

# GF China Value Fund

## Investment Objective

The principal investment objective of the Fund is to achieve medium to long-term capital appreciation and steady returns through investing primarily in securities of companies in the Greater China region and companies deriving significant income in the Greater China region, which are listed, quoted or traded on major stock exchanges worldwide.

## Manager's Comment

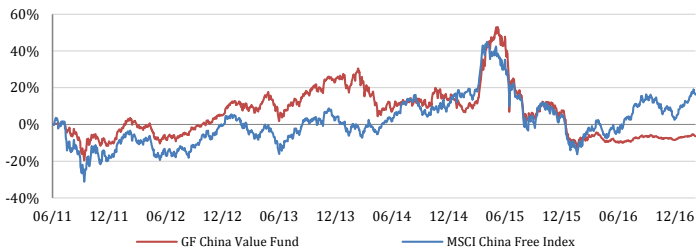
Hang Seng Index consolidated at 23,700-23,800 during the month after several failed attempts to regain 24,000, despite the better than expected Purchasing Manager's Index (PMI) and well received Congressional speech by President Trump. Sentiment weighed by the likely forthcoming rate hike and further selling pressure by Southbound turning into net selling, locking in profits ahead of the "the Two Sessions" in Beijing. The 2017 sessions of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and National People's Congress (NPC) (known as "the Two Sessions") will be held in Beijing on 3 March and 5 March, respectively. It is expected that the country's top legislative and consultative bodies will release detailed measures as a follow-up to the tasks set by the Central Economic Work Conference (CEWC) held at the end of 2016. More policy initiatives to bolster growth and drive reform momentum. It is expected that there will be six key themes for the Two Sessions: (1) SOE reform; (2) supply-side reform; (3) environmental protection and alternative energy; (4) infrastructure spending; (5) medical reform; and (6) manufacturing upgrade. They are most frequently mentioned by provincial governments in their 2017 government work reports at the 31 provincial-level congresses. The Fund's NAV saw a downward of 0.09% during the month.

In China's official plan for One-Belt-One-Road, one of the key focuses is to enhance the infrastructural connectivity between China and other countries. Construction and machinery companies are likely to be the major beneficiaries of potential supportive policies. In addition, SOE reform will focus on five angles: (1) Enhance hybrid ownership reform, (2) Develop a marketisation mechanism, (3) Progress supply side reform, (4) Transfer SASAC's functionality to focus on capital control without ultra vires, (5) Further strengthening SOE's party building. On the other hand, which cannot be ignored by the central government most of the general public is paying attention to air pollution. In order to improve the air quality in the BJ-TJ-HB region, The Ministry of Environmental Protection has proposed more aggressive steps in supply control in 26+2 cities located in four provinces (Hebei, Henan, Shanxi, Shandong). Gas/ Wind should also be the major beneficiaries as they can largely replace thermal power, which is one of the major sources for pollution.

Market is still waiting for further news on Trump's government policy and the US rate hike cycle might provide higher market volatility. We prefer stocks with high growth visibility and firmed dividend yield, such as IT, telecom, healthcare and consumer names. We will continue to adopt the strategy of selectively picking up quality stocks during market weaknesses.

## Fund Performance#

Return	1M	3M	6M	12M	YTD	Since Inception
<b>Fund</b>	-0.1%	0.9%	0.8%	2.5%	1.4%	-6.5%
<b>Index^</b>	3.5%	6.1%	5.4%	31.3%	10.6%	16.2%



## Annual Return#

	Fund	Index^
<b>2016</b>	-14.0%	1.0%
<b>2015</b>	-7.8%	-7.8%
<b>2014</b>	-7.7%	8.0%
<b>2013</b>	18.8%	3.9%
<b>2012</b>	18.4%	22.7%

## Fund Details

Inception Date:	27 June 2011
Legal Domicile:	Cayman Islands
Currency:	USD
Launch Price:	USD 100
Unit NAV:	USD 93.4741
Reference:	MSCI China Free Index
Fund Manager:	Sam Lau, Renault Kam
Bloomberg Code:	GFCHINA KY Equity
*****	
Min. Initial Subscription:	USD 100,000
Subscription Fee:	up to 5%
Redemption Fee:	2% (first year only)
Management Fee:	1.5% per annum
Dealing:	Every HK Business Day
*****	
Manager:	GF Asset Management (HK) Ltd.
Custodian:	Bank of China (HK) Ltd.
Administrator:	BOCI-Prudential Trustee Ltd.

## Contact

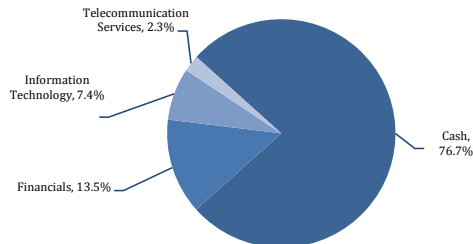
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## Asset Allocation\*

H share	5.2%
Red Chips	2.3%
Other stocks listed in Hong Kong	15.7%
Cash & Others	76.7%

## Sector Allocation\*



## Top 5 Holdings

Tencent Holdings Ltd.	7.4%
Ping An Insurance (Group) Co. of China Ltd. - H Shares	5.2%
Differ Group Holding Co. Ltd.	3.2%
HSBC Holdings Plc	2.7%
BOC Hong Kong (Holdings) Ltd.	2.4%
<b>Total</b>	<b>20.9%</b>

# Source: GF Asset Management (Hong Kong) Limited. NAV to NAV, in USD with dividends re-invested (if any).  
^ Index was for comparative purpose only. The comparative index used here is MSCI China Free Index, Total Return.  
\* Rounded to the nearest one decimal place and the total may not add up to 100%.  
Unless otherwise specified, all information contained in this fact sheet is as at 28 February 2017

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