

VL China Fund

Monthly Fund Factsheet

30 September 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

Market sentiment remained subdued in September. The fund made use of the negative sentiment and deployed an additional 9.3% of capital into equity investments, approximately half of which was invested in four China B shares, and the other half was used to top up a few leading H shares and red chips with their prices slashed to very attractive levels.

In terms of sector allocation, we topped up approximately 4% in clean energy, 2% in financial and property, and the remainder was spread across consumer discretionary, consumer staple, healthcare, telecoms and traditional energy sectors.

Looking ahead, while the macroeconomic environment remains challenging for a lot of listed companies with substantial businesses in China, we believe that the price levels at the end of September provide very good value for long-term investing, and any new government fiscal stimulus and monetary easing should help boost market sentiment (which are expected) for the rest of the year.

Performance Update*

	A Units	B Units	MSCI China Index	Hang Seng Total Return Index
One month	0.18%	0.24%	-2.34%	-3.16%
Since launch	-10.99%	-10.89%	-13.75%	-14.32%
NAV per unit	89.0122	89.1124	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	8.03X	10.07X
Price/book ratio	1.00X	1.07X
Dividend yield	5.04%	3.91%
Return on equity	12.51%	10.62%
Net cash	11.91%	-

Top 5 Stock Holdings

Name	Code	Sector	%
Huaneng Power	902.HK	Utility	6.76%
Transport Intl	62.HK	Transportation	5.93%
China Power Intl	2380.HK	Utility	5.69%
Sinopharm	1099.HK	Healthcare	5.40%
Peak Sport	1968.HK	Non-cyclical consumer goods	4.67%
Total			28.45%

Exposure by Geography

Hong Kong

H Shares	30.04%
Red Chips	18.87%
P-Chips	17.22%
HK	12.50%
Others	2.12%

China

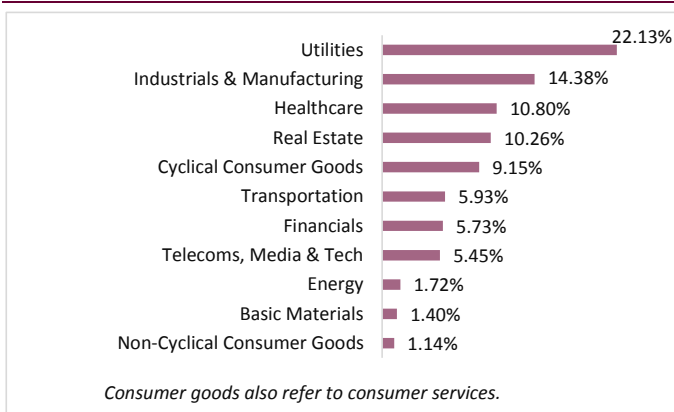
B Shares	7.33%
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No derivative exposure

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)	

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.