

Investment strategy

The investment universe is formed of more than 400 companies traded on the Hong Kong stock exchange. The fund can also invest in shares of companies traded in Shanghai. Suitable companies are identified with a top-down approach, during which not only the quantitative valuation but also soft factors are taken into account:

- A focused business model with a clear USP
- A leader in terms of product-, marketing- or geographically-related aspects
- Open communication vis-à-vis investors
- Sustainability & Corporate governance

This results in a watch list of 50 to 75 shares, of which approximately 25 are selected for the fund. Visits are regularly undertaken to the majority of the companies included in the portfolio.

The fund is managed in line with strict **UCITS IV** investment guidelines.

Market review

Market environment

Shanghai – Hong Kong Stock Connect commenced after a long period of preparation and several postponements. But the first week of trading activities was far below expectation! Growth in China's manufacturing sector slowed in November, confirming China is still losing momentum and adding pressure on authorities to ramp up stimulus measures. The official Purchasing Managers' Index (PMI) eased to an eight-month low of 50,3 last month, while the HSBC flash China manufacturing PMI moderated to a six-month low of 50,0 in November. China's central bank reacted promptly, cutting interest-rates for the first time since 2012. The benchmark deposit rate was reduced to 2,75 percent from 3 percent, and the largely symbolic lending rate to 5,6 percent from 6 percent. With inflation low and signs that the economy is slowing down, the market was hoping for a rate cut for months. However, the timing of the move came as a surprise and the decision marked a switch from the PBOC's recent practice of choosing selective monetary easing and liquidity injections over interest rate cuts. The two comparative indices, the H-Share Index and the Shanghai Composite Index, improved 1 percent and 6 percent respectively, during the month under review.

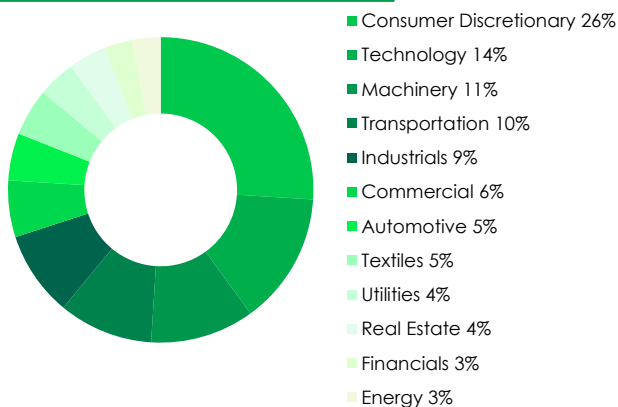
Outlook

The rate cut will boost market sentiment in the near term and it will lift the market's valuation range moderately. It has to be seen if China's central bank will further cut the country's benchmark interest rates and lower the reserve requirement ratio in 2015. However, a major long-term bull market will only start when signs of a successful transition from an investment-driven to a consumption-driven economy emerge.

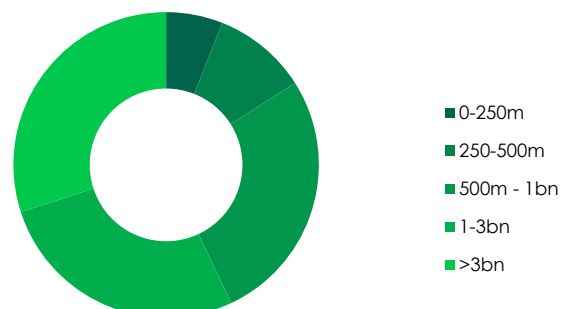
Performance



Sectors in %



Market Capitalisation in USD



Monthly performance

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Calendar Year |
|------|---------|--------|---------|--------|---------|---------|--------|---------|---------|---------|---------|--------|---------------|
| 2014 | -5.56% | 0.31% | -0.86% | -4.67% | -0.82% | 1.45% | 5.89% | 2.07% | -8.91% | 1.10% | 3.02% | | -7.63% |
| 2013 | 3.67% | -1.80% | 1.88% | -0.93% | 2.61% | -15.03% | 12.31% | 3.69% | 3.66% | 2.56% | 4.18% | 2.39% | 18.30% |
| 2012 | 8.26% | 9.82% | -4.47% | -3.45% | -4.91% | -4.88% | 1.37% | 0.79% | 2.05% | 3.62% | 4.12% | 8.09% | 19.05% |
| 2011 | 1.27% | -5.19% | 2.38% | 8.72% | -5.68% | -3.81% | 2.95% | -21.8% | -18.67% | 7.61% | 0.82% | -1.12% | -31.87% |
| 2010 | -2.32% | 1.82% | 10.45% | 1.87% | -20.04% | 8.25% | 4.03% | -3.68% | 10.58% | 6.03% | -0.04% | 1.94% | 15.95% |
| 2009 | -9.20% | 0.30% | 6.50% | 9.14% | 33.86% | 5.03% | 12.09% | -3.83% | -1.38% | 9.42% | 1.56% | 6.12% | 87.70% |
| 2008 | -17.49% | 3.29% | -16.78% | 9.58% | -0.52% | -12.48% | -6.06% | -16.77% | -24.22% | -41.78% | 10.70% | 22.09% | -68.46% |
| 2007 | 8.71% | 8.27% | 0.48% | 3.74% | 7.22% | 5.28% | 3.74% | 8.35% | 11.28% | 10.44% | -15.88% | 2.83% | 40.00% |
| 2006 | | | | | | | 0.45% | -0.06% | 1.62% | 2.64% | 0.55% | 5.01% | 10.60% |

Top 5 equity holdings in %

| | |
|----------------------------|-------|
| China Everbright Intl. Ltd | 9.24% |
| COSCO Intl. Holdings Ltd | 8.32% |
| Sa Sa Intl. Holdings Ltd | 6.47% |
| Haitian Intl. Holdings Ltd | 5.98% |
| Kingdee Intl. Software Ltd | 5.03% |

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Disclaimer

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Fund information

| | |
|-----------------------------|--------------------|
| Base currency | USD |
| Fund type | Equity fund |
| Fund domicile | Liechtenstein |
| Portfolio Manager | CBR Investment Ltd |
| Fund administrator | IFM, Vaduz |
| Custodian bank | Neue Bank AG |
| Launch date | 18.07.2006 |
| Subscription/ redemption | Weekly |
| Valoren number | 2.548.506 |
| ISIN number | LI0025485066 |
| Bloomberg Ticker | PR1MEAS.LE |
| WKN | A0LF6D |
| Management fee p.a. | 1.50% |
| Performance fee | 15% |
| High watermark | Yes |

Fund statistics

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|-----------------------------|----------|
| NAV (USD) | 941.60 |
| Highest NAV since inception | 1'788.97 |
| Lowest NAV since inception | 361.18 |
| Fund size in mil. | USD 8.19 |
| Volatility p.a. | 29.73% |
| TER 1 | 2.22% |