Inc | Media & entertainment | 3.4 |
| China Resources Land Ltd | Real estate | 3.1 |
| Tencent Music Entertainment Group | Media & entertainment | 3.0 |

These securities constitute 50% of the Fund.

Portfolio characteristics

As at 31 May 2024

| | | |
|--|--------------------|-------------------------------------|
| Price/earnings ratio | 11.6 times | |
| Price/book ratio | 1.6 times | |
| Portfolio yield | 2.4% | |
| | Class A USD | MSCI China Index¹ |
| Annualized volatility (3 years) ⁴ | 24.6% | 30.5% |

Geographical exposure by listing⁵

| | |
|-------------------|-----|
| Hong Kong | 36% |
| China A-shares | 26% |
| H-shares | 16% |
| United States | 15% |
| Red Chips | 4% |
| Taiwan | 2% |
| Cash ⁶ | 1% |

Sector exposure^{3, 5}

| | |
|------------------------|-----|
| Consumer discretionary | 38% |
| Communication services | 16% |
| Consumer staples | 9% |
| Banks | 8% |
| Industrials | 6% |
| Information technology | 6% |
| Real estate | 5% |
| Energy | 4% |
| Materials | 4% |
| Insurance | 2% |
| Others | 1% |
| Cash ⁶ | 1% |

Source: Value Partners, HSBC Institutional Trust Services (Asia) Limited, FactSet and Bloomberg, data as at the last valuation date of the month as stated above, unless stated otherwise. Performance is calculated on NAV to NAV in base currency with dividend reinvested and net of fees. All indices are for reference only. Our portfolio disclosure policy can be obtained from the Investment Manager upon request to email fis@vp.com.hk.

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Investors should note investment involves risk. The price of units may go down as well as up and past performance is not indicative of future results. Investors should read the explanatory memorandum for details and risk factors in particular those associated with investment in emerging markets. Information in this report has been obtained from sources believed to be reliable but Value Partners Limited does not guarantee the accuracy or completeness of the information provided by third parties. Investors should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you.

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This document has not been reviewed by the Securities and Futures Commission of Hong Kong. Issuer: Value Partners Limited.

Fund facts

| | |
|--------------------|--|
| Manager: | Value Partners Limited |
| Base currency: | USD |
| Trustee: | HSBC Trustee (Cayman) Limited |
| Custodian: | HSBC Institutional Trust Services (Asia) Limited |
| Launch date: | 14 Jul 2000 |
| | - Class A USD |
| | 27 Oct 2015 |
| | - Class A AUD Hedged |
| | 7 Jan 2016 |
| | - Class A CAD Hedged |
| | - Class A NZD Hedged |
| | 23 Feb 2022 |
| | - Class A RMB Hedged |
| Dealing frequency: | Daily |

Fee structure & Subscription information

| | Class A |
|---------------------------------|--|
| Minimum subscription | USD10,000 or equivalent |
| Minimum subsequent subscription | USD5,000 or equivalent |
| Subscription fee | Up to 5% |
| Management fee | 1.25% p.a. |
| Performance fee ⁷ | 15% of profit (High-on-high principle) |
| Redemption fee | Nil |

Senior investment staff

Co-Chairmen & Co-Chief Investment Officers:

Cheah Cheng Hye; Louis So

Deputy Chief Investment Officer, Equities: Yu Chen Jun

Senior Investment Directors: Norman Ho, CFA; Renee Hung

Chief Investment Officer, Multi Assets: Kelly Chung, CFA

Investment Directors: Lillian Cao; Luo Jing, CFA; Michelle Yu, CFA

Senior Fund Manager: Frank Tsui

Fund Managers: Wei Ming Ang, CFA; Van Liu

Key awards



Best Total Return - Greater China Equity Fund (5-year) - 2nd Runner-up⁸
~ HKCAMA and Bloomberg, Offshore China Fund Awards 2018

Value Partners:

Asia ex-Japan Equity House: Best-in-Class⁹
Greater China Equity House: Outstanding Achiever⁹
~ Benchmark Fund of the Year Awards 2018, Hong Kong

Offshore China Equity (10-year)¹⁰
~ Insight & Mandate, Professional Investment Awards 2018

Scan QR code for fund documents¹¹:

