

GF INVESTMENT FUNDS
GF China RMB Fixed Income Fund

31 Dec 2017

Important Information

- GF Investment Funds - GF China RMB Fixed Income Fund ("The Fund") invests primarily in RMB denominated and settled fixed income securities issued within Mainland China through the RQFII quota.
- The Fund is denominated in RMB. Subscription moneys and redemption proceeds must be paid in RMB. RMB is currently not freely convertible and there is no guarantee that RMB will not depreciate.
- The Fund is subject to the risk of investing primarily in Mainland China which is considered as an emerging market. Investments in Mainland China may also be less liquid and more volatile.
- RQFII risk: In the event of any default of either a PRC broker or the RQFII custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the Fund may encounter delays in recovering its assets which may in turn impact the net asset value of the Fund. The Fund invests in securities through a RQFII which is subject to applicable regulations imposed by the PRC authorities. The Fund may not have exclusive use of the entire RQFII quota granted by SAFE to the RQFII Holder, as the RQFII Holder may in its discretion allocate RQFII quota which may otherwise be available to the Fund to other public fund products under the Manager's management or subject to SAFE's approval, allocate RQFII quotas to other non-public fund products and/or accounts. However, there is no assurance that sufficient RQFII quota can be allocated to the Fund to meet all applications for subscription of units in the Fund.
- PRC tax risk: The Manager will make 10% provisions for any PRC taxes payable by the Fund and this will be debited from the Fund's assets. In case of any shortfall between the provisions and actual tax liabilities, the asset value of the Fund will be adversely affected.
- Valuation risk: Valuation of the Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available.
- The Fund is subject to the risks relating to fixed income securities (e.g. credit risk, risks relating to credit rating and downgrading, interest rate risk and liquidity risk). The Fund may invest in fixed income securities which are rated below investment grade. Such investments may be more volatile and less liquid.
- The price of the Fund may fluctuate and investors may lose some or all of their investment.

Investment Objective

The Fund aims to provide long term capital growth and income in RMB terms through investment primarily in fixed income securities issued within Mainland China (minimum 80% of the Fund's net asset value) and Mainland China A-Shares (maximum 20% of the Fund's net asset value) through the RQFII quota of the RQFII Holder which is the holding company of the Manager.

Fund Manager's Commentary

FOMC meeting decided to raise the target range for the federal funds rate to 1.25 to 1.5 percent in December. This is the third time this year and maintained the forecast of three more rate hikes in 2018, as the economy and job market maintained solid growth.

In China, manufacturing purchasing managers index (PMI) was 51.6 in December, a decrease of 0.2 percentage points from last month. People's Bank of China indicated that monetary policy will continue to implement neutral to tight and interest rates and money markets remain tight.

Due to the impact of bond market decline, the negative return of the fund during the month is due to the under-performance of convertible bond positions. We lowered the allocation of equity and convertible bond, kept more cash for year-end.

FUND INFORMATION

Fund Manager	GF Asset Management (Hong Kong) Limited
Trustee	BOCI-Prudential Trustee Limited
Launch Date	5 March 2012
Base Currency	RMB
AUM	RMB 17 million
NAV	Class A RMB 93.062 Class I RMB N/A
Dealing Frequency	Daily (Hong Kong & China Business Day)
Subscription Fee	Up to 5%
Management Fee	Class A 1.20% p.a. Class I 0.75% p.a.
Dividend Policy	Quarterly (ie Mar, Jun, Sep and Dec every year) (if any), subject to Fund Manager's discretion

Fund Codes

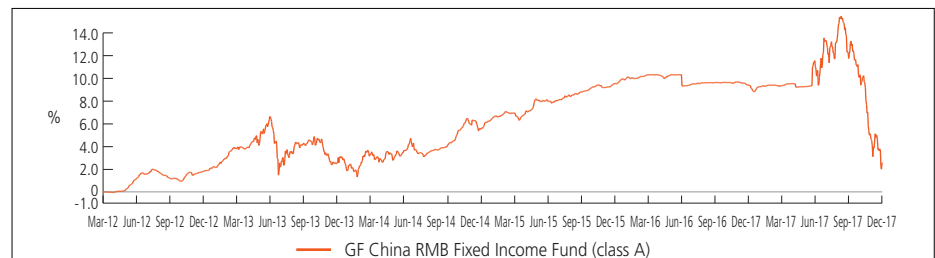
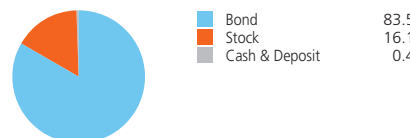
Class	Bloomberg	ISIN
Class A	GFCRMB HK	HK0000104296
Class I	GFCRMB HK	HK0000104304

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Performance (Class A – RMB)¹

Fund	Cumulative Performance (%)						Calendar Year Performance (%)				
	1M	3M	6M	12M	YTD	Since Inception	2017	2016	2015	2014	2013
Fund	-1.9	-8.6	-6.2	-6.1	-6.1	2.6	-6.1	-0.7	3.7	3.6	0.2


Asset Allocation² (% in terms of total fund size)

Top 5 Holdings (% in terms of total fund size)

China Government Bond, 2.78%, 09/02/2018	13.2
Jiangsu Jiangnan Water Company Limited Convertible Bond, 0.5%, 18/03/2022	9.7
Aisino Company Limited Convertible Bond, 1%, 12/06/2021	9.4
China South International Industrial Materials City Shenzhen Co. Ltd., 5.98%, 14/01/2019	9.2
Shenzhen Maoye Trade Building Co Ltd, 4.5%, 05/01/2021	6.5
Total	48.0

Bond Portfolio Characteristics

Average Bond Duration	2.6 years
Average Yield to Maturity ³	4.7%

Credit Rating^{2, 4, 5} (% in terms of total bond portfolio)


1 Source: Bloomberg, total return with dividend reinvested (if any). The investment returns are denominated in RMB. Investors are therefore exposed to fluctuations in the RMB/other currencies exchange rate.

2 Rounded to the nearest one decimal places and the total may not add up to 100%.

3 Average yield to maturity is the weighted average yield to maturity of the bond portfolio of the Fund and is not equivalent to the yield achieved by unitholders and any capital gain/loss of each Unit of the Fund is not included in the calculation. Hence, average yield to maturity does not represent the total return that may be achieved by unitholders.

4 Source: Wind. The above credit ratings are assigned by the PRC domestic credit rating agencies.

5 Starting from August 2017, the credit rating of the issuer of the Policy bank bonds and China government bonds which are currently not being rated by any PRC domestic credit rating agencies has been used as the implied credit rating of the fixed income securities issued by that issuer for the presentation of the chart.

Unless specified otherwise, all information contained in this fact sheet quoted as at 29 Dec 2017.

Important Disclaimer

This fact sheet does not constitute an offer, solicitation or invitation, publicity or any other advice or recommendation. Investors should not invest in the Fund based on this fact sheet alone and should read the Explanatory Memorandum for further details including the risk factors in particular those associated with investment in emerging markets. In making investment decisions, readers are requested to make their own independent thinking and to seek professional advice (if necessary). Investment involves risks, the past performance is not indicative of future performance. This document is issued by GF Asset Management (Hong Kong) Limited and has not been reviewed by the SFC.