

GF RMB Focus Fund

Investment Objective

To provide long term capital growth and income by investing mainly in offshore RMB denominated bonds.

Manager's Comment

Despite the resumed weakness of the CNH against the US Dollar during the month, the Dim Sum Bond market still managed to record a gain in both CNH and USD terms in February. The iBoxx Markit Offshore RMB Bond Index rose 0.27% during the month while the NAV for the Fund registered a loss of 0.66%. High yield and short tenure continued to be the outperformers while Transportation and Insurer were amongst the best performing issuers. On a year-to-date basis, the Index registered an upward of 0.35% while the Fund's NAV retreated 0.72%.

January monetary data saw total social financing reached RMB3.74 tn, beating market consensus and much higher than the RMB1.63 t for December 2016. This could potentially be distorted by Chinese New Year. That said, of note is the PBoC's guidance for banks to slow down their lending as well as a pick up in the growth of medium/long term corporate loans.

We had talked about the record maturity of Dim Sum Bonds in 2017 that was noted in HSBC's research last month. With the open up of the onshore bond market to foreign investors as well as the fact that issuers can achieve a lower cost of issuance in the onshore market, Dim Sum issuance in 2017 does not look rosy. It is therefore very likely that 2017 will see another year of shrinkage in the Dim Sum market. Market liquidity will worsen further. Given the also heavy maturity in 2018 and 2019, the market will soon dry up and become irrelevant unless net new issuances pick up meaningfully.

Fund Details

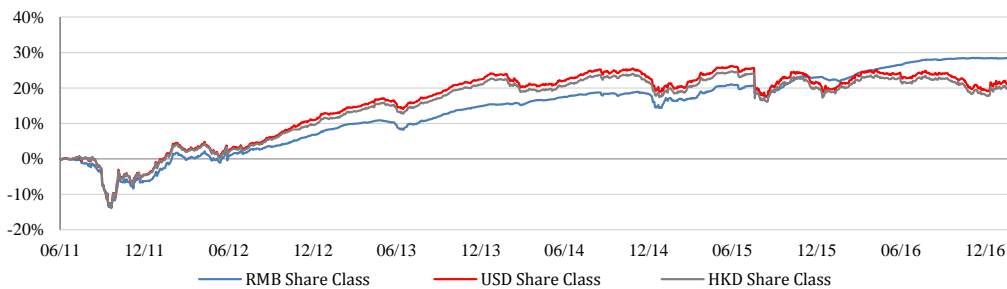
Inception Date: 27 June 2011
 Legal Domicile: Cayman Islands
 Currency: Class - RMB/USD/HKD
 Launch Price: RMB100/USD10/HKD100
 Unit NAV: RMB 127.4982
 USD 12.0352
 HKD 119.0500
 Fund Manager: Sam Lau
 Bloomberg Code: RMB GFRMBFA KY Equity
 USD GFRMBUS KY Equity
 HKD GFRMBHK KY Equity

 Min. Initial Subscription: USD 100,000 or
 RMB/HKD equivalent
 Subscription Fee: up to 3%
 Redemption Fee: Nil
 Management Fee: 0.75% per annum
 Dealing: Every HK Business Day

 Manager: GF Asset Management (HK) Ltd.
 Custodian: Bank of China (HK) Ltd.
 Administrator: BOCI-Prudential Trustee Ltd.
 Legal Advisor: Deacons
 Auditor: Deloitte & Touche

Fund Performance

	Total Return						Calendar Year Return					
	1M	3M	6M	12M	YTD	Since Inception	2016	2015	2014	2013	2012	2011 (Since Inception)
RMB Share Class	-0.7%	-0.8%	-0.4%	3.9%	-0.7%	27.5%	4.3%	4.6%	2.4%	7.6%	13.9%	-6.2%
USD Share Class	-1.0%	-0.1%	-2.8%	-0.8%	0.9%	20.4%	-1.7%	-0.9%	-0.4%	10.5%	16.1%	-4.3%
HKD Share Class	-1.0%	-0.1%	-2.7%	-0.9%	1.0%	19.1%	-1.6%	-1.0%	-0.4%	10.6%	15.0%	-4.5%



Contact

Tel: +852 2907 6236
 E-mail: gffund@gfgroup.com.hk
 Website: www.gfgroup.com.hk



Portfolio Statistics and Analysis

Portfolio Statistics

Average Duration	0.4 Yr
Average Yield*	2.4%

Sector Allocation*

Diversified Financials	16.0%
------------------------	-------

Asset Allocation*

Fixed Rate Debt Instruments	16.0%
Fixed Rate Deposits	76.4%
Floating Rate Debt Instruments	0.0%
Cash & Overnight Deposits	7.5%

Source: Bloomberg, total return with dividend reinvested (if any).

* 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.

Disclaimer

This publication does not constitute an offer, solicitation or invitation, publicity, or any other advice or recommendation. The information and charts in this publication are for reference only, and the accuracy of such information and charts is not guaranteed. In making investment decisions, readers are requested to make their own independent thinking and to seek professional advice (if necessary). Fund investment involves risk. Past performance is not indicative of future performance. Before subscribing for a Fund, investors should refer to the relevant offering documents of the Fund for details, including the risk factors involved. If any loss is incurred as a result of the contents of this publication, there shall be nothing to do with GF Asset Management (Hong Kong) Limited or any company within its Group.