

Krungsri Asset Management launches Krungsri China A Shares Equity Fund - Accumulation (KFACHINA-A)

The first active Chinese equity fund that allows investors to seize an opportunity to make high return on long-term investment amidst the highly growing new economy.

KFACHINA-A's initial public offering is scheduled during 25 February – 5 March 5 2018.



22 February, 2018 - Krungsri Asset Management Co., Ltd. (Krungsri Asset Management) has introduced its latest Chinese equity fund open-ended **Krungsri China A Shares Equity - Accumulation Fund (KFACHINA-A)**,” the first and only active fund which allows Thai investors to take up an opportunity to invest in stocks in China’s New Economy. KFACHINA-A will invest through UBS (Lux) Investment SICAV – China A Opportunity, a Chinese fund which is traded in the A-shares exchanges in Shanghai and Shenzhen with outstanding performances, and outperforming the markets by over 110% in the previous year. The fund manager expressed confidence that the fund will make profit in the era of China’s highly growing New Economy.



At a recent seminar held by Krungsri Asset Management, Mr. Kiattisak. Preecha-anusorn, Assistant Vice President of Alternative Investment Department, and Mr. Projit Chatterjee, Senior Equity Specialist of UBS (Lux) Investment SICAV – China Opportunity, provided information about the overall Chinese economy, the investment opportunity in the era of New Economy, and key strategies of the master fund for its

last-year outperformance. The fund managers are highly confident that KFACHINA-A will help investors to make high profit in the long term.



Mr. Kiattisak said that presently, Chinese economy is moving into two different directions: Old China; and New China. Old China, which is dominated by heavy industries such as steel, coal or textiles, is declining with a growth of only 6.7% causing the slowdown of overall economy and the Gross Domestic Product (GDP). However, it is regarded as the well-managed slowdown. On the other hand, New China, with its reliance on IT, healthcare,

technology, products and services for quality of life, is growing tremendously from 22% to 44% in 11 years. The growth figure is forecast to remain a double-digit in the long term. These industries are driving Chinese economy to expand enormously.

Mr. Kiattisak said that Chinese stock markets in New China have two themes. The first theme involves consumption upgrade such as healthcare products, high-end and expensive products, and innovative products in IT and technologies with a growth rate of over 10% and a chance to grow more, given Chinese consumers' increased income and higher purchasing power. Simultaneously, more companies have adopted e-commerce trade and Big Data as a customer database, which have effectively stimulated consumption.

Stocks in New China's industries are being mainly traded in A-shares exchanges. KSAM has selected UBS (Lux) Investment SICAV – China Opportunity, which outperformed the market during the past four years from its establishment. The master fund yielded as high as 155% return, beating the market return of only 44% thanks to its strong criteria in the stock selection strategies.

Source: UBS Asset Management as of 31 Dec 17

Mr. Projit, the executive from UBS (Lux) Investment SICAV – China Opportunity Fund, said that the A-shares markets seem to be more volatile and take higher risks as retail investors do make up a large

share of over 70% of total market participants. However, that could be the opportunity for the fund to trade at proper times, given its view for long-term investment.

At present, the fund has only about 20 securities in its investment portfolio for estimated huge profit in the future. Each of them is considered the market leader in the growing New Economy sector. The fund has the checklist to screen listed companies which have sustainable business model, transparent management team, good corporate governance, quality people, investment in research and development (R&D) and cash flow. These companies must have good cash flow with low price to earnings (P/E) ratio and good book value. Once selected, proper prices are set and the fund waits for the right timing to invest.

The fund weighs on New China's industries like consumption upgrade, healthcare and IT, which have potentials to provide profits. Their selected companies range from Kweichow Moutai - China's premium alcoholic drink producer, Ping An Insurance Group - China's insurance giant with more than 300 million customers for business extension to financial products and e-Commerce, Jiangsu Hengrui Medicine - a large drug maker which invests 10% of its sales in R&D for innovative medicine like that for cancer to Midea Group and Gree Electric Appliances Inc - large electrical appliances and air-conditioner manufacturers which capture a large market share in China and export their products to severest countries. Given these carefully-selective stocks, the fund is high trustworthy for its transparency for a great return.

Mr. Kiattisak also viewed that, currently, the A-shares market has been included in three MSCI indices: MSCI Emerging Market; MSCI Asia Ex Japan; and MSCI All Countries. As a result, more foreign investors could make more investment in the markets, while investor behavior, stock quality and their listed companies' accounting standards will tend to improve.

Disclaimer

- Krungsri China A Shares Equity Fund-A (KFACHINA-A) invests in UBS (Lux) Investment SICAV - China A Opportunity Fund ("The Master Fund") with not less than 80% of NAV. The Fund has a policy that may invest in global investment grade bonds, global high yield bonds, emerging market bonds and global equities based on their potential to generate income and capital growth within the portfolio, therefore the Fund may have risks from economic and/or political and/or social changes in the country where the master fund invested in.

- The Fund risk level is 6: High risk. The Fund will enter into a forward contract to hedge against the exchange rate risk at a particular time for the value of at least 90% of the foreign investment value, in

which case, it may incur costs for risk hedging transaction and the increased costs may reduce overall return

- The Fund and/or master fund may invest in or make available a forward contract to enhance efficiency in investment management. This means the fund may contain higher risks than other funds and therefore the fund is suitable for investors who prefer higher return with higher risk tolerance than general investors. Investors should make investment only when they understand the risks of the contract by considering their investment experience, investment objectives and financial status.

- Please study fund features, performance, and risk before investing. Past performance is not an indicative of future performance.

For more details or to request for the Fund Prospectus, please contact:

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