

2024 Interim Results

For the period ended 30 June 2024

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1H 2024 Key Highlights

Financial Performance

- **Net profit** of **HK\$37mn**, an improvement from 1H 2023's profit of HK\$5mn, mainly from improved core operation results and gains derived from proprietary investments
- **Performance fees** of **HK\$10mn** was captured
- Disciplined cost control with **total expense decreasing by 16% yoy**
- **Strong balance sheet** with cash of **HK\$0.9bn** and house investments of **HK\$2.5bn**

Business and Strategy Updates

- Continued **strengthening of sales & marketing channels**
- Progress in **asset class and product themes** expansion
- Capturing opportunities from the **Asia-Pacific region**

Financial Review

Financial Highlights

Summary of 1H 2024 result:

- 1H 2024 results continue to be impacted by headwinds from interest rate hikes, worries over China's economic recovery, geopolitical instability, and investor confidence
- Despite the challenging environment, the Group is able to report a net profit of HK\$37.4 million, compared with a net profit of HK\$4.9 million for 1H 2023. The improved result was mainly driven by investment gains from our proprietary investments and decreased total expenses to compensate for the reduced management fees
- Our AUM slightly declined from US\$5.6 billion as of 31 Dec 2023 to US\$5.4 billion as of 30 June 2024, given the strong performance of our equity and fixed income funds despite the weak market backdrop and investor sentiment

		1H 2024 (Unaudited) (HK\$ million)	1H 2023 (Unaudited) (HK\$ million)	% Change
Revenue	Total revenue	235.7	276.8	-14.8%
	Gross management fees	200.8	245.9	-18.3%
	Gross performance fees	9.7	-	
Cost	Total expenses	160.7	191.4	-16.0%
Earnings	Operating profit/(loss) before other gains/losses	0.6	(3.0)	+120.00%
	Net profit	37.4	4.9	+663.3%
	Basic earnings per share (HK cents)	2.0	0.3	+566.7%
Dividend	Total dividend per share (HK cents)	Nil	Nil	
		30 Jun 2024 (US\$ million)	31 Dec 2023 (US\$ million)	% Change
AUM	Assets under management	5,402	5,570	-3.0%

Assets under management (“AUM”)

Key reasons for AUM decrease:

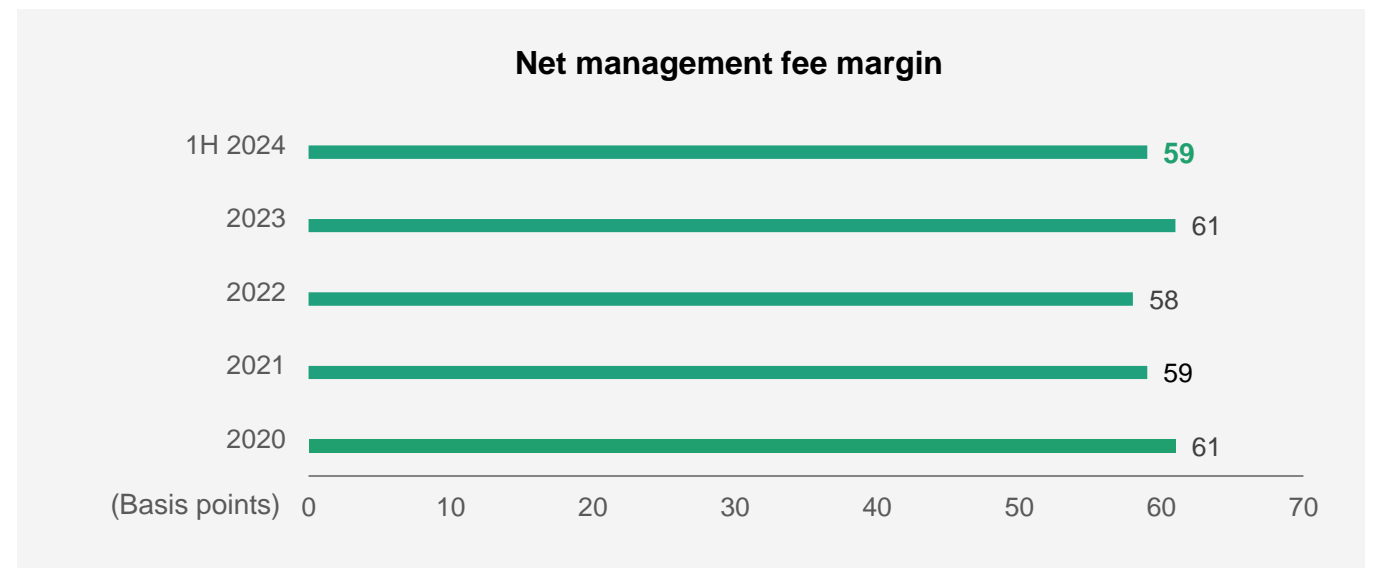
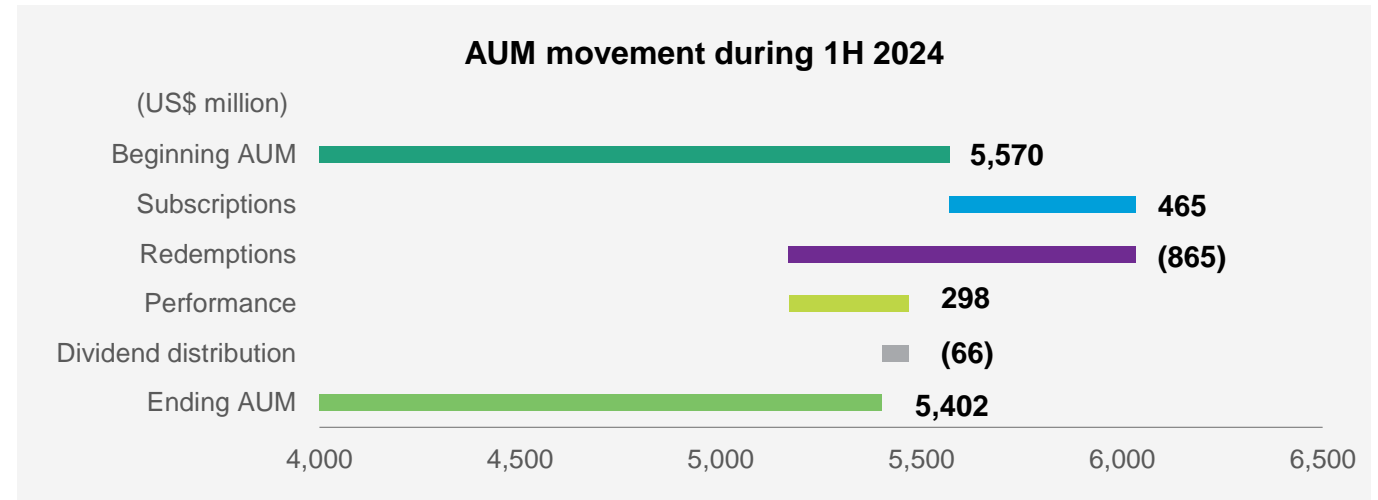
- Net outflow of US\$400 million, mainly from some of our HK/China equity strategies and one-off termination of equity mandates

Offset by:

- Positive fund returns of US\$298 million, with double-digit returns from the High-dividend stocks strategy, Greater China High Yield strategy and Asian Multi-Asset strategy during first half 2024
- Managed to achieve net inflows in Value Partners Japan REIT Fund, a fund newly launched in April 2024 and Value Gold ETF

Fee margin:

- Net management fee margin remained stable between 58 bps and 61 bps in recent years
- Slight decrease to 59 bps for 1H 2024 from 61 bps in 2023 due to net outflow from active funds with higher margin



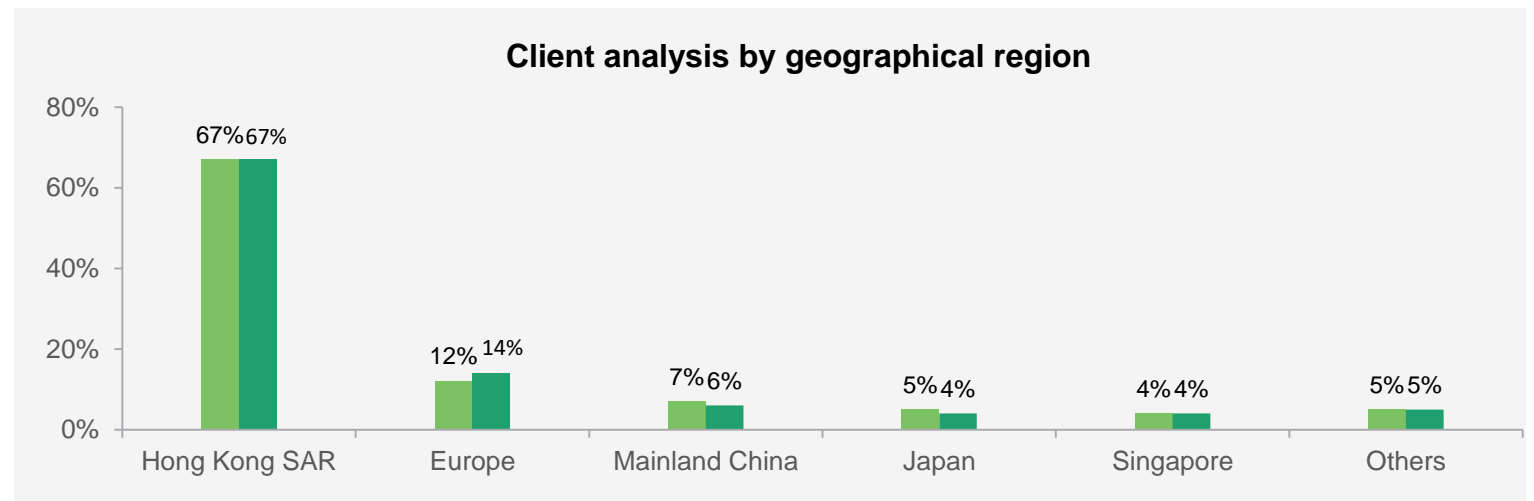
AUM Analysis

AUM by Strategy:

- **Remains stable**
- **Increase in ETF:** attributable to net inflows into our Value Gold ETF in 1H 2024, and the strong momentum continues
- **Constant in fixed income:** net outflows from the Greater China High Yield strategies have already been stabilized since 2023
- **Slight decrease in equities:** due to the termination of certain equity mandates and net outflows from healthcare strategies

AUM by Geography:

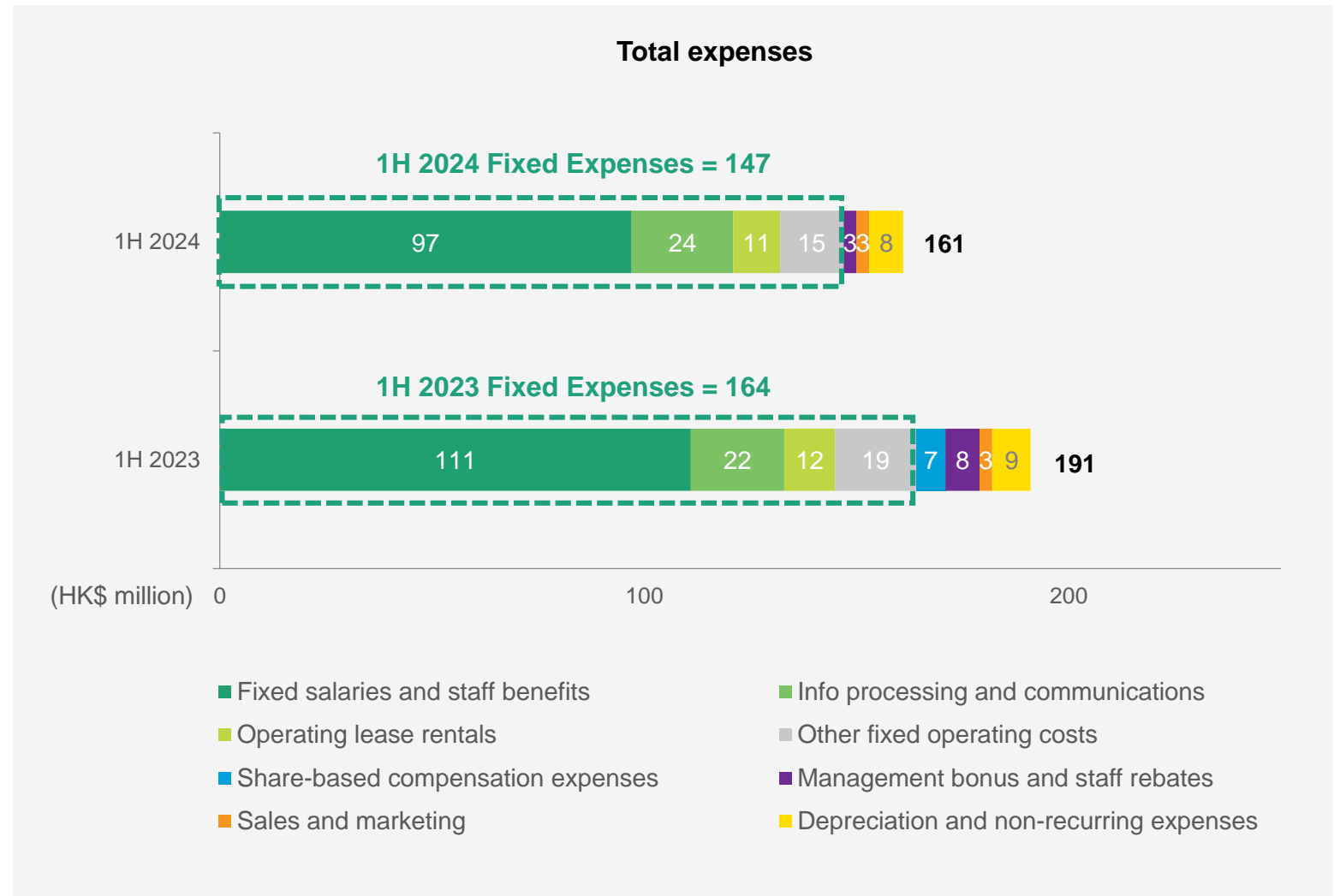
- Hong Kong remains our biggest client segment, followed by Europe and Mainland China
- Increase in Europe due to the positive performance of a European mandate
- Slight decrease in Mainland China from the termination of active strategy mandates



■ 31 Dec 2023 ■ 30 Jun 2024

Expense Analysis

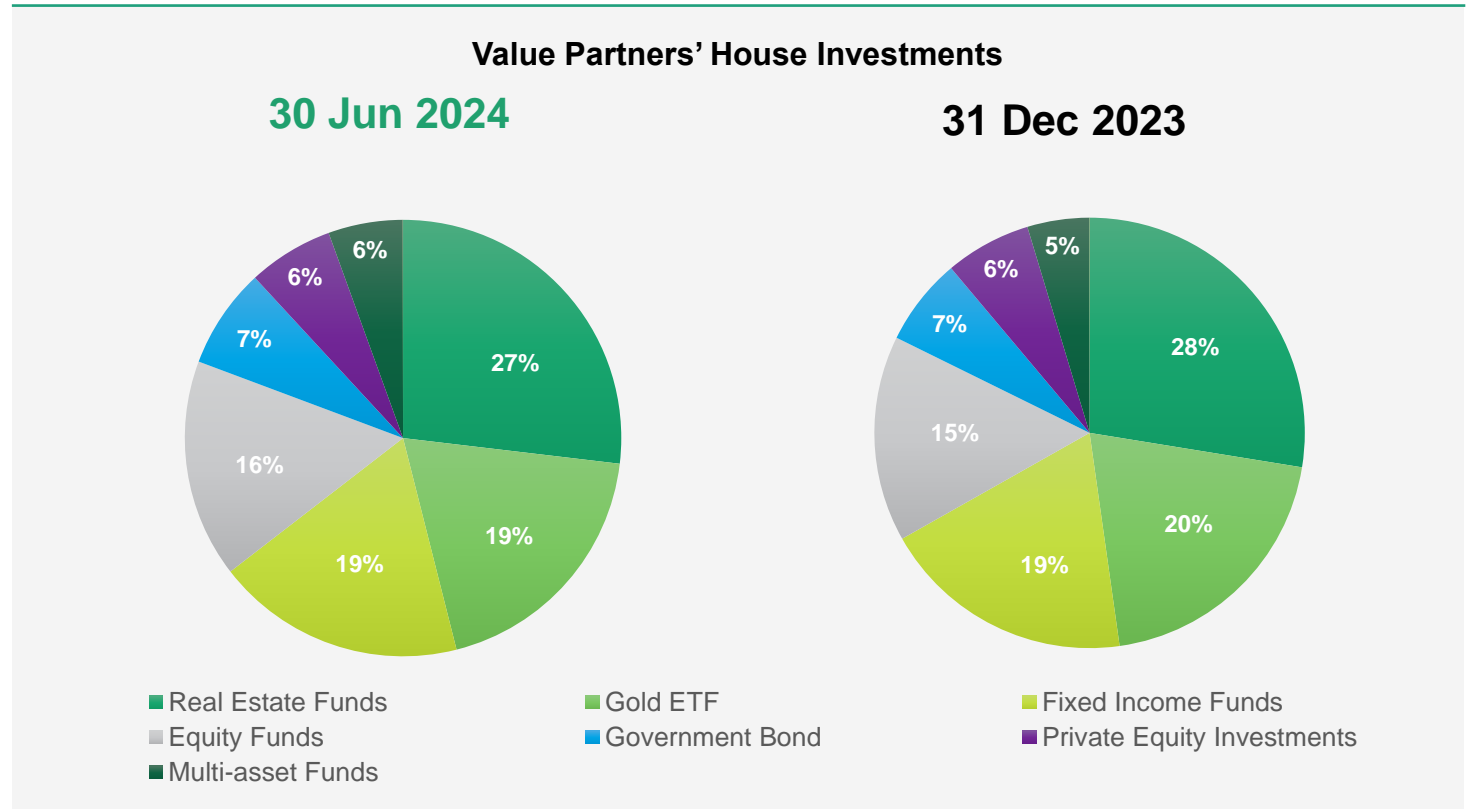
- Total expenses decreased by 16%, mainly on a 13% drop in staff cost as part of our strategic business plan to align resources and focus on areas with higher growth potential
- Increased Information and communications expenses are mainly attributable to more IT expenses for continuous investment and upgrade of operation systems and higher market data research costs
- Continue to exercise stringent cost control while investing in key growth areas for our long-term strategic plans and be well-prepared for upcoming business opportunities



Strong balance sheet and cash deployment strategy

- Continue to maintain a strong balance sheet with a cash-rich position and zero debt
- Portfolio mix with sufficient liquidity to meet potential business needs and capital requirements
- We shall continue to deploy cash to seed and incubate new products as we continue our product diversification to capture new investor demands and alignment of interest with fund investors

(HK\$ million)	30 Jun 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020
Net Assets	3,570	3,543	4,494	5,265	5,418
• Cash & cash equivalents	922	1,559	1,666	1,666	1,974
• Investments	2,456	2,740	2,666	3,461	2,417

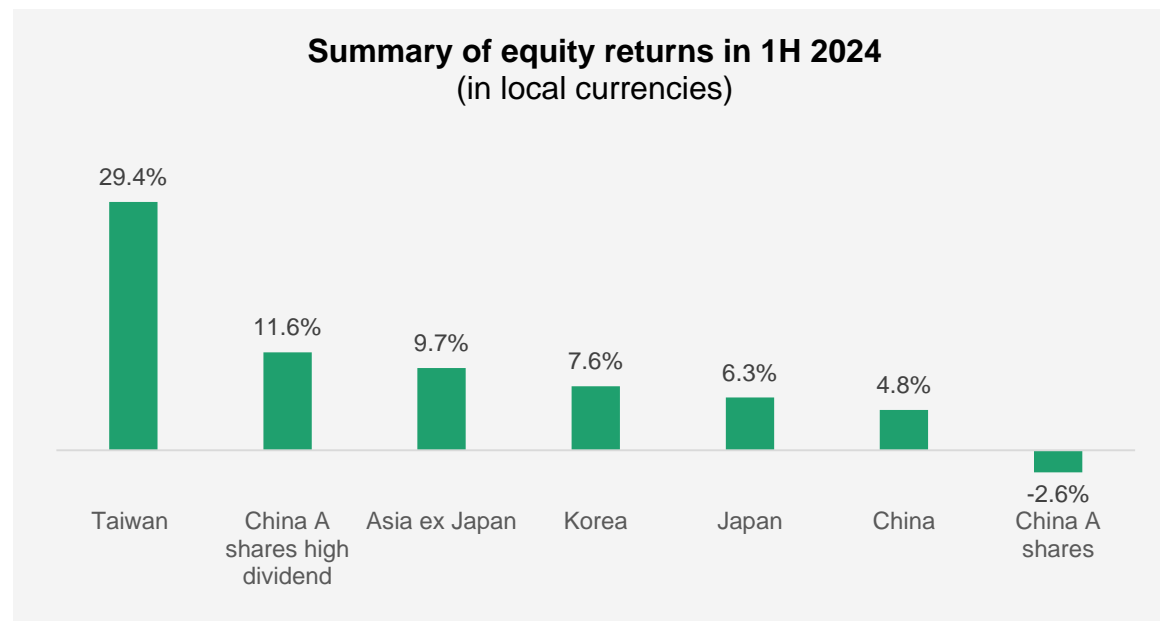


Business and Strategy Updates

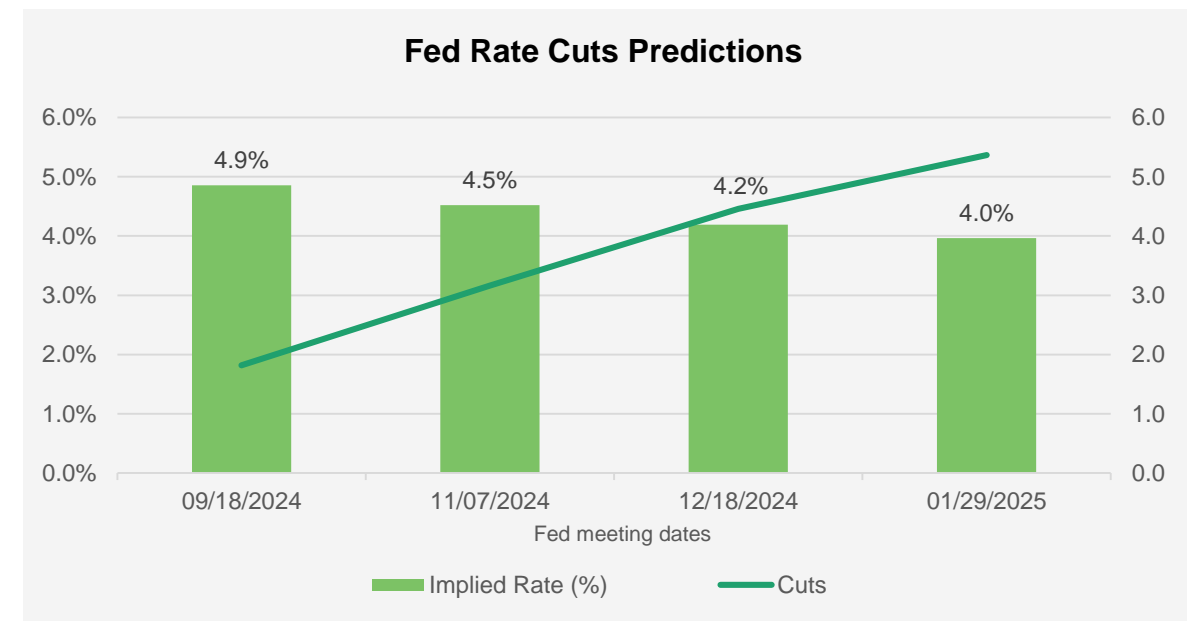
1H 2024 : Mixed Performance in Asia

Asian markets have improved with pockets of opportunities, although Chinese equities continued to underperform

- Investors' sentiment improved in 1H 2024, with technology heavy markets such as Taiwan and Korea leading the gains in Asia. Weakness in the Japanese yen also resulted in a strong rally in Japan equities. Chinese equities were also up slightly but continued to underperform, given geopolitical tensions and uncertainty surrounding economic growth
- In China, despite the general weakness in the market and the economy, dividend investing has been a bright spot, thanks to the focus on improving companies' return on equity (ROE) via returning cash to shareholders through increasing dividend payouts. This trend will likely be a strong driver of market returns in the coming years, given higher structural demands for dividend equities, as domestic interest rates fall further
- The resilience of the US economy has kept the USD (& HKD) interest rates at an elevated level, which remains a headwind for asset management businesses as investors kept a high cash balance. That said, the cycle is starting to turn in the latter half of the period, with some major central banks cutting interest rates. The prospect of monetary easing and high current interest rates and yields has seen a pick-up of investors' interest in investment grade/low-risk fixed income solutions



Source : Bloomberg, as of 30 June 2024. Equity returns refer to MSCI indexes, in local currencies



Source : Bloomberg, as of 8 August 2024

Value Partners' 3 key strategies



**Business development
and client support**



Product strategies
and solutions



Strategic initiatives

Business development and client support

→ Enhancing our client relationships and reach in Hong Kong & Overseas

→ Empowering clients with suitable products and insights to navigate market volatility



Wealth management segments
(mass retail and high-net-worth market)

- Strengthen relationships with distribution partners by providing suitable investment solutions aligned with the market environment, focusing on lower-risk options and income-generating strategies
- Launched our new J-REIT Fund in April 2024, which was already onboarded by several distribution partners. We expect more partners to onboard the product in the near term
- Expanded our banking network to include more partners, particularly in Hong Kong. We aim to attract new partnerships and expand our network of distribution partners
- Continue to build and strengthen our family office coverage in Asia, especially in Hong Kong and Singapore



Institutional segment

- We have seen a noticeable renewed interest from Asia, Europe, and the Middle East in our product offerings for Asia and Greater China, especially in our income-focused products. We expect this trend to continue moving forward
- Continued brand-building efforts in Europe. These include roadshows in the UK and Switzerland to showcase our investment capabilities
- Given our enhanced brand and better coverage in the institutional space, we are better equipped to hold more brand-building initiatives and build more mandates



Ongoing guidance and support to navigate prevailing market environment

- Provided clients with comprehensive insights and commentaries, to help them navigate changing market conditions and identify suitable investments, including income-focused strategies and other asset classes that offer further diversification (e.g., gold)
- Guided them to benefit from attractive valuations in the market and position advantageously for a market recovery

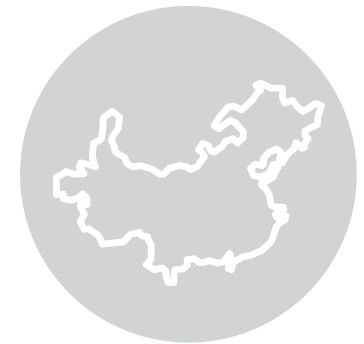
Value Partners' 3 key strategies



Business development
and client support



**Product strategies
and solutions**



Strategic initiatives

Delivering High Quality Products & Solutions

- Focus on our Income Series and suitably expand alternatives and thematic solutions
- Continued efforts in product development and innovation to cater to investors' evolving needs



Institutional

- Focus to scale China A-shares High Dividend with a four-year strong track record to help international investors capture opportunities brought by regulatory reform in the country
- Design and deliver tailored investment grade-focused fixed income and multi-asset solutions for institutional (insurance) clients in the region
- Explore partnerships with alternative investment solution providers to enrich product and solution offerings for institutional clients in the region and abroad



Intermediaries & ETFs

- Launched the first and only SFC-authorized¹ Japan REITs Fund in Hong Kong in partnership with Daiwa Asset Management. Focus on scaling the Fund with key distribution partners
- Focus on promoting further the Firm's income-oriented solutions, including money market, fixed income (Asian Total Return Bond), multi-asset (Asian Income), and equities (High Dividend Fund)
- Explore the launch of new and innovative offerings in 2H 2024/1H 2025 for the intermediary channel to help investors better achieve investment outcomes. Enhance product features of our Gold ETF to allow broader access for investors

1. SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Long-term commitment to ESG development

→ ESG is fundamental to long-term risks and returns for our portfolio management

Transitioning from “ESG 1.0” to “ESG 2.0”

- In 2023, we transitioned our sustainability journey from “ESG 1.0”, started in 2019, to “ESG 2.0”
- In this new phase, articulation is the key agenda to leverage ESG 1.0 foundations
- These include the launch of our first SFDR Article 8-compliant ESG thematic fund – VP Asian Food and Nutrition Fund – in May 2023 and the increase in our engagement activities to drive sustainability impacts for our portfolios’ investees

2024 developments & onward:

- 1. ESG investment process:** Focus on engagement and driving direct dialogue and impact
 - 18 sustainability topics were covered in 1H 2024, totaling 150 topic interactions with our investees
 - Increase of more than 50% in topic interactions compared to 2023
 - Key topics include climate, biodiversity, DE&I, etc.
- 2. ESG products:** Launch/upgrade our funds to be SFDR Article 8 compliant to meet global investors’ requirements
- 3. Group participation:** Ongoing efforts to contribute to the community, e.g., “Grow the next gen” agenda to nurture domestic ESG talents



ESG Leading Enterprise Awards
Master Insight Media
June 2023



ESG Elite Award (Distinction)
Institute of ESG and Benchmark’s
ESG Achievement Awards 2022/2023
September 2023

Value Partners' 3 key strategies



Business development
and client support



Product strategies
and solutions



Strategic initiatives

Strategic initiatives development

- Leverage strategic partnerships to capture a larger share of the region's "wealth pie"
- Take advantage of Hong Kong's "super-connector" status in the region

Leverage strategic partnerships



- **GF Securities** (strategic shareholder since 2023)
– collaboration with GF to expand business potential and tap into larger customer base (e.g., broaden MRF channels, private fund management ("PFM"), and wealth segments in China)
- **Star Asset Management** – following the formation of a strategic partnership with Indonesia-based Star Asset Management in 2023, we are now advising our partner to roll out an equity strategy for investors in the country

Capture opportunities from new policy developments

- MRF proposed enhancements (e.g., relaxing sales limit from 50→80% of fund's AUM), making it easier to raise more assets from the Mainland
 - Plans of launching our third MRF product, especially following increased inflows into our current MRF suite
- The new Capital Investment Entrant Scheme (CIES) launched in March
 - We have 18 CIES-eligible funds
- Enhancements to GBA Wealth Management Connect Scheme to include more products
 - We have 9 eligible investment products



Further development of our cross-border franchises

- Received approval to roll out a fixed income product through "QDLP" in July, giving more investment options for mainland investors to invest in offshore markets and diversify their portfolios
- Explore opportunities to utilize our "QDIE" license to roll out an alternative solution to Mainland investors
- Leverage and utilize further our "QFLP" license in Shenzhen to offer more options to overseas investors to invest in China's onshore private markets



China Fund News
Ying Hua Awards
Exemplary Foreign Private Equity Institution
2024



Insurance Asset Management
Association of China
The Most Promising Overseas Investment Institution award
2023




Zhitong Caijing
6th Golden Hong Kong Stocks award
Best Financial Stock
2022



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