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

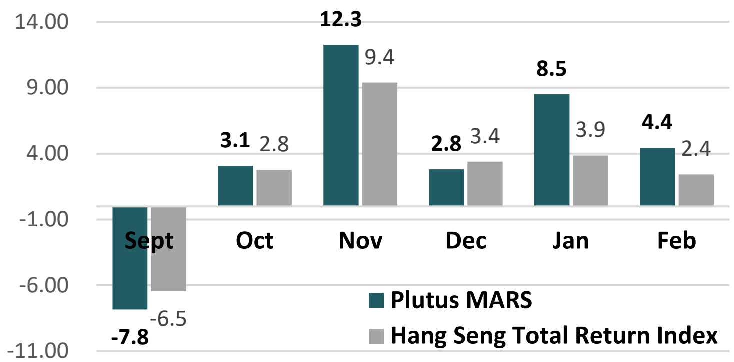
SERESIA

Key Features

Plutus MARS seeks to achieve positive long-term 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 28/02/2021)

	1M	3M	6M	1Y	2Y	YTD	Since Inception
Net Asset Value*	4.4	16.5	24.2	39.9	-	13.3	57.2
Hang Seng TR Index	2.4	10.0	15.6	14.5	-	6.4	15.0



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

Feb 2021 Review

Hang Seng Index climbed further in early Feb as investors continued to position optimistically for a strong 2021 global recovery and the strong market liquidity inflows. But profit-taking pressure came in after the Chinese New Year, the risk appetite for Chinese equities was quickly replaced by the concern over a weak A-share market, the inflation outlook, and the valuation risk from rising long bond yields.

Technology, Consumer and other long-duration growth stocks were hit fairly hard towards late Feb. The record Southbound inflows in the first few weeks of 2021 have quickly reversed to record daily outflows very recently. While we believe the HK-China Stock Connect would drive structural portfolio inflows into the HK stock market over time, investors should always remember that (onshore or offshore) liquidity flows can be a two-edged sword.

Despite the recent rising market volatility, we managed to outperform relatively by 2.0% in Feb. as our positions in under-appreciated big-cap Financial and Value stocks generated good returns. Balancing the positive outlook of a China/global recovery with the complications over PBoC tapering and the still sluggish earnings recovery for Corporate China, we are unlikely to lean towards a more pro-cyclical and value-oriented portfolio construction just yet.

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 (%)

Mar	Apr	May	Jun	Jul	Aug
-14.6	10.7	-4.6	8.4	11.0	3.7
Sep	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**
-7.8	3.1	12.3	2.8	8.5	4.4

Monthly NAV Changes vs HSTRI (%)

Mar	Apr	May	Jun	Jul	Aug
-5.6	6.6	1.8	1.1	9.6	1.1
Sep	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**
-1.4	0.3	2.9	-0.6	4.7	2.0

Quarterly NAV Changes vs HSTRI (%)

4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
2.9	2.0	9.9	8.7	2.8	-
2Q21	**3Q21**	**4Q21**	**1Q22**	**2Q22**	**3Q22**
-	-	-	-	-	-

as of 28/02/2021
Source： Seresia Asset Management, DBS Bank
** Since inception on 14 October 2019*

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Investment Outlook

Our base case for a robust global recovery remains unchanged. While exports and manufacturing have been the key driving forces behind this V-shaped rebound in China, we have also witnessed a sluggishness in the recovery in retail sales and fixed asset investment. In early 2021, there were increases in virus cases over multiple provinces in China and the economic impacts on renewed restrictions on travel and group gathering are unclear as it has over-lapsed with the CNY holiday. We think investors may have worried about the inflation risk prematurely as the surge in commodities prices are likely to lead to margin squeeze to manufacturing sectors and industrial companies in China at the current stage of this new business cycle.

Together with recent PBoC tapering and their intention to de-leverage whenever they see fit, we are less optimistic towards the consensus 8-9% real GDP growth in 2021. We don't think the government would want to see growth levels that can potentially be inflationary. China policy makers are indeed focusing on upgrading the country's IT infrastructure, driving manufacturing automation and upgrades, promoting domestic consumption, and opening up certain industries for foreign investments. These policies could drive a new wave of productivity boom and extend the duration of the current economic expansion while they help China to achieve a more balanced and sustainable growth.

In the absence of positive earnings revisions, valuation upsides may rely mostly on liquidity inflows and that could make the stock market rally vulnerable. We think the market correction in late Feb. has somewhat proved this point. After the recent sell-off on richly valued growth stocks, we do see selected opportunities on reasonably priced mega Technology leaders. Among cyclicals, we prefer Energy, Real Estate, and Non-Bank Financials over Materials and Consumer Durables. We have added Leisure and Aviation stocks slightly in Feb and will continue to monitor the effectiveness of vaccination and their impacts on cross-border travelling. Finally, given the mixed signals on the credit outlook, we are likely to maintain a neutral stance on Chinese banks ahead of the reporting of their 2020 final results in late March.

Top-10 Holdings	Weighting
Alibaba Group	7.32%
CSOP HS Tech Index ETF	6.65%
HSBC Holding	5.96%
China Construction Bank – H	5.89%
Ping An Insurance - H	5.73%
Tencent Holding	5.69%
A Living Smart City Services	5.59%
PetroChina - H	5.57%
CITIC Securities - H	4.79%
China Life Insurance – H	4.69%
TOTAL	**57.89%**

**as of 28/02/2021*
Source : Seresia Asset Management, DBS Bank

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