

VL China Fund

Monthly Fund Factsheet

31 August 2015

Important Information

VL China Fund is constituted in the form of a unit trust established under the laws of Hong Kong.

The fund seeks to achieve its investment objective primarily through exposure to companies carrying on business or with business exposure in the China region with long term growth prospects.

The fund can invest no less than 70% of its NAV in Hong Kong-listed stocks and if investing in overseas stocks, no more than 30% of its NAV in non-Hong Kong listed stocks.

All investments involve risks. This material is not an offer or solicitation. The fund is an investment fund. There is no guarantee on the repayment of principal. The fund's investment portfolio may fall in value and therefore your investment in the fund may suffer losses. If you have any queries, please consult your financial consultants. This material has not been reviewed by the Securities and Futures Commission.

Investment objective

The fund aims to provide long-term capital appreciation by investing in a diversified portfolio of equity securities of companies in different industry sectors whose primary business focus is in the China region.

Manager's Comments

We are pleased to see VL China Fund start life on 10 August 2015 with seeding capital of approximately US\$30 million (HK\$232.5 million).

While the fund was launched at times of market turbulences, we regard the inception date as timely as the Manager could make the best use of the currently depressed market sentiment to deploy our investors' capital at attractive entry points.

Going forward, we will issue a brief performance update after every month ends, and a more comprehensive report after every calendar quarter.

May we take this opportunity to thank our seeders and long-time followers for your vote of confidence and unflinching trust.

Performance Update*

	A Units	B Units	MXCN	HS Index
One month	n/a	n/a	-11.69%	-11.82%
Since launch	-11.14%	-11.10%	-11.65%	-11.65%
NAV per unit	88.8559	88.9012	n/a	n/a

*A and B units are invested in the same fund. Dividends are reinvested into the fund. Performance of A Units and B Units is calculated by VL Asset Management Limited in HKD on a NAV to NAV basis. Performance data is net of all fees. NAVs are published daily in the Standard and Hong Kong Economic Times and www.vlasset.com. Indices are derived from Bloomberg and are valued in HKD with dividend reinvested. All indices and figures are for reference only.

Fund Facts

Manager:	VL Asset Management Limited
Trustee	Standard Chartered Trust (Hong Kong Limited)
Custodian & Administrator	Standard Chartered Bank (Hong Kong Limited)
Launch date:	10 August 2015
Base currency:	Hong Kong Dollars (HKD)
Bloomberg code:	Class A - VLCHINA KY Class B - VLCHINB KY
ISIN code:	Class A - HK0000262953 Class B - HK0000262961

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Portfolio Characteristics

	Fund	Hang Seng Index
Price/earnings ratio	8.67X	10.17X
Price/book ratio	1.07X	1.08X
Dividend yield	5.21%	3.92%
Return on equity	12.38%	10.66%
Net cash	21.20%	-

Exposure by Geography

Hong Kong

HK	12.72%
H Shares	24.53%
Red Chips	15.82%
P-Chips	21.89%
Others	1.20%

China

B Shares	2.65%
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No derivative exposure

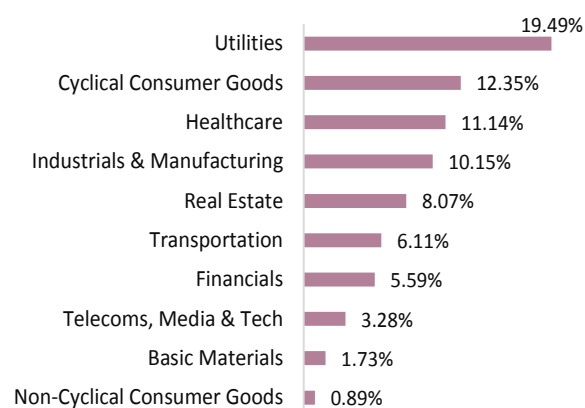
Fee Structure

	Class A	Class B
Minimum subscription	HK\$50,000	HK\$39,000,000
Subsequent subscription	HK\$5,000	HK\$1,000,000
Subscription fee	up to 5%	up to 5%
Redemption fee	nil	5%
Management fee	1.5%	0.75%
Performance fee	15% (high on high)	7.5% (high on high)
Lock-up	nil	3 years
Dealing day	daily (Hong Kong business day)	

Top 5 Stock Holdings

Name	Code	Sector	%
Huaneng Power	902.HK	Utility	7.41%
Transport Intl	62.HK	Transportation	6.11%
Sinopharm Group	1099.HK	Healthcare	5.99%
China Power Intl	2380.HK	Utility	5.95%
Belle Intl	1880.HK	Cyclical Consumer Goods	4.48%
Total			29.94%

Exposure by Sector



VL Investment Team

Chief Investment Officer	Vincent LAM
Portfolio Manager	Ean Kiam NG

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The information published here is current as at the date of publication but is subject to change without notice. If you are in any doubt about any of the information contained herein, you should consult your professional adviser.

You should not make investment decisions based on this material alone. If you plan to invest in VL China Fund, you should read its Explanatory Memorandum and the Key Fact Sheet for details and the risk factors set out in those documents.

In particular, you should be aware of the concentration of the fund's investments in China and Hong Kong giving rise to possibly greater volatility compared with broad-based global funds. You should note too that VLAM, as manager of the fund, is entitled to receive performance fees under certain conditions, that such fees may encourage a manager to make riskier investment decisions than in the absence of performance-based incentive systems and that you should familiarize yourself with the method of calculating such fees.

Performance fee will be charged only if the NAV at the end of the financial year exceeds the "high watermark", which is the all-time year-end high of the fund's NAV. The fund's financial year end is 30 June.

Without prejudice to the generality of the foregoing, this report does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction or country in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation or where such offer or solicitation would be contrary to law or regulation or which would subject VLAM or its affiliates or associates (including VL Trusts) to any registration requirement within such jurisdiction or country.

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The price of shares of any unit trust may go down as well as up and past performance figures shown are not indicative of future performance.

Classification is based on Global Industry Classification Standard (GICS). Exposure refers to long exposure unless otherwise specified.

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.