

智盈 多元资产绝对收益策略

Plutus Multi-Asset Absolute Return Strategy (MARS)

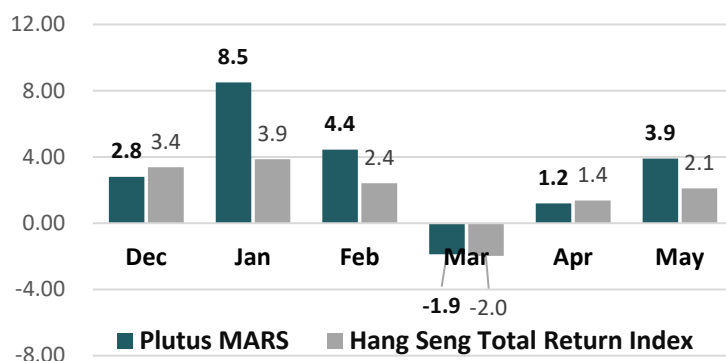


Key Features

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 31/05/2021)

	1M	3M	6M	1Y	2Y	YTD	Since Inception
Net Asset Value*	3.9	3.2	20.2	59.8	-	16.9	62.1
Hang Seng TR Index	2.1	1.5	11.6	31.0	-	8.0	16.7



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

May 2021 Review

Hang Seng Index gained 1.4% in April despite the pullback early last months as the board market index rallied 5.2% from the intra-month low on 13 May. Concerns over US inflation and rates outlook, ADR delisting, and domestic regulations have weighted heavily on many technology and growth leaders. From the peak before Chinese New Year, the Hang Seng Technology Index had plunged about 32% over 8 weeks; and the pace and magnitude of such a correction was similar to the pandemic triggered sell-off we saw in 1Q20. The onshore A-share market had also consolidated as investors returned from the Chinese New Year holiday and the CSI300 Index had also lost more than 17% from the Feb peak. We think the material consolidation have corrected a lot of valuation excess we once saw in early 2021.

While April macro activity data in China came slightly below expectation, the liquidity condition has improved incrementally and 1Q21 overall earnings results were also better than expected. In May, we saw gradual pickup in Southbound Stock Connect net buying. Northbound net buying last week also jumped to more than US\$7bn, the largest weekly inflow ever. Finally, RMB has appreciated 2.7% against USD in Apr/May after the consolidating some 1.7% in Feb/Mar. Even though we continue to see short-term upside on RMB/USD, we would like to warn against extrapolating recent strength into 2H21.

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 (%)

Jun	Jul	Aug	Sep	Oct	Nov
8.4	11.0	3.7	-7.8	3.1	12.3
Dec	Jan	Feb	Mar	Apr	May
2.8	8.5	4.4	-1.9	1.2	3.9

Monthly NAV Changes vs HSTRI (%)

Jun	Jul	Aug	Sep	Oct	Nov
1.1	9.6	1.1	-1.4	0.3	2.9
Dec	Jan	Feb	Mar	Apr	May
-0.6	4.7	2.0	0.1	-0.2	1.7

Quarterly NAV Changes vs HSTRI (%)

4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
2.9	2.0	9.9	8.7	2.8	6.9
2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
-	-	-	-	-	-

as of 31/05/2021

Source : Seresia Asset Management, DBS Bank

* Since inception on 14 October 2019

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Investment Outlook

The global daily new cases in COVID-19 may have peaked in late April and the 7-week moving average has dropped by more than 40% in May. As both North America and Europe have vaccinated more than 1/3 of their population, the post-vaccination reopening, pent-up consumption, and still accommodative macro policy will support a robust recovery later this Summer. We also expect the global supply chain bottleneck that caused by the previous lockdown measures in the more developed nations will alleviate gradually. Once escalated microchips and other raw material prices should normalize in the coming months.

Instead of the old adage “Sell in May and Go Away”, we are buying into the sell-off last month because we see good relative value in Chinese equities vs global peers, robust but yet underappreciated corporate earning outlook, incremental improvement in liquidity condition in 2Q21, and underweighted positions for Chinese equities among most global/Asia/emerging market funds. Recent strength in RMB/USD and solid 1Q21 results should encourage global investors to re-visit their low weighting in Chinese equities this Summer.

We have started to buy reasonably-priced and highly-profitable Tech leaders selectively since late April and continue to add positions gradually in May. Taking advantage of the excessive sell-off, we have recently moved back to overweight Technology and Consumer Growth stocks. We think the essence of the investment style debate is no longer “Growth vs Value/Cyclical” exposures. Instead, earnings revisions could be the most important return driver for the coming months. Thus, we stick to our barbell portfolio construction and are overweighting both “Technology/Growth” and “Value/Financial” stocks while we position tactically for positive earnings surprises ahead. In particular, we have been adding exposures on both cyclical and growth stocks in the Consumer space as we anticipate an improving share of China GDP growth from consumer spending ahead. Finally, we are overweighting Chinese oil stocks as they offer some excellent long-term value after the selloff in Apr/May.

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Top-10 Holdings	Weighting
CSOP HS Tech Index ETF	8.03%
Tencent Holding	7.90%
Xiaomi Corp	7.30%
CSOP A50 ETF	6.99%
Alibaba Group	5.85%
Ping An Insurance – H	5.62%
AIA Group	5.50%
Hong Kong Exchanges & Clearing	5.39%
Baidu Inc	4.81%
CNOOC	4.68%
TOTAL	62.08%

*as of 31/05/2021

Source: Seresia Asset Management, DBS Bank