

信瑞 Plutus MARS 基金

Plutus Multi-Asset Absolute Return Strategy (MARS)

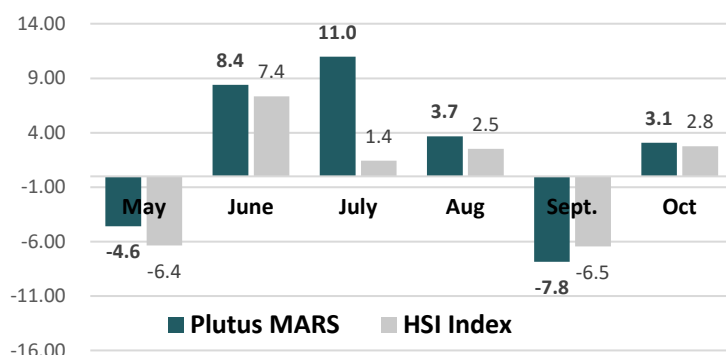


Key Features

Plutus MARS seeks to achieve positive return regardless of the prevailing market conditions. We constantly make strategic and tactical adjustments in our China centric multi-asset (stock, bond, currency, and commodity) portfolio depending on our assessment of different economic/industry cycles and liquidity condition.

Performance History (%) (Month End as of 31/10/2020)

	1M	3M	6M	1Y	2Y	YTD	Since Inception
Net Asset Value*	3.1	-1.5	13.0	-	-	8.3	20.1
Hang Seng TR Index	2.8	-1.4	0.5	-	-	-11.6	-5.4



* Fund expenses, including management fees and other expenses are deducted.
Source: Seresia Asset Management, DBS Bank

October 2020 Review

Hang Seng Index climbed 2.8% last month as early market gains in Chinese equities were offset by concerns over escalated viral outbreaks in Europe and US and the resulted global equity correction. Moreover, the renewed lockdown measures among a few European nations, the deadlocks over the US fiscal stimulus plan, setbacks in vaccine trials, and the fast-approaching US Presidential Election Day have all added to reduce investors risk appetite towards late October. Interestingly, Chinese equities have managed to outperform major Asian/emerging market and US/European market indices last month as more and more foreign investors have increasingly saw China as the bright spot in the global economy.

As we have incrementally increased Growth stocks exposures since late Sept, our barbell-approach in overweighting big-cap Financial and Technology leaders have shielded us from the recent short-term market volatility. While most big Financials and Growth stocks have outperformed in October, selected Value and Cyclical counters were doing better in very recent weeks as some investors tried to see through short-term 4Q performance and positioned themselves for the 'Great Recovery' in 2021. The slightly better-than-expected macro data for September also helped to alleviate some concerns that this V-shaped rebound may be interrupted by external growth risks.

Key Facts

Inception Date	14/10/2019
Management Company	Seresia Asset Management
Portfolio Manager	Nick Law
Base Currency	US Dollar
Management Fee	1.0%
Performance Fee	10%
Benchmark	Hang Seng Total Return Index
Asset Class	Multi-Asset
Domicile	Cayman Island
Custodian	DBS Bank Ltd.

Monthly NAV Changes (%)

Nov	Dec	Jan	Feb	Mar	Apr
0.9	9.6	-1.9	3.2	-14.6	10.7
May	Jun	Jul	Aug	Sep	Oct
-4.6	8.4	11.0	3.7	-7.8	3.1

Monthly Performance relative to HSI (%)

Nov	Dec	Jan	Feb	Mar	Apr
2.8	2.0	4.6	3.9	-5.6	6.6
May	Jun	Jul	Aug	Sep	Oct
1.8	1.1	9.6	1.1	-1.4	0.3

Quarterly Performance relative to HSI (%)

4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
2.9	2.0	9.9	8.7	-	-
2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
-	-	-	-	-	-

as of 30/10/2020

Source: Seresia Asset Management, DBS Bank

* Since inception on 14 October 2019

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Investment Outlook

At the time of writing, Biden has led Trump with enough margin to win to Presidency. But a “Blue Wave” did not materialise as many had predicted as Democrats failed to capture a Senate majority and lost seats in the House. The market sees a divided US government for the next 2 years and some major changes in policy are less likely, which may not be a bad thing because investors generally dislike uncertainty. For China, a Biden win could help to reduce to valuation discount imposed on Chinese equities since Trump has started the economic war since 2018. The sharp gain in Chinese A/H shares this week and the rally in CNY to a 28-month high could indicate a drop in risk premium. The strong Oct PMI also suggests a solid and continued recovery.

While we have moved back to our previous ‘barbell’ portfolio construction with dual-overweighing in large-cap Technology and Financial stocks for weeks, we continue to focus on the alpha elements of our key stock exposures. We believe many Financial and Energy/Material/Industrial stocks are cyclically mis-priced and under-appreciated as investors over-focused on short-term term earnings and growth issues. Although there are good fundamental arguments for owning market-leading Growth stocks in China over the long-term, we believe the biggest issue for the next 3-6 months remains the relative performance outlook of Value/Financial/Cyclical stocks in China, i.e. when will they play “catch up” in this post pandemic recovery trade.

We maintain that Chinese equities and yuan are cyclically undervalued. More clarity on future Sino-US relationship after the US Election could be a key catalyst for the further reduction in risk premium on Chinese equities. The announcement of successful vaccine trials could also build confidence for a 2021 global recovery. Tactically, we are looking to reduce exposure of over-owned Growth stocks in favour for more Value/Financial as well as Cyclical stocks once proper catalysts are in place. Other medium-term positives include the increased participation of Southbound inflows into the HK market and the return of inflows from global China-focused funds.

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Top-10 Holdings	Weighting
Tencent Holdings	7.53%
CSOP HS Tech Index ETF	6.76%
HSBC Holdings	6.74%
Alibaba Group	5.93%
CITIC Securities – H	5.39%
PetroChina – H	5.37%
Ping An Insurance - H	5.37%
China Construction Bank – H	5.21%
China Life Insurance – H	4.80%
SMIC – H	4.60%
TOTAL	57.70%

**as of 31/10/2020*

Source: Seresia Asset Management, DBS Bank