



# **CB Greater China Portfolio**

June 2024



**Introduction**

Portfolio & Performance

Outlook

## Objective

- ➔ Generate attractive risk-adjusted returns by capitalizing on the transition of China to a consumer-based economy and the growth of the Greater China economic region

## Concept

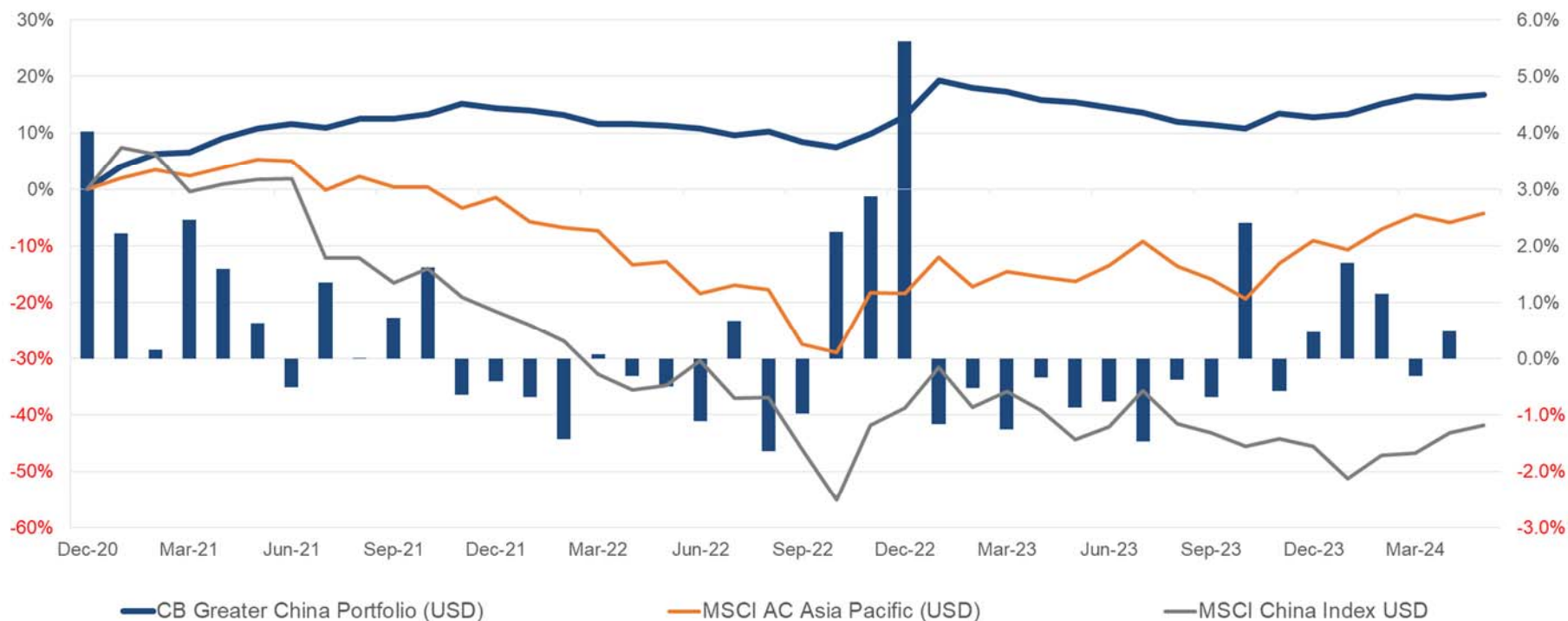
- ➔ Implemented through actively managed Long/Short Equity strategies managed by local managers with proven track records
- ➔ Crossbow's disciplined fund selection and monitoring process identifies managers generating superior risk-adjusted performance on a consistent basis
- ➔ Robust portfolio construction seeking diversification across geographies, sub-strategies and investment styles

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# Results since January 2021



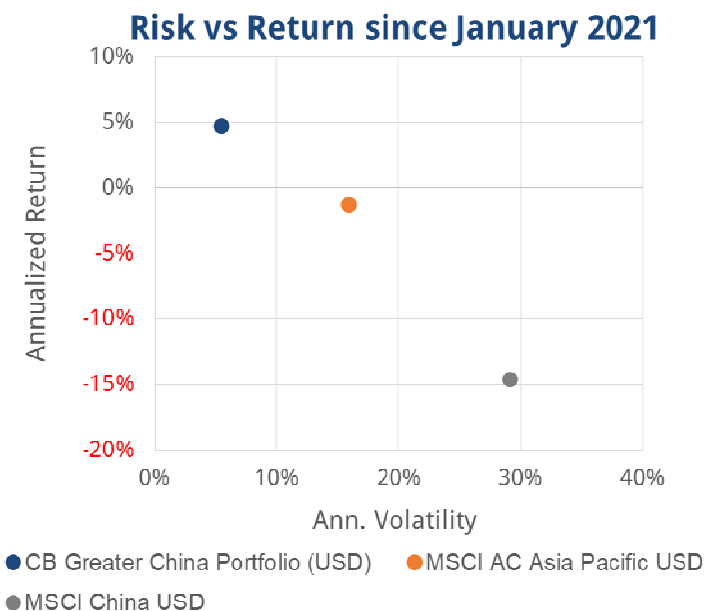
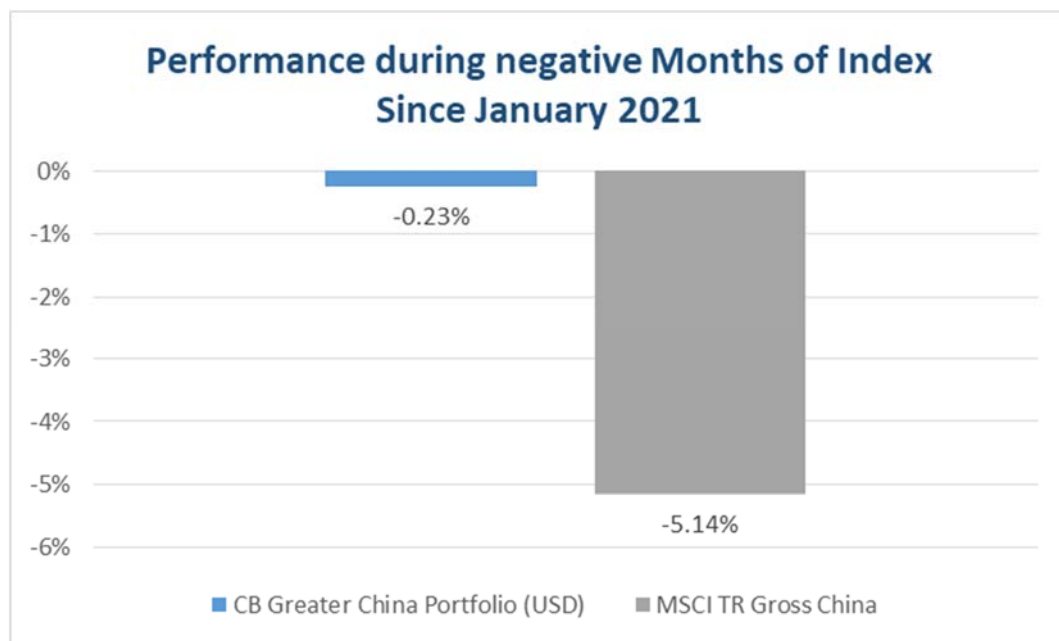
## Monthly returns

BM1: MSCI AC TR Net Asia Pacific USD | BM2: MSCI Daily TR Gross China

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM1	BM2
<b>2024</b>	0.48%	1.70%	1.15%	-0.30%	0.50%								<b>3.57%</b>	<b>5.31%</b>	<b>6.78%</b>
<b>2023</b>	5.63%	-1.16%	-0.52%	-1.25%	-0.34%	-0.87%	-0.76%	-1.47%	-0.38%	-0.68%	2.41%	-0.58%	<b>-0.20%</b>	<b>11.45%</b>	<b>-11.03%</b>
<b>2022</b>	-0.40%	-0.68%	-1.42%	0.08%	-0.31%	-0.49%	-1.11%	0.67%	-1.64%	-0.97%	2.25%	2.87%	<b>-1.24%</b>	<b>-17.22%</b>	<b>-21.80%</b>
<b>2021</b>	4.03%	2.22%	0.15%	2.46%	1.60%	0.64%	-0.51%	1.35%	0.01%	0.73%	1.62%	-0.65%	<b>14.43%</b>	<b>-1.46%</b>	<b>-21.64%</b>

Source: Crossbow Partners

# Statistics since January 2021



## Key statistics since January 2021

	CB Greater China Portfolio (USD)	MSCI AC TR Net Asia Pacific USD	MSCI Daily TR Gross China
Annualized return	4.65%	-1.27%	-14.64%
Annualized volatility	5.51%	15.90%	29.10%
Maximum monthly gain	5.63%	14.98%	29.72%
Maximum monthly loss	-1.64%	-11.88%	-16.81%
Maximum drawdown	-7.20%	-32.48%	-58.18%
Correlation to benchmarks	-	0.53	0.56

Source: Crossbow Partners

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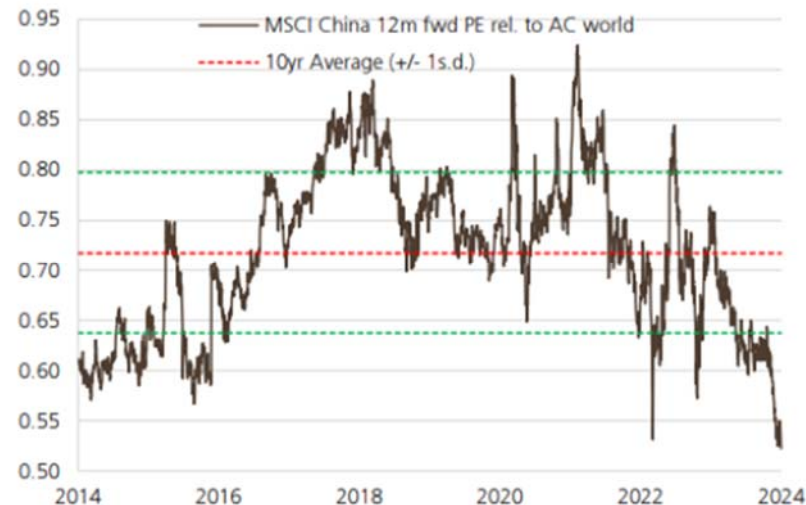
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# The Case for China Allocation

- ➔ Multi year drawdown
  - ➔ MSCI China down for three consecutive years (not seen since the early 2000s tech bubble)
  - ➔ Hang Seng Index down for four consecutive years, the first time since the index's inception in 1964
- ➔ Valuations are clearly distressed and at their lowest in decades
  - ➔ MSCI China at 8.0x fwd 1-year PE despite China still being the fastest growing major economy
- ➔ The government, while stabilizing the real estate market through a targeted approach, aims to transform the economy by promoting R&D and productivity increase,
  - ➔ Allow China to avoid the “middle income trap” over the long run

MSCI China valuations relative to rest of the world cheap, at historical trough levels



Source: 29 January 2024, Bloomberg, Refinitiv Datastream, UBS



- ➔ China's growth is unlikely to come from real estate.
  - ➔ The changes taking place bode well for the stability and sustainability of the Chinese economy
- ➔ Chinese companies are becoming more integrated into the global economy
  - ➔ notably consumer and internet enabled businesses
- ➔ There are many bright spots for China's future growth
  - ➔ Increase in domestic consumption, digital economy, AI, green energy, high-end manufacturing, etc

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