



# GREATER CHINA FUND

www.greaterchinafund.com



## MANAGER'S COMMENTS

- The fourth quarter GDP growth slipped to 6.8% from 9.9% in the previous three quarters, dragging the full year GDP to 9% yoy in 2008. China's industrial output growth slowed to 12.9% yoy in 2008. Export growth declined 2.8% yoy in December to US\$111.2bn for an increase of 17.2% yoy for the full year. Imports dropped 21.3% yoy, up 18.5% yoy for the full year.
- The HSCEI and HSCCI indices dropped 9.6% and 9.0%, respectively in January. Auto and agriculture related stocks outperformed the market on industry policy changes. Shipping names also did well on the back of the BDI shipping index rebound in January. However, banks slightly under-performed due to a sell-down of stakes by strategic investors as their lock-up periods lapsed in 2009. Property stocks were being sold-off in January as more developers warned of significant decreases in profit and further declines in China's real estate prices.
- In January, the fund manager reduced the overweight in the financial sector moderately on the risk of share placement by strategic shareholders. The Fund continued to add selective stocks in the material/construction sector which will benefit from the Chinese government's stimulus package. In the case of other markets, the fund manager has started to accumulate semiconductor stocks in Taiwan, mainly on low valuation and an expected bottoming of orders in the first half of 2009.
- We believe the valuation of Chinese equities has largely discounted the slowdown of economy. In the medium term, we think the Chinese market remains resilient with government support through monetary easing and infrastructure packages. The Fund remains biased towards stronger companies with good cash flow and balance sheet strength which will also benefit from the structural demand of consumption and infrastructure spending in China.

## FUND OBJECTIVE

The investment objective of the Fund is to achieve long-term capital appreciation through investment principally in listed equity securities of companies operating in China (including Hong Kong). The Fund may also invest in companies in Korea, Singapore and Taiwan. Structure: US-registered closed-ended investment company. The Fund is managed by Baring Asset Management (Asia) Limited. <sup>(1)</sup>

**Please note the use of an index is for comparative purposes only**

## FUND INFORMATION

<b>Fund Size (Mn)</b>	US\$183.1
<b>NAV per share</b>	US\$8.04
<b>Mid-Price</b>	US\$7.03
<b>Discount to NAV</b>	12.56%
<b>Launch date</b>	Jul 1992
<b>Listing</b>	New York SE
<b>NAV and Price Publication</b>	Barrons; Wall St Journal; Reuters: GCH.N; Bloomberg: GCH
<b>Index</b>	MSCI Zhong Hua (since June 2000)
<b>Structure</b>	Closed-Ended Investment Company
<b>Management Fee</b>	1.25%, > US\$250mn = 1.00%
<b>Performance Fee</b>	None
<b>Year end</b>	31 <sup>st</sup> December

## TOP 10 HOLDINGS (%)

China Mobile	10.1
China Life Insurance	6.4
Industrial & Commercial Bank	6.2
China Construction Bank	5.0
CNOOC	4.7
Ping An Insurance	4.4
China Overseas Land	4.0
Petrochina	3.8
China Petroleum & Chemical	3.3
Cheung Kong	3.3

## FUND BREAKDOWN (%)

H Share	48.4
Red-Chips	24.2
Hong Kong	19.5
Taiwan	1.8
Others	1.7
Cash	4.4

## PERFORMANCE

% Change	In USD Terms	
	Fund	Index
1 Month	-9.7	-5.4
YTD	-9.7	-5.4
1 Year	-46.8	-43.4
3 Years p.a.	+5.5	+0.6
5 Years p.a.	+7.9	+6.6
Since Inception p.a.	+6.4	n/a

## CALENDAR YEAR PERFORMANCE

% Change	In USD Terms	
	Fund	Index
2008	-53.7	-50.9
2007	+70.9	+55.3
2006	+82.0	+54.0
2005	+9.3	+12.8
2004	+6.9	+15.9

**Past performance is not a guide to future performance** This Fund is registered in the USA

(1) Please refer to the Prospectus for the full Investment Objective and policy. Performance source: Barings 31.01.2009, NAV per share basis. Morningstar Rating™ as of 31.01.09, in the Pacific/Asia ex-Japan Stk Morningstar Category™.



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