

Gavekal China Fixed Income Fund

UCITS V Compliant Fund – Long Only Fixed Income Strategy



Christine Cheung
Lead Portfolio Manager
Partner, Head of Asian
Fixed Income



Hui Lor
Co-Portfolio Manager

Less reward, less risk High reward, High risk



USD A Class, based on Dec 2021 KIID

Morningstar Rating™

★★★★★

10-year Morningstar Rating™

USD A Class

Key Figures

Fund Size	USD 1.1 bn
Yield To Maturity	8.38%
Yield To Maturity Ex Real Estate Bonds	3.11%
Average Maturity	4.26
Weighted Modified Duration	3.54
Weighted Average Rating	A

Top Five Positions % of NAV

CHINA GOVERNMENT BOND (CGB)	11.01%
CHINA GOVERNMENT BOND (CGB)	7.11%
CHINA GOVERNMENT BOND (CGB)	6.79%
CHINA GOVERNMENT BOND (CGB)	6.46%
CHINA GOVERNMENT BOND (CGB)	5.89%
Total	37.26%

ESG

ESG Exposure % of NAV

ESG Blue ⁽ⁱ⁾	0.00%
ESG Green ⁽ⁱⁱ⁾	15.39%
ESG Transition ⁽ⁱⁱⁱ⁾	0.00%
ESG Sustainability Notes	4.84%
Others	77.45%

ESG Constraints

The fund's ESG Policy excludes coal, tobacco, nuclear weapons and companies that have repeatedly and severely violated the United Nations Global Compact

Signatory of



Product Summary

The Gavekal China Fixed Income Fund aims to deliver steady, absolute returns with a low volatility. The fund strives to achieve such returns through investment in onshore and offshore RMB-denominated rates and credits as well as USD-denominated credits. GCFIF runs a diversified strategy which aims to profit from movements in the yield curve and shifts in corporate spreads. The fund is UCITS V compliant. No more than 30% of the fund's assets can be invested in non-investment grade securities. The fund is flexible in its duration positioning. The fund does not use leverage nor hedge foreign exchange risk.

Investment Propositions

Diversification	Attractive relative value	Bond indices inclusion	RMB's role in capital markets
Chinese bonds offer diversification to fixed-income portfolios thanks to their low correlations with global markets	China bond market provides emerging markets-like yields and developed markets-like risk and volatility	China's bond indices inclusion will continue to draw foreign inflows into China fixed income market	The role of the RMB is under-represented in global capital market but it will be expanded through bond market liberalization

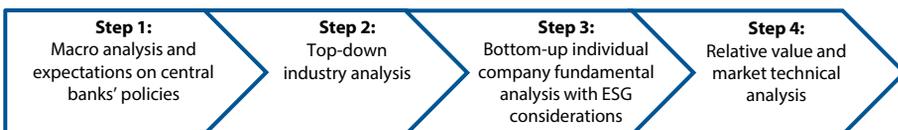
Return Profile

	A USD	A EUR	A EUR hedged	A EUR Distributing	A SEK	A RMB	B EUR	B GBP Distributing	C EUR
Inception date	Mar-12	Mar-12	Nov-15	Feb-21	Nov-18	Feb-19	May-19	Dec-19	Sep-15
Return since inception	47.43%	83.16%	7.89%	10.78%	23.46%	7.59%	12.33%	11.98%	25.99%
3 Month Rolling Return	-4.85%	-0.53%	-5.30%	-0.53%	-1.79%	0.65%	-0.72%	1.32%	-0.66%
6 Month Rolling Return	-4.72%	0.66%	-5.38%	0.66%	3.12%	-0.03%	0.30%	0.56%	0.41%
1 Year Rolling Return	-4.46%	8.84%	-5.05%	8.85%	12.44%	0.13%	8.08%	7.74%	8.29%
3 Year Rolling Return	10.22%	14.70%	5.28%		13.35%	6.16%	12.33%		13.00%
5 Year Rolling Return	19.13%	24.82%	7.41%						21.74%
Annualized returns since inception	3.86%	6.08%	1.16%	8.54%	6.06%	2.28%	3.95%	4.79%	3.53%
Annualized volatility since inception	4.67%	6.73%	5.03%	3.71%	7.90%	1.58%	5.54%	6.15%	5.64%

* Return presented is inclusive of dividend payout for distributing class

Portfolio Construction Process

Optimal portfolio positioning to maximize expected return for a given level of volatility



What Makes the Product Unique

Realizing the importance of the opening to foreigners of the Chinese fixed income market, Gavekal was one of the first firms to launch a UCITS fund solely dedicated to investing in RMB bonds in 2012. Nine years later, the Gavekal China Fixed Income UCITS Fund currently manages over US\$1bn and has a 5-star rating from Morningstar. Since 2012, the fund has been managed by Christine Cheung, a Gavekal partner. Prior to joining Gavekal, Christine was a portfolio manager investing in RMB bonds for the Hong Kong Monetary Authority, the first foreign official institution granted a China interbank bond market quota. Given the fund's increasing China onshore investment, Hui Lor became the Co-Portfolio Manager for the fund since Feb 2022, focusing mainly on China onshore investment, together with Christine Cheung. Mr. Lor has 12 years of working experience at the Swiss National Bank, including as Portfolio Manager for China and other Asian rates for the Reserves Management Department. Christine Cheung remains the lead PM for the fund.

The Gavekal China Fixed Income UCITS Fund follows a highly diversified strategy that aims to deliver steady absolute returns with a low volatility. The fund invests in both onshore and offshore RMB-denominated government bonds, quasi government bonds, and corporate bonds. The fund aims to profit from currency appreciation, changes in the yield curve, and shifts in corporate spreads. The fund has no bond default in its portfolio since inception. This strategy provides diversification for a global asset portfolio while offering attractive gross yield and positive real yield.

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Key Information

Launch Date	1 March 2012
Domicile	Ireland
Fund Base Currency	USD
Benchmark	65% Bloomberg Onshore China Treasury 1-10 years (I33620CN) and 35% Markit iBoxx ALBI China Offshore RMB Non-Government IG Total Return Index (IBXXCNNI)
Denomination	USD/EUR/GBP/SEK/RMB (CNH)
Issue Price	\$100/€100/£100/SEK100/CNH100
Minimum Subscription	A Classes: \$50,000 or EUR equivalent SEK Class: \$50,000 or SEK equivalent RMB(CNH) Class: CNH 250,000 B EUR Class: €2,000 B GBP Class: \$50,000 or GBP equivalent C EUR Class: \$10,000 or EUR equivalent
Fees	Classes A, SEK and RMB (CNH) 0.52% p.a management fee Class B EUR 1.22% p.a management fee Class B GBP 0.52% p.a management fee Class C EUR 1.02% p.a management fee No performance fee for all share classes
Dealing Day	Daily (every day that is a Business Day in Dublin and Hong Kong)
Valuation Day	The business day prior to the relevant Dealing day
Subscription & Redemption Deadline	5pm (Irish time): 2 Business Days (subscription)/ 2 Business Days (redemption) prior to the relevant Valuation Day
Redemption Fee	None

Fund Share Class Details

Share Class	Type	Bloomberg Ticker	ISIN
A EUR	Accumulating	GACHFIE ID	IE00B7LZ3N65
A EUR hedged *	Accumulating	GCFIAEH ID	IE00BYW6V880
A EUR Distributing	Distributing	GACHFED ID	IE00BMZCDL67
A USD	Accumulating	GACHFIU ID	IE00B734TY42
SEK	Accumulating	GACHSEK ID	IE00BF2LFR78
RMB (CNH)	Accumulating	GACHRMB ID	IE00BGHFJ248
B EUR	Accumulating	GACHBEU ID	IE00BJPCQ78
B GBP Distributing	Distributing	GAVCFGB ID	IE00BK0VF307
C EUR	Accumulating	GACHFCE ID	IE00BYRGXY37

* against USD

Fund Management & Service Providers

Investment Advisor	Gavekal Capital Limited, Hong Kong
Lead Portfolio Manager	Christine Cheung
Co-Portfolio Manager	Hui Lor
Auditor	Deloitte & Touche
Administrator	Société Générale Securities Services, SGSS (Ireland) Limited
Depository	Société Générale S.A
Legal Advisor	Dillon Eustace (Ireland)

Contacts

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Website:	web.gavekal-capital.com

Performance

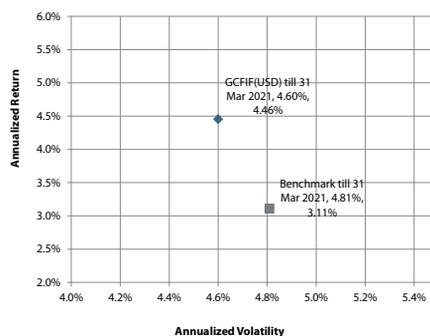
GCFIF (USD) Since Inception



* Note: Benchmark used on or before 29 Apr 2016 is HSBC Offshore RMB IG Total Return Index (USD). Benchmark used after 29 Apr 2016 is Markit iBoxx ALBI China Offshore IG Total Return Index (USD unhedged). Benchmark used after 31 Mar 2021 is 65% Bloomberg China Treasury 1-10 years +35% Markit iBoxx ALBI China Offshore Non-Government IG Total Return Index.

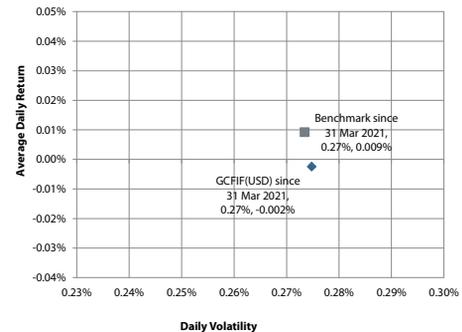
Annualized Returns & Volatility

GCFIF (USD) vs. Benchmark till March 2021



Average Daily Return & Volatility

GCFIF (USD) vs. Benchmark since April 2021

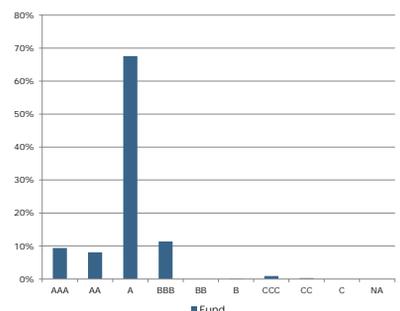


Onshore / Offshore Exposure



Ratings Breakdown

Ratings follow international rating agencies



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Important Note: The Gavekal China Fixed Income Fund ("the Fund") is a sub-fund of the Gavekal UCITS Fund, an open-ended umbrella unit trust established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended). Gavekal Capital Limited has been appointed as investment adviser to the Gavekal UCITS Fund. The distribution of the prospectus relating to the Fund is restricted in certain jurisdictions and accordingly it is the responsibility of any person or persons wishing to make an application to invest therein to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. The information below is for general guidance only and further information is available in the Prospectus. The taxation implications of investing in the Funds will depend on individual financial circumstances and the investor's country of residence. Application to invest in the Funds must only be made on the basis of the Prospectus and subscription documentation, which includes a discussion of the terms of the investment and the risk factors.

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Remark: (i) Green bonds are debt securities issued to raise finance for climate change solutions. The key is for the proceeds to go to green assets. They can be issued by central and local government, banks or corporations.

(ii) Blue bonds are debt securities issued to raise capital specifically to finance the implementation of the sustainable development goals related to life under water as well as the transition towards a sustainable blue economy with a strengthened blue natural capital at its core.

(iii) Transition bonds are debt securities issued to fully or partly finance eligible transition projects, and which are aligned with the Transition Bond Guidelines.