

Value Partners Greater China High Yield Income Fund

NAV per unit : Class P USD Acc - USD9.64 | Class P USD MDIs - USD3.52
Fund size : USD636.0 million

February 2023

- 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

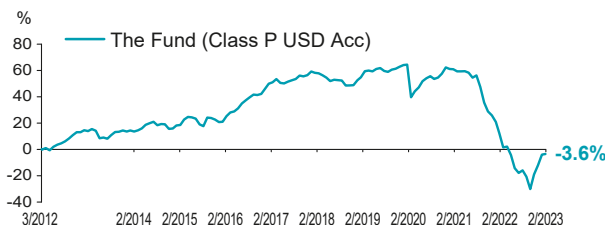
Portfolio Review:

The Asian credit markets took a breather in February, as rising US Treasury yields once again triggered inflation concerns and the upcoming Fed's rate decision. The lack of further positive catalysts in the market also brought out some profit-taking activities. The universe of both investment grade and high yield credits was down by more than 1% for the month. We took profits on some positions with high dollar prices and reinvested into others with lower prices. We also continue to focus on managing the quality and liquidity of our portfolio.

Outlook:

On the horizon, the market will be focusing on the upcoming Two Sessions in China. It is expected further supportive measures for the economy will be rolled out throughout the rest of the year. We will continue to monitor the market impact and act accordingly. We will continue to search for clues on the direction of future interest rates movement and will deploy our trades to best take advantage of the market.

Performance since launch



Performance update

| | Class P USD Acc | Class A RMB Hedged Acc |
|----------------------------------|--------------------|---------------------------|
| Year-to-date | +9.8% | +9.2% |
| One month | +0.5% | +0.3% |
| One year | -14.0% | -14.6% |
| Three years | -41.4% | -39.1% |
| Five years | -39.1% | -36.1% |
| Total return since launch | -3.6% | -8.9% |
| Annualized return since launch ^ | -0.3% | -1.2% |

The Fund – Class P USD Acc: Monthly performance from 1 Jan 2014 to 28 Feb 2023

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual |
|------------|-------|-------|--------|-------|-------|--------|-------|-------|-------|--------|--------|-------|--------|
| 2014 | -0.7% | +0.7% | -0.7% | +0.8% | +1.3% | +2.3% | +1.0% | +0.9% | -2.2% | +0.8% | -0.2% | -2.9% | +1.1% |
| 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 (YTD) | +9.2% | +0.5% | | | | | | | | | | | +9.8% |

^ Annualized return is calculated from inception based on published NAV.

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NAVs & Codes

| Classes ¹ | NAV | ISIN | Bloomberg |
|-------------------------|------|--------------|------------|
| Class P USD Acc | 9.64 | KYG9319N1097 | VPGPCUA KY |
| Class P HKD Acc | 9.67 | KYG9319N1253 | VPGPCPA KY |
| Class P USD MDIs | 3.52 | KYG9319N1170 | VPGPUMD KY |
| Class P HKD MDIs | 3.54 | KYG9319N1337 | VPGPMD KY |
| Class P SGD Hedged MDIs | 3.78 | KYG9319N1824 | VPPSHMA KY |
| Class A EUR Hedged Acc | 5.80 | KYG9319N3804 | VPGAEEA KY |
| Class A AUD Hedged MDIs | 3.33 | KYG9319N2327 | VPGCAUD KY |
| Class A CAD Hedged MDIs | 3.46 | KYG9319N2400 | VPGCCAD KY |
| Class A GBP Hedged MDIs | 3.51 | KYG9319N3317 | VPGCAGH KY |
| Class A EUR Hedged MDIs | 3.71 | KYG9319N3499 | VCHAMEH KY |
| Class A NZD Hedged MDIs | 3.51 | KYG9319N2574 | VPGCHNZ KY |
| Class A RMB Hedged Acc | 9.11 | KYG9319N2814 | VPGCAHR KY |
| Class A RMB Hedged MDIs | 3.98 | KYG9319N3077 | VPGCRMB KY |
| Class A RMB MDIs | 3.93 | KYG9319N3150 | VPGCMDR KY |

Dividend information – Class MDIs ²

| Classes ¹ | Dividend amount / unit | Annualized yield ³ | Ex-dividend date |
|-------------------------|---------------------------|----------------------------------|---------------------|
| Class P USD MDIs | 0.0265 | 9.0% | 28-2-2023 |
| Class P HKD MDIs | 0.0265 | 9.0% | 28-2-2023 |
| Class P SGD Hedged MDIs | 0.0283 | 9.0% | 28-2-2023 |
| Class A AUD Hedged MDIs | 0.0258 | 9.3% | 28-2-2023 |
| Class A CAD Hedged MDIs | 0.0258 | 8.9% | 28-2-2023 |
| Class A EUR Hedged MDIs | 0.0211 | 6.8% | 28-2-2023 |
| Class A GBP Hedged MDIs | 0.0262 | 9.0% | 28-2-2023 |
| Class A NZD Hedged MDIs | 0.0280 | 9.6% | 28-2-2023 |
| Class A RMB Hedged MDIs | 0.0305 | 9.2% | 28-2-2023 |
| Class A RMB MDIs | 0.0323 | 9.9% | 28-2-2023 |

Top holdings ⁴

| Name | Sector ⁵ | Country / region | % |
|--|---------------------|------------------|-----|
| eHi Car Services Ltd 7.75% 11/14/2024 | Transportation | China/Hong Kong | 3.7 |
| Mongolian Mining Corp/ Energy Resources LLC 9.25% 04/15/2024 | Materials | Mongolia | 3.5 |
| Alam Sutera Realty Tbk PT 6.25% 11/02/2025 | Real estate | Indonesia | 3.1 |
| China Hongqiao Group Ltd 6.25% 06/08/2024 | Materials | China/Hong Kong | 2.6 |
| Country Garden Holdings Co Ltd 8% 01/27/2024 | Real estate | China/Hong Kong | 2.5 |
| Hopson Development Holdings Ltd 7% 05/18/2024 | Real estate | China/Hong Kong | 2.3 |
| eHi Car Services Ltd 7% 09/21/2026 | Transportation | China/Hong Kong | 2.1 |
| ABM Investama Tbk PT 9.5% 08/05/2026 | Energy | Indonesia | 1.9 |
| Indika Energy Capital IV Pte Ltd 8.25% 10/22/2025 | Energy | Indonesia | 1.9 |
| GCL New Energy Holdings Ltd 10% 01/30/2024 | Utilities | China/Hong Kong | 1.8 |

Portfolio characteristics

| | Class P USD Acc | Class A RMB Hedged Acc |
|--|--------------------|---------------------------|
| Annualized volatility (3 years) ⁶ | 20.8% | 20.6% |
| Weighted modified duration ⁷ | | 2.1 years |
| Yield to worst ⁸ | | 23.1% |
| Number of bond issuers | | 97 |

Geographical exposure ⁹

| | |
|--------------------|-------|
| China/Hong Kong | 70.2% |
| Indonesia | 11.2% |
| Macao | 8.1% |
| India | 5.3% |
| Mongolia | 3.5% |
| Others | 2.1% |
| Cash ¹⁰ | -0.4% |

Sector exposure ^{5,9}

| | |
|--|-------|
| Real estate | 38.2% |
| Consumer services | 10.5% |
| Materials | 9.9% |
| Transportation | 9.4% |
| Diversified financials | 8.2% |
| Energy | 6.5% |
| Utilities | 5.0% |
| Software & services | 3.0% |
| Capital goods | 2.0% |
| Retailing | 1.7% |
| Automobiles & components | 1.5% |
| Banks | 1.3% |
| Semiconductors & semiconductor equipment | 1.0% |
| Others | 2.2% |
| Cash ¹⁰ | -0.4% |

Credit ratings ¹¹

| | | | |
|-------------------------|-------|-------------------------------------|-------|
| AA | 0.4% | | |
| A | 1.6% | | |
| BBB | 11.9% | | |
| BB | 35.0% | | |
| B & Below | 29.8% | Investment grade | 13.9% |
| Non-Rated ¹² | 21.7% | High yield | 64.8% |
| Cash ¹⁰ | -0.4% | Average credit rating ¹³ | BB- |

Currency breakdown

| | |
|-----|-------|
| USD | 96.6% |
| HKD | 2.7% |
| CNY | 0.7% |

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 |
| Dividend policy ² : | MDIs – Aim at Monthly distribution, subject to Manager's discretion |

Fee structure

| | 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 | |
| Dealing day | Daily | |

Senior investment staff

Co-Chairmen & Co-Chief Investment Officers:
Cheah Cheng Hye; 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**
Fund Manager: Danielle **Li**

Key awards



Best Fund Provider – High Yield Bond ¹⁴
 ~ Asian Private Banker Asset Management Awards for Excellence 2021

Best Total Return – Greater China Fixed Income (5-Year, Winner) ¹⁵
 ~ HKCAMA & Bloomberg, Offshore China Fund Awards 2020

Best USD High Yield (5-Year) ¹⁶
 ~ Refinitiv, Lipper Fund Awards 2020 (Hong Kong)

Scan QR code ¹⁷:



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 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 ris@vp.com.hk.

1. Each hedged share class will hedge the Fund's base currency back to its currency of denomination on a best efforts basis. However, the volatility of the hedged classes measured in the Fund's base currency may be higher than that of the equivalent class denominated in the Fund's base currency. The hedged classes may be suitable for investors who wish to reduce the impact of changes in exchange rates between their local currency and the Fund's base currency. 2. The manager intends to declare and pay monthly dividends equal to all or substantially all of the net income attributable to each of the Distribution Classes. However, there is neither a guarantee that such dividends will be made nor will there be a target level of dividend payout. No dividends will be paid with respect to the Accumulation Classes. 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 that have been originally invested or capital gains attributable to that and may result in an immediate decrease in the value of units. Please refer to the Explanatory Memorandum for further details including the distribution policy. 3. Annualized yield of MDIs Class is calculated as follows: (Latest dividend amount/NAV as at ex-dividend date) x 12. Investors should note that yield figures are estimated and for reference only and do not represent the performance of the Fund, and that there is no guarantee as to the actual frequency and/or amount of dividend payments. 4. Only debt securities including convertible bonds are stated in the top holdings table. 5. Classification is based on Global Industry Classification Standard (GICS). 6. Volatility is a measure of the theoretical risk in terms of standard deviation, based on monthly return over the past 3 years. 7. The weighted modified duration represents the average modified duration of the portfolio of the underlying bonds weighted by reference to their market value. 8. Investors should note that the Yield to worst figure is for reference only and does not represent the actual performance of the Fund or the dividend yield received by investors. A positive yield does not imply a positive return. 9. Exposure refers to net exposure (long exposure minus short exposure). Derivatives e.g. index futures are calculated based on P/L instead of notional exposure. 10. Cash includes receivables and payables (except cash for collaterals and margins). 11. The highest credit rating assigned by one of the three major external agencies (S&P, Moody's or Fitch) will be used for fixed income securities. Issuer rating may be used for unrated securities. 12. Including bonds whose issuers do not seek credit ratings (Greater China Paper 12.9%, Others 5.5%, Equity-linked Investments 3.3%). 13. The weighted average credit rating is derived by taking the weighted average of the credit rating for each underlying bond in the portfolio. Issuer rating may be used for unrated securities. The average credit rating is determined by assigning a sequential integer to all credit ratings from AAA (highest) to D (lowest), taking a simple, asset-weighted average of debt holdings by market value and rounding to the nearest rating. As the risk of default increases disproportionately as a bond's rating decreases, the simple weighted average of credit ratings is not a statistical measurement of the portfolio's default risk. 14. The assessment of each award category is based on 3 weighted criteria, and one weighted criterion based on feedback from private banking fund selectors. The weightings includes product performance (30%), asset gathering (20%), service competency/quality (20%) and fund selector feedback (30%). 15. The awards recognize the top performing Greater China Fixed Income funds issued by CAMAHK members with at least 1 year of historical performance as of 30 Sep 2020. The Best Total Return calculation methodology, Bloomberg calculates the customized 1 year, 3 years and 5 years total return using Bloomberg calcroute field "R1095-Custom Total Return Holding Period". 16. The award reflects performance up to 31 Dec 2019. 17. For Hong Kong investors only.

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