

## VL China Fund

### Monthly Fund Factsheet

31 December 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

The fund rose 1.69% (Class A) against a 1.30% decline in the benchmark MSCI China Total Return Index in December during which overall market sentiment remained lackluster.

This weak sentiment carried into January as investors sold global equities and commodities in the face of negative news of a weakening Chinese yuan and a short-lived circuit-breaker experiment carried out by China's stock market at the dawn of 2016.

Froth removed from stock valuations makes for stronger future returns. The Manager, with firm conviction in its abilities to seek out attractive investment opportunities in this environment, has deployed more of its own capital to top up its investment in the Fund in early January.

Haitong International (665 HK) and Transport International (62 HK) remained the biggest two positions of the fund as at the end of December, same as the previous month.

#### Performance Update\*

	A Units	B Units	MSCI China Index	Hang Seng Total Return Index
One month	1.69%	1.76%	-1.30%	-0.36%
Since fund launch	-6.19%	-5.91%	-9.88%	-9.67%
NAV per unit	93.8059	94.0886	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](http://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	9.46X	9.53X
Price/book ratio	1.08X	1.01X
Dividend yield	4.44%	4.06%
Return on equity	11.47%	10.64%

### Exposure by Geography

Hong Kong	H Shares	25.70%
	Red Chips	19.30%
	P-Chips	17.98%
	HK	17.08%
	Others	3.66%
China	B Shares	7.37%
	ADRs	5.47%
US		3.45%
Cash		100.00%

No derivative exposure

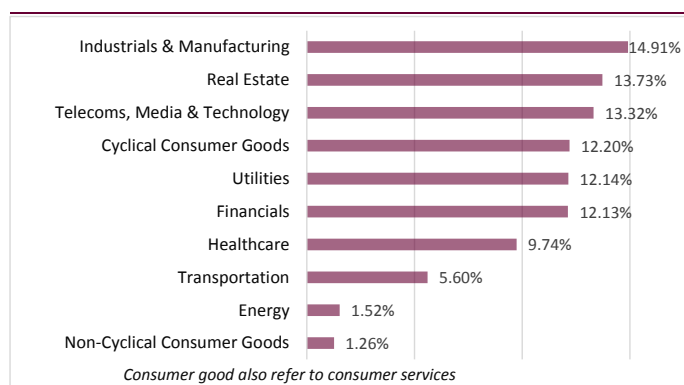
### Fee Structure

	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	%
Haitong Int'l Securities	665 HK	Financials	6.62%
Transport Int'l	62 HK	Transportation	5.60%
Digital China	861 HK	TMT	5.39%
Sinopharm Group	1099 HK	Healthcare	5.28%
Changan Automobile	200625 CH	Industrial	4.46%
Total			27.36%

### 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.

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