

VL China Fund

August 2023

Important Notice

It has come to our notice that someone has been using the name and photographs of our director and Chief Investment Officer, Mr. LAM Siu Yeung to place **adverts on WhatsApp, Facebook and Telegram offering free investment tips or tutorials and inviting the public to join. Those adverts are without Mr. LAM's permission and are completely fake.** Mr. LAM has filed written complaints with the platform operators. The SFC and the Hong Kong Police have too been notified. Please be aware that those adverts may be some form of a **scam** to elicit personal data (including bank account details) and possibly money from the unsuspecting public and do not succumb to such scam. Both Mr. LAM and VL Asset Management Limited reserve the rights to take legal actions against the imposter/ perpetrator.

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 equity securities issued by companies with either assets in, or revenues derived from the PRC that are listed in Hong Kong, Shanghai, Shenzhen or other overseas regulated markets. However, investment by the fund in PRC A-shares listed on the Small and Medium Enterprise Board and/or the ChiNext Board and PRC B Shares shall not exceed 30% and 10% of its NAV respectively.
- 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.

Performance Update*

| | Class A Units | Class B Units | MSCI China (NDEUCHF) | Hang Seng Total Return Index |
|----------------------|------------------|------------------|-------------------------|---------------------------------|
| 1 month | -6.06% | -6.00% | -8.43% | -8.23% |
| 3 month | 0.92% | 1.11% | 5.00% | 2.64% |
| 6 month | -4.72% | -4.36% | -4.91% | -4.51% |
| YTD | -3.23% | -2.75% | -4.16% | -4.49% |
| Since fund launch | -17.46% | -7.89% | 7.12% | -2.28% |
| NAV per unit | 82.5428 | 92.1072 | n/a | n/a |

Class A and B units are invested in the same fund. Dividends are reinvested into the fund. Performance of class 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 at www.vlasset.com.

Indices are derived from Bloomberg and are valued in HKD with dividend reinvested. All indices and figures are for reference only.

* NAVs and indices as of 31 August 2023.

Fund Facts

| | |
|---------------------------|--|
| Manager: | VL Asset Management Limited |
| Fund Managers: | Martin Zheng, Vincent Lam |
| 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 |

Portfolio Characteristics

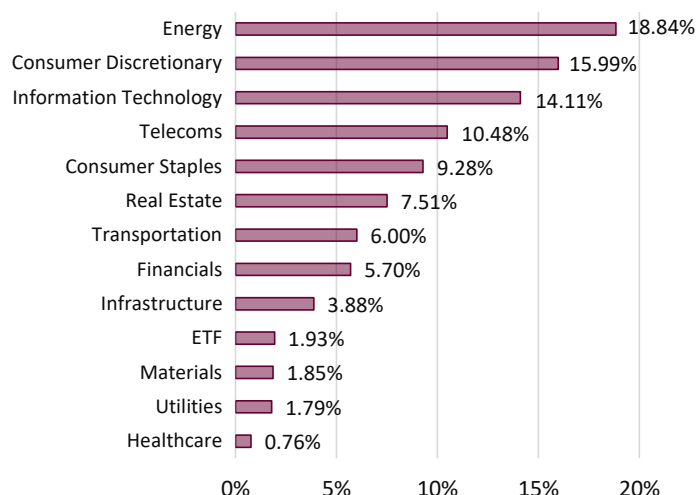
| | Fund | Hang Seng Index |
|----------------------|--------|-----------------|
| Price/earnings ratio | 7.74X | 8.81X |
| Price/book ratio | 0.90X | 1.01X |
| Dividend yield | 5.73% | 4.06% |
| Return on equity | 11.83% | 11.41% |

VL China Fund

Top 5 Stock Holdings

| Name | Bloomberg Code | Sector | % |
|----------------------|----------------|------------------------|--------|
| CNOOC | 883 HK Equity | Energy | 9.61% |
| China Mobile | 941 HK Equity | Telecoms | 6.71% |
| China Shenhua Energy | 1088 HK Equity | Energy | 6.42% |
| China Resources Land | 1109 HK Equity | Real Estate | 6.02% |
| Anta Sports | 2020 HK Equity | Consumer Discretionary | 4.45% |
| Total | | | 33.21% |

Exposure by Sector



Exposure by Geography

| | | |
|--|-----------------------|----------------|
| HK | H Shares | 21.57% |
| | Red Chips | 37.58% |
| | P-Chips | 22.52% |
| | HK | 0% |
| | Others | 1.65% |
| | Sub-Total | 83.31% |
| China | A Shares | 5.27% |
| | B Shares | 9.10% |
| | Sub-Total | 14.37% |
| US | ADRs of PRC companies | 0.43% |
| | Others | 0% |
| | Sub-Total | 0.43% |
| Cash | | 1.89% |
| | Grand Total | 100.00% |
| <i>No derivative exposure; Cash refers to cash in bank, trade and dividend receivables, prepaid expenses and expense accruals.</i> | | |

Terms & Fee Structure

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

This report is issued by VL Asset Management Limited ("VLAM") for reference only and neither the information nor any opinion contained herein constitutes a distribution, an offer to sell or the solicitation of an offer to buy or sell any unit trust or any securities, futures, options or other financial instruments or to provide any investment advice or service.

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.

In case of any discrepancies between the English and Chinese versions of this document (except for the commentary session), the former takes precedence.