

Ping An of China Select Investment Fund Series

# Ping An of China SIF - RMB Bond Fund

## Risk Disclosure

- Ping An of China SIF - RMB Bond Fund (the "Fund") principally invests in RMB denominated fixed or floating income instruments.
- The value of the Fund can be volatile and can go down substantially within a short period of time. It is possible that a certain amount or the entirety of your investment could be lost. The Fund is an investment product and is not equivalent to bank deposits. There is no guarantee in respect of repayment of principal.
- The Fund may invest in (i) fixed income instruments rated below investment grade or unrated; (ii) debt securities issued or guaranteed by governments or authorities; (iii) debt instruments with loss-absorption features which are subject to the risk of being written down or converted to shares upon the occurrence of trigger events resulting in a significant or total reduction in value; (iv) urban investment bonds issued by Chinese local government financing vehicles; and (v) asset-based securities, all of which are typically subject to higher default, volatility and liquidity risks. The Fund is also subject to other risks associated with debt securities (e.g. credit/counterparty, interest rate, credit rating and downgrading, valuation, credit rating agency, convertible bond and dim sum bond market risks).
- The Fund's investments are concentrated in RMB Income Instruments (as defined below) and in China which is an emerging market. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio, and more susceptible to adverse event affecting the Chinese markets. Investing in emerging markets may involve increased risks, such as liquidity, currency, political, economic, legal, taxation, settlement and custody risks and higher volatility. The Fund is also subject to RMB currency and conversion risks and China tax risks.
- The Fund may use derivatives for hedging or investment purposes. Use of derivatives may expose the Fund to significant losses.
- There is no guaranteed dividend payment. Distributions may be paid out of capital which amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investments and may result in an immediate reduction of the net asset value ("NAV") per unit.
- The investment decision is yours. You should not base your investment decision on this material alone. Please refer to the Fund's explanatory memorandum and product key facts statement (including the risk factors and charges stated therein) for further details.

## Investment Objective

The Fund seeks to provide total returns comprised of interest income and capital growth by investing principally in RMB denominated fixed or floating income instruments. It invests primarily (i.e. 70% to 100% of NAV) in RMB denominated instruments including fixed income instruments, asset backed securities (subject to a limit of 30% of NAV), convertible bonds, commercial papers and short term bills and notes ("Income Instruments"). The RMB-denominated Income Instruments may be issued by government, quasi-government organizations, financial institutions, multinational organizations, mainland local government financing vehicles and other corporation.

## Investment Strategy

The Fund seeks to achieve investment returns through active management of the risks associated with RMB denominated Income Instruments such as duration, term structure, sector allocation, product selection and credit rating where applicable.

## Fund Details

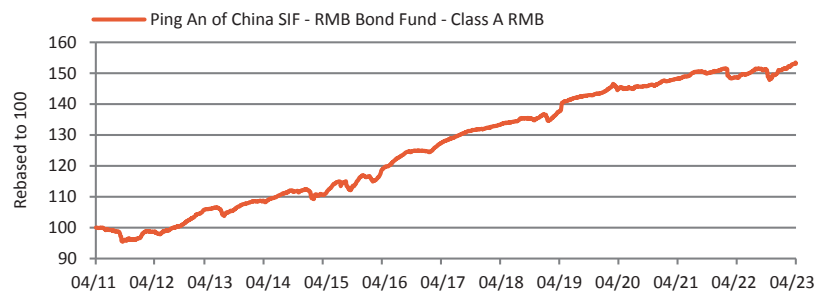
Manager	Ping An of China Asset Management (Hong Kong) Company Limited
Domicile	Hong Kong
Base Currency	RMB
Fund Inception Date	28 April 2011
Fund Size	RMB 536.9 million
Dealing Frequency <sup>(1)</sup>	Daily
Dividend Policy	Accumulation class(es) - No distribution to Unitholders Other class(es) - Semi-annual basis <sup>(2)</sup>
Subscription Fee	Up to 5%
Management Fee	1% p.a.
Switching Fee	Not applicable (switching currently is not permitted)
Redemption Fee	None
Trustee	BOCI-Prudential Trustee Limited
Custodian	Bank of China (Hong Kong) Limited

## Portfolio Statistics

Average Yield to Maturity	4.62%
Average Modified Duration	1.94 years
Average Credit Rating <sup>(3)</sup>	A

For further details about the Fund, please refer to the offering document.

## Fund Performance



## Cumulative Performance

	YTD	1-Month	3-Month	6-Month	1-Year	3-Year	5-Year	10-Year	Since Performance Inception
Class A RMB	2.17%	0.31%	1.35%	1.62%	3.04%	5.41%	14.43%	44.08%	53.09%
Class A HKD**	2.93%	-0.54%	-1.08%	7.18%	-1.64%	-	-	-	-0.83%
Class A USD	2.32%	-0.54%	-1.28%	7.16%	-1.69%	7.62%	4.27%	27.94%	29.73%

## Calendar Year Performance

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Class A RMB	-0.68%	2.68%	2.29%	5.03%	3.57%	5.86%	6.98%	4.56%	2.83%	4.93%	7.45%	-3.84%*
Class A HKD**	-9.13%	5.90%	0.12%	-	-	-	5.17%	-0.97%	0.03%	5.32%*	-	-
Class A USD	-9.21%	5.29%	9.31%	3.84%	-1.96%	13.24%	0.94%	-1.01%	0.10%	5.25%*	-	-

**Past performance is not a guide to future performance.** Performance is calculated based on NAV-to-NAV with dividend reinvested (if any).

\* Since unit classes' first inception on 28 April 2011 for Class A RMB, and 1 March 2013 for Class A HKD and Class A USD. \*\* Performance data of Class A HKD in 2016 was as of 28 September 2016, as the unit class was fully redeemed on the date; the unit class was reactivated on 29 December 2020 with a NAV of HKD 100 and then the Since Inception performance is based on that date (i.e. Performance Inception Date).

## Unit Class Information

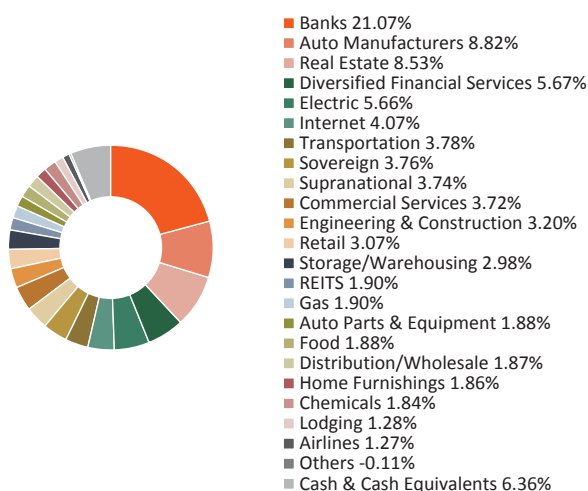
Unit Class	Class A RMB	Class A HKD	Class A USD	Class A (Acc) HKD	Class A (Acc) USD
ISIN	HK0000079084	HK0000096476	HK0000096484	HK0000688116	HK0000688124
Bloomberg Ticker	PARRMBA HK	PARAHKD HK	PARAUSD HK	PARAAHK HK	PARAAUS HK
Performance Inception Date	28 Apr 2011	29 Dec 2020	1 Mar 2013	1 Mar 2021	1 Mar 2021
Month-end NAV	RMB 106.46	HKD 97.94	USD 9.28	HKD 97.69	USD 9.78
Minimum Investment (Initial/Subsequent)	RMB 10,000	HKD 10,000	USD 1,000	HKD 10,000	USD 1,000

Acc = Accumulation.

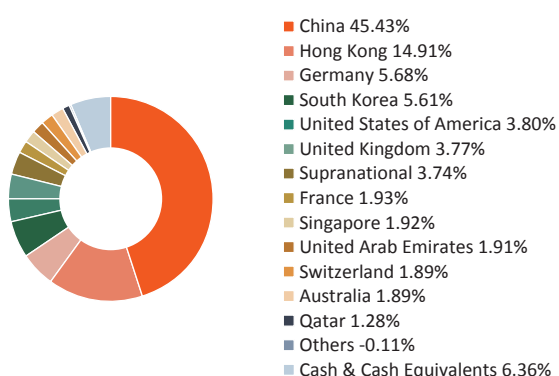
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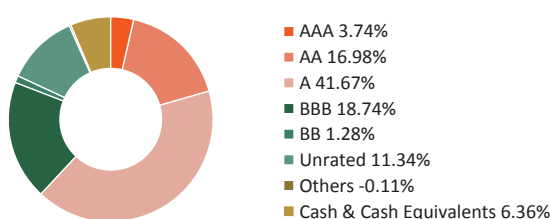
## Sector Allocation (%)



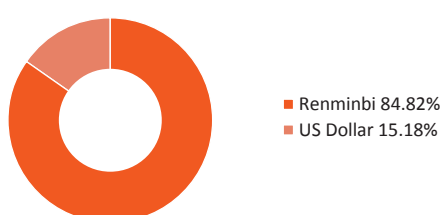
## Country/Region Allocation (%)



## Credit Rating Allocation <sup>(3)</sup> (%)



## Currency Exposure (%)



## Top 5 Holdings (%)

Holdings	Coupon	Maturity	(%)
GLP CHINA HLDGS LTD	4.00%	02/07/2024	2.98%
CHINA CONSTRUCTION BANK	4.20%	14/09/2030	1.96%
BANK OF CHINA LTD	4.20%	21/09/2030	1.96%
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD	4.20%	24/09/2030	1.96%
SOCIETE GENERALE SA	4.00%	19/07/2024	1.93%

## Composition of the Dividend Payments

For the Month of	Dividend per Unit	Dividend Paid Out of Net Distributable Income <sup>(4)</sup> for the Month	Dividend Paid Out of Capital
<b>Class A RMB</b>			
Dec 2022	RMB 0.00	0%	0%
Jun 2022	RMB 0.00	0%	0%
Dec 2021	RMB 1.21	100%	0%
Jun 2021	RMB 1.21	100%	0%
<b>Class A HKD</b>			
Dec 2022	HKD 0.00	0%	0%
Jun 2022	HKD 0.00	0%	0%
Dec 2021	HKD 0.81	100%	0%
Jun 2021	HKD 0.49	100%	0%
<b>Class A USD</b>			
Dec 2022	USD 0.00	0%	0%
Jun 2022	USD 0.00	0%	0%
Dec 2021	USD 0.11	100%	0%
Jun 2021	USD 0.14	100%	0%

**Warning:** Please note that a positive distribution yield does not imply a positive return. Investors should not make any investment decision solely based on information contained in the table above. You should read the relevant offering document (including the key facts statement) of the Fund for further details including the risk factors.

## Review

The Fund delivered a return of 0.31% in April and a year-to-date return of 2.17% in RMB term<sup>^</sup>.

In April, rates yields have traded constantly downward with a bull flattening bias in spite of the economics data were strong. Specifically, the yield of the 10-year Chinese government bond closed almost 10 basis points lower during the month, breaking out of this year's tight range.

Onshore credit spreads have tightened in April, especially the front-end, as domestic investors allocated more into the fixed income space. The credit spread compression is strong across the spectrum against an already bullish movement in rates, in particular the previous laggards such as the financial AT1 and Tier-2 sectors.

During the month, we have kept the Fund's duration and core carry holdings stable. We have tactically added modest positions in USD-denominated instruments. Our holdings are well-diversified in terms of industries and regions, with the majority in the investment grade space and underweight in the real estate and the local government financing vehicle (LGFV) sectors.

## Outlook

Central banks' pivot tendency and rates path are getting clearer, despite the continuous emphasis on data dependency. We think the current regional banking and the commercial real estate woes can potentially morph into larger crises with serious repercussions and damages, which forbid further hikes to more restrictive levels. This is especially true for the US and the Fed. We also think the directions of inflation trajectory in the major global economies are steadily downward from now on. The next volatility event may result from the big discrepancy of how many rate cuts investors have priced in vis-à-vis what policymakers have articulated so far, and the eventual convergence of the two. We maintain our view since the beginning of this year that recessionary worries and geopolitical risks, and as volatility builds up, make big risk events due to unknown-unknown factors become more likely. We expect more shoes to drop in the coming months apart from what has already transpired.

<sup>^</sup> Based on Class A RMB.

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## Outlook (Continued)

Chinese markets have quite calmly waded through an otherwise very tumultuous period. As more economic data came in, the encouraging policy shifts and the surprisingly smooth reopening of the domestic economy have borne fruit. That being said, a still subdued level of confidence and real estate rebound, as well as the worrying headwind of LGFV financial problems have contributed to the recent lackluster market performance. In our opinion, the policy combination announced so far is actually very encouraging and substantive in terms of policy re-adjustment and revival of economic development for the next three to five years. The potential risk lies in the scenario that policymakers may have overestimated the short-term cyclical momentum and hence under-delivered stimuli and reforms, especially against the current global political and economic environment. We reiterate our view that deposit rate cuts are needed whenever feasible, and larger-scale policy packages for personal consumption and private sector capital expenditure need to be announced and implemented quickly in order to maintain economic rejuvenation. The LGFV sector also needs meaningful mid-term reform plans to stem systemic risk, which is looming ever larger. Looking forward, we are cautiously optimistic about China's reopening trend and a revaluation of China assets in general. We would prefer being prudent and waiting for more signals for us to turn overall bullish.

Renminbi's movement corroborated our view that the People's Bank of China prefers maintaining two-way fluctuations with a smooth trend based on overall economic trends, rather than sudden and substantial movements. In the short-term, Renminbi's next big move will largely depend on the central banks' next rate hiking/cutting decisions. While in the mid-term, its trend depends on the effectiveness of the domestic policy implementation after the "two sessions" as well as the direction of the international geopolitics.

## House Awards

**Bloomberg Businessweek**  
彭博商業周刊/中文版

**ESG**  
Leading Enterprise Awards 2021  
Theme: Inside ESG Investing

(5)

**AsiaRisk Awards**  
2020 Winner

Asset management firm of the year  
Ping An of China  
Asset Management (Hong Kong)

(6)

## Fund Awards

2021



**CAMAHK - Bloomberg Offshore China Fund Awards** <sup>(7)</sup>

Best Total Return - Greater China Fixed Income (1 Year) - 1<sup>st</sup> runner-up  
Best Total Return - Greater China Fixed Income (3 Years) - 2<sup>nd</sup> runner-up  
Best Total Return - Greater China Fixed Income (5 Years) - 1<sup>st</sup> runner-up

2020



**Bloomberg Businessweek/Chinese Edition Top Fund Awards** <sup>(8)</sup>

Mutual Funds (5 Years) - Bond - RMB - Best Performer

**CAMAHK - Bloomberg Offshore China Fund Awards** <sup>(7)</sup>

Best Total Return - Greater China Fixed Income (5 Years) - 2<sup>nd</sup> Runner-up

2019



**Bloomberg Businessweek/Chinese Edition Top Fund Awards** <sup>(8)</sup>

Mutual Funds (5 Years) - RMB Bond - Outstanding Performer

**CAMAHK - Bloomberg Offshore China Fund Awards** <sup>(7)</sup>

Best Total Return - Greater China Fixed Income (3 Year) - 2<sup>nd</sup> Runner-up  
Best Total Return - Greater China Fixed Income (5 Year) - 2<sup>nd</sup> Runner-up

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(1) The Fund will have dealing on any Business Day.

(2) Currently June and December. Dividend distribution is subject to the manager's discretion, and there is no guarantee on any minimum dividend payment amount. Dividends may be paid out of capital which will result in an immediate reduction of the NAV per Unit.

(3) Credit rating allocation by Ping An of China Asset Management (Hong Kong) Company Limited assigns each issue or its issuer (if issue rating is not available) the rating from three credit agencies (Moody's, S&P and Fitch). If only one credit agency assigns a rating, that rating will be used. The lower rating will be taken if two credit agencies' ratings are available. Average rating will then be taken when three agencies provide ratings. Issues or issuers that are not rated by all three credit agencies are reflected as unrated. Cash and Cash Equivalents are considered as AAA rated. The lower the overall credit rating, the riskier the portfolio. Average credit rating is taking the credit rating that is ranked at the 50th percentile.

(4) "Net distributable income" means the net investment income (i.e. dividend income and interest income net of fees and expenses) attributable to the relevant unit class and may also include net realised gains (if any) based on unaudited management accounts. However, "net distributable income" cannot include net unrealised gains. "Net distributable income" which is not declared and paid as dividends in a period of a financial year can be carried forward as net distributable income for the next period(s) within the same financial year. "Net distributable income" that has been accrued as at the end of a financial year and is declared and paid as dividends at the next distribution date immediately after that financial year end could be treated as "net distributable income" in respect of that financial year. However, "net distributable income" which has been accrued as at the end of a financial year but is not declared and paid as dividends at the next distribution date immediately after that financial year end should be included as "capital" for the next financial year. Where the Fund may pay dividend out of gross income while charging / paying all or part of the fund's fees and expenses to / out of capital, the amount of fees and expenses that has been paid out of capital has to be deducted from the gross investment income in order to come up with the "net distributable income".

(5) Source: Bloomberg Businessweek/Chinese Edition ESG Leading Enterprise Awards 2021 (ESG Investing), as of November 2021.

(6) Source: Asia Risk Magazine Asia Risk Awards 2020 (Asset Management Firm of the Year), as of September 2020.

(7) CAMAHK - Bloomberg Offshore China Fund Awards 2019, 2020 and 2021: based on fund performance as of 30 September 2019, 30 September 2020 and 30 September 2021 respectively.

(8) Bloomberg Businessweek/Chinese Edition Top Fund Awards 2019 and 2020: based on fund performance as of 30 September 2019 and 30 September 2020 respectively.

**Fund Allocation:** Fund allocations are a percentage of investments in asset categories (i.e. net assets attributable to unitholders) as of the end of the period. The asset category of the Fund is based on its predominant investments under normal market conditions. The Fund may shift allocations among asset classes at any time without prior notice. "Others" consist of other payables and receivables (except interest receivable) as of the end of the period. A temporary negative position may be due to unsettled trade activity and operational expenses. Percentage may not equal 100% due to rounding.

**Top Holdings:** These securities do not represent all of the securities purchased, sold or recommended for clients, and the reader should not assume that investment in the securities listed was or will be profitable. The portfolio manager for the Fund reserves the right to withhold release of information with respect to holdings that would otherwise be included in the top holdings list.



Please scan the QR code for offering documents.

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## DISCLAIMER

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