

Value Partners Greater China High Yield Income Fund



NAV per unit : Class P USD Acc - USD10.56 | Class P USD MDis - USD3.33
Fund size : USD477.1 million

★★★★
Morningstar Rating™*
As at 30-09-2024

CIES Eligible[△]

September 2024

- Value Partners Greater China High Yield Income Fund (the "Fund") primarily invests in a portfolio of fixed and floating rate bonds and other debt securities, including convertible bonds, in the Greater China region.
- The Fund may invest in high yielding securities which may be unrated or below investment grade and debt securities issued by special purpose vehicles. The Fund is therefore exposed to higher credit/insolvency risk and default risk.
- The Fund primarily invests in the Greater China region and therefore is subject to emerging market and concentration 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. Adverse development in such region may affect the value of the underlying securities in which the Fund invests.
- In respect of the distribution shares for the Fund, the Manager currently intends to make monthly dividend distribution. However, the distribution rate is not guaranteed. Distribution yield is not indicative of the return of the Fund. Distribution may be paid from capital of the Fund. Investors should note that where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount you originally invested or capital gains attributable to that and may result in an immediate decrease of the net asset value per share of 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 marketing material alone. Please read the explanatory memorandum for details and risk factors.

Investment objective

The Fund aims to provide capital appreciation by primarily investing in Greater China debt securities, including but not limited to high yield, convertible and mainland Chinese offshore bonds.

Commentary

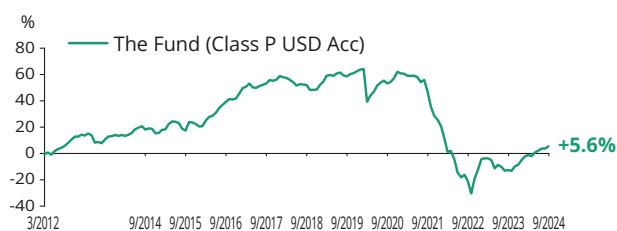
Portfolio Review:

September was an eventful month in the global market. First, the market received the long-awaited 50bps rate cut by the Fed. Second, a series of massive and unexpected stimulus and relaxing measures were announced by the Chinese government before China's Oct 1st national day. Both events fueled a strong bull market in Asian credits not seen in recent history. Our portfolio has long been positioned to take advantage of such scenario. Therefore, our positions were little changed and we were happy to let the portfolio ride the uptrend.

Outlook:

As US inflation taming and the Fed's focus now has switched to employment, we expect the Fed to continue to guide the fed fund rate lower throughout the rest of 2024 and well into 2025/26. We view the continuous decline in US rates and the follow-up actions by the Chinese government as positive to Asian credits. We will continue to assess the market and position our portfolio accordingly.

Performance since launch



Performance update

	Class P USD Acc	Class A RMB Hedged Acc
Year-to-date	+15.3%	+12.8%
One month	+1.6%	+1.3%
One year	+20.7%	+17.5%
Three years	-28.4%	-31.3%
Five years	-33.5%	-33.8%
Total return since launch	+5.6%	-4.6%
Annualized return since launch [△]	+0.4%	-0.5%

The Fund - Class P USD Acc: Monthly performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2015	+0.3%	+2.0%	+0.3%	+3.5%	+1.6%	-0.2%	-0.8%	-3.6%	-1.1%	+5.5%	-0.2%	-1.0%	+6.1%
2016	-1.5%	+0.2%	+3.6%	+2.2%	+0.6%	+1.8%	+2.9%	+1.8%	+1.6%	+1.5%	-0.2%	+0.6%	+15.9%
2017	+2.8%	+2.6%	+0.7%	+1.6%	-1.9%	-0.3%	+0.9%	+0.7%	+0.7%	+1.7%	-0.4%	+0.6%	+10.1%
2018	+1.8%	-0.6%	-0.3%	-1.0%	-1.2%	-1.7%	+0.7%	-0.2%	-0.2%	-2.5%	+0.1%	+0.1%	-4.9%
2019	+2.5%	+1.5%	+3.0%	+0.3%	-0.4%	+1.1%	+0.4%	-1.4%	-0.4%	+1.1%	+0.4%	+0.9%	+9.4%
2020	+0.8%	+0.2%	-15.1%	+3.2%	+2.1%	+3.2%	+1.5%	+1.0%	-1.3%	+0.7%	+1.9%	+3.0%	-0.3%
2021	-0.7%	-0.1%	-1.0%	+0.0%	+0.1%	-0.7%	-2.4%	+1.1%	-5.6%	-8.1%	-4.9%	-2.3%	-22.5%
2022	-4.0%	-7.2%	-9.5%	+0.6%	-6.3%	-10.5%	-4.2%	+2.3%	-5.7%	-11.9%	+15.9%	+8.7%	-30.2%
2023	+9.2%	+0.5%	+0.0%	-1.2%	-6.7%	+3.0%	-1.6%	-3.3%	+0.6%	-0.7%	+3.9%	+1.4%	+4.3%
2024 (YTD)	+3.9%	+2.8%	+1.1%	-0.9%	+3.0%	+1.3%	+1.6%	+0.0%	+1.6%				+15.3%

[△] 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 ³

Name	Sector ⁴	Country / region	%
Wynn Macau Ltd 5.625% 08/26/2028	Consumer services	Macao	3.5
Mongolian Mining Corp/ Energy Resources LLC 12.5% 09/13/2026	Materials	Mongolia	3.3
ABM Investama Tbk PT 9.5% 08/05/2026	Energy	Indonesia	3.0
Studio City Co Ltd 7% 02/15/2027	Consumer services	Macao	2.5
Sammaan Capital Ltd 9.7% 07/03/2027	Diversified financials	India	2.3
China Oil & Gas Group Ltd 4.7% 06/30/2026	Utilities	China/Hong Kong	2.2
PCPD Capital Ltd 5.125% 06/18/2026	Real estate	China/Hong Kong	2.2
Hilong Holding Ltd 9.75% 11/18/2024	Energy	China/Hong Kong	2.1
Elect Global Investments Ltd 4.1% PERP	Real estate	China/Hong Kong	2.0
Gajah Tunggal Tbk PT 8.95% 06/23/2026	Automobiles & components	Indonesia	2.0

Portfolio characteristics

	Class P USD Acc	Class A RMB Hedged Acc
Annualized volatility (3 years) ⁵	19.6%	19.2%
Weighted modified duration ⁶		2.9 years
Yield to worst ⁷		13.4%
Number of bond issuers		113

Geographical exposure ⁸

China/Hong Kong	55.5%
Indonesia	12.8%
Macao	10.0%
India	5.6%
Mongolia	3.7%
Japan	3.6%
Singapore	1.5%
Others	5.5%
Cash ⁹	1.8%

Sector exposure ^{4, 8}

Real estate	25.4%
Consumer services	13.4%
Energy	12.1%
Banks	8.3%
Diversified financials	7.9%
Materials	7.2%
Utilities	5.9%
Capital goods	3.4%
Retailing	2.9%
Automobiles & components	2.0%
Commercial & professional services	1.5%
Insurance	1.5%
Telecommunication services	1.4%
Food, beverage & tobacco	1.3%
Software & services	1.2%
Transportation	1.1%
Others	1.7%
Cash ⁹	1.8%

Credit ratings ¹⁰

A	4.1%
BBB	10.1%
BB	29.9%
B & Below	33.4%
Non-Rated	20.7%
Cash ⁹	1.8%

Investment grade	14.2%
High yield	63.3%
Average credit rating ¹¹	BB

Currency breakdown

USD	99.4%
HKD	0.6%

Fund facts

Manager:	Value Partners Hong Kong Limited
Base currency:	USD
Administrator:	HSBC Trustee (Cayman) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	27 Mar 2012
	- Class P USD/HKD Acc & MDIs
	23 Sep 2013
	- Class A AUD/CAD/NZD Hedged MDIs
	26 Sep 2014
	- Class P SGD Hedged MDIs
	5 Feb 2015
	- Class A EUR Hedged MDIs
	14 Apr 2015
	- Class A GBP Hedged MDIs
	16 Jul 2018
	- Class A EUR Hedged Acc
	11 Apr 2022
	- Class A RMB Hedged Acc & MDIs
	- Class A RMB MDIs

Dealing frequency: Daily

Fee structure & Subscription information

	Class A and Class P	Class A RMB
Minimum subscription	HK\$80,000/USD10,000 or equivalent	RMB60,000
Minimum subsequent subscription	HK\$40,000/USD5,000 or equivalent	RMB30,000
Subscription fee	Up to 5.0%	
Management fee	1.5% p.a.	
Performance fee	Nil	

Senior investment staff

Co-Chairman & Co-Chief Investment Officer: Cheah Cheng Hye**Co-Chief Investment Officer:** Louis So**Senior Investment Directors:** Norman Ho, CFA; Renee Hung**Fixed income investment team:****Chief Investment Officer, Fixed Income:** Gordon Ip, CFA**Head of Credit Research & Strategy:** Anna Ho**Senior Fund Manager:** Danielle Li

Key awards

**Best Fund Provider – High Yield Bond ¹²**

~ Asian Private Banker Asset Management Awards for Excellence 2021

Best Total Return – Greater China Fixed Income (5-Year, Winner) ¹³

~ HKCAMA & Bloomberg, Offshore China Fund Awards 2020

Best USD High Yield (5-Year) ¹⁴

~ Refinitiv, Lipper Fund Awards 2020 (Hong Kong)

Scan QR code ¹⁵:

Fund documents Fund notices

Source: HSBC Institutional Trust Services (Asia) Limited 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 respective currencies 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 fi@vp.com.hk.

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