智盈 多元资产绝对收益策略
Plutus Multi-Asset Absolute Return Strategy (MARS)

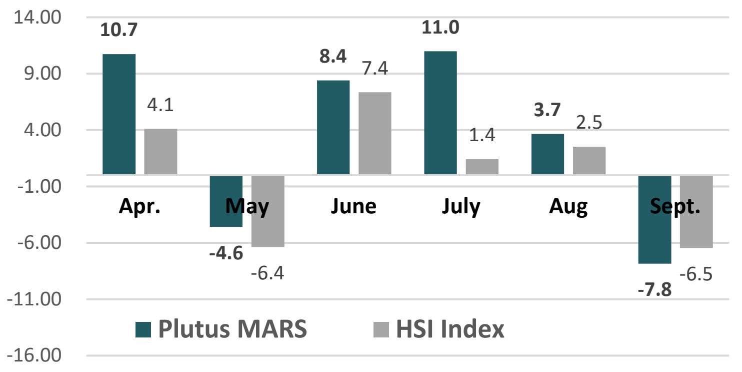
SERESIA

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 30/09/2020)

	1M	3M	6M	1Y	2Y	YTD	Since Inception
Net Asset Value*	-7.8	6.0	21.5	-	-	5.2	16.8
Hang Seng TR Index	-6.5	-2.7	1.8	-	-	-13.9	-7.0



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

September 2020 Review

Hang Seng Index lost 6.5% last month amid the concerns over a stalled global recovery and weak offshore markets. Recent rise in new COVID-19 cases in UK/Europe and renewed containment measures there have spooked investors and acted as a reminder that any post-outbreak economic recovery will remain challenging until a vaccine becomes widely available. The deadlock over the US fiscal stimulus plan has also deterred investors from taking more progressive stance.

While we have gradually increased Growth stocks exposures in recent weeks given the retracted risk appetite and renewed negative earnings revisions trend for China, we were still overweighting Value and Financials. As a result, Plutus MARS has underperformed the HSI in Sept for the first time in 6 months. Despite the market sell-off towards the end of the month, bargain hunting were not particularly active ahead of the Mid-Autumn and National Day Holidays, and the Stock Connect will not resume until Oct 8. Investors were also reluctant to respond to the 19% yoy increase in industrial profits as well as other more robust high frequent data for August, which still pointed to a solid domestic growth ahead. As investors turned cautious over the short-term recovery outlook, (Price & Earnings) Momentum, Growth, and Size (Big over Small) were important return drivers particularly in late Sept.

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 (%)

Oct*	Nov	Dec	Jan	Feb	Mar
0.3	0.9	9.6	-1.9	3.2	-14.6
Apr	**May**	**Jun**	**Jul**	**Aug**	**Sep**
10.7	-4.6	8.4	11.0	3.7	-7.8

Monthly NAV Changes vs HSTRI (%)

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

Quarterly NAV Changes vs HSTRI (%)

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

as of 30/09/2020
Source : Seresia Asset Management, DBS Bank
** Since inception on 14 October 2019*

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Investment Outlook

First, there is an increased likelihood that the first COVID-19 vaccine (from China and/or US) would be identified by Oct/Nov and its production could commence by year-end; this would be the most important development for risky assets around the world. Second, we believe a compromise in Washington on a fiscal package is still possible before the US Presidential Election on 3 Nov. Finally, the FED will remain accommodative in the foreseeable future and prepare to err on the side of over-stimulating the US economy until growth/inflation targets will be achieved. So, we would remain constructive in our portfolio for the China/global economic recovery into 4Q20 and beyond.

In the very short-term, we have moved back to our previous 'barbell' portfolio construction, which we would overweight both large-cap China Technology and Financial stocks. In order to capture stock alpha, we are selective in certain strong franchise companies in Value/Cyclical counters. Although there are good fundamental arguments for owning some market-leading Growth stocks in China over the long-term, we believe the biggest focus for the next 3-6 months remains the relative performance outlook of Value/Financial stocks and Cyclicals 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 and we are mindful of a few potential re-rating catalysts. Tactically, we are looking to reduce exposure of over-owned Growth stocks in favour for more Value/Financial as well as Cyclical stocks if COVID-19 vaccines will be made available and global economic activities can normalize steadily over time. A clear result on US Election Day in a few weeks time could provide material market relief, boost risk appetite and support risky assets. 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 once the US Presidential election uncertainty will be over and Trump's triggered US-China tension eases.

Top-10 Holdings	Weighting
CSOP HS Tech Index ETF	8.18%
Tencent Holding	7.90%
Alibaba Group	6.81%
HSBC Holding	6.45%
PetroChina – H	5.79%
CITIC Securities – H	5.72%
Ping An Insurance – H	5.53%
China Life Insurance – H	5.09%
China Construction Bank – H	5.04%
China Merchants Bank – H	4.24%
TOTAL	60.76%

**as of 30/09/2020*
Source： Seresia Asset Management, DBS Bank

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