

# Unit Link Products Monthly Report

2016-04

## Category

1. Macro economy
2. Stock market
3. Fixed income market
4. Mutual fund market



**中意人寿**  
GENERALI CHINA



## 1. Macroeconomic

The US employment data performed well on the first half of April and lame on the second, in which initial unemployment data failed to drop, and unemployment rate was still 5%. From the perspective of market sentiment, ISM PMIs performance diversified but both with positive m-o-m increase, in which the PMI of manufacturing industries worsened and the one of non-manufacturing industries boomed. Based on the data, it is reasonable to believe that US economy is still in a recovery trend, even though labor market recovery shows a slowdown. According to the statement of Fed officials and market expectations, we believe that it is likely that Fed will increase the benchmark interest rate once in June or July. Meanwhile, in the euro-zone, industrial capacity maintained at approximately 81-82%, while industrial output remained low and kept positive increase. And core HICP dropped from last month. The possibility of Britain to quit euro-zone is highly concerned by the market, which could cause dramatic economic and political shock on global economies.

Currently, with the possibility of US key interest rate hike and Britain quitting the euro-zone, it is expected that the global capital may marginally flow back to US market, which will tighten the liquidity environment and hit RMB with depreciation expectation.

From the perspective of domestic economy, our government is still trying to stabilize the aggregate demand (throughout real-estate and infrastructural construction), and to solve industrial overcapacity problem at the same time. Hence, the political intention requires to avoid possible economic overheat run by excessive incentive on demand side and to prevent economic crash caused by reinforcement on industrial reform. Under this circumstance, we believe that in the short term, our domestic economic growth will keep decreasing trend but with moderate speed, monetary policy will provide loosened liquidity environment, and finally the financing cost of real economy will fall along with risk-free rate.

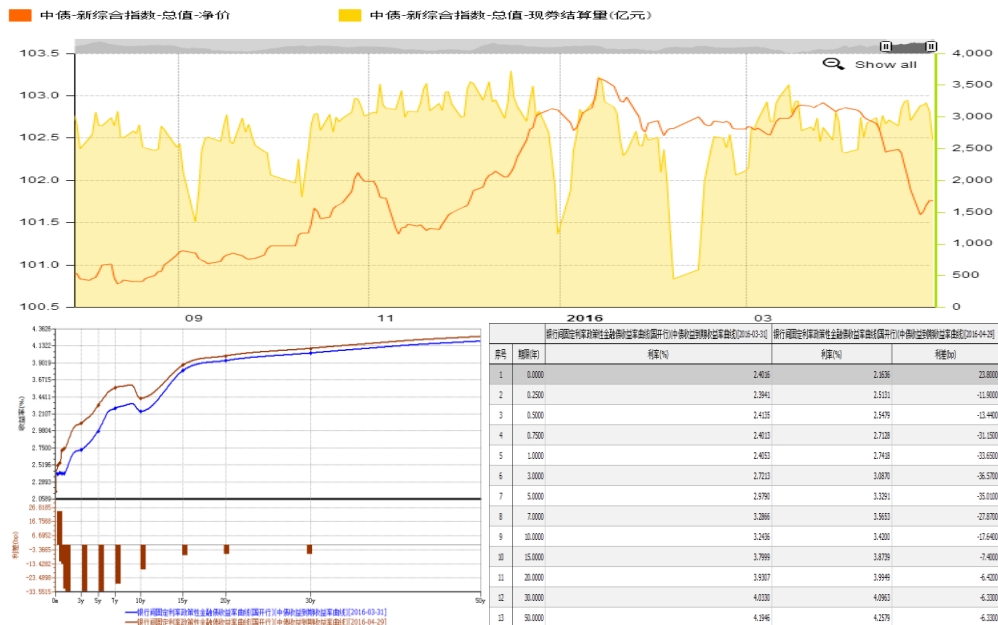
## 2. Stock Market

In April of 2016, SME and GEMs were fall modestly. By the end of the month, Shanghai Composite Index fall -2.18%. Shenzhen Composite fall -3.86% and Small stocks fall by -1.45%.

Index	Percentage [%]	Volume	Amount	Turnover[%]
		[million]	[million]	
SH stocks	-2.18	378600	4210000	17
HS300	-1.91	206000	2250000	11
SZ stocks	-3.86	433200	7170000	33
Small stocks	-1.45	186200	3370000	40



### 3.Fixed-income market



#### Bond issuance increased YOY in Apr. 2016

In Apr., 955 new bonds were issued, increasing by 113.52% YOY with a total amount of 2610.697bln. Among which the central clearing and settlement company issued 308 new bonds, with a total amount of 1874.302bln, accounting for 71.79% of the total; the ShangHai clearing and settlement company issued 341 new bonds, with a total amount of 482.870bln, accounting for 18.5% of the total; the Stock Exchange issued 306 new bonds this month, with a total amount of 253.525bln and accounting for 9.71% of the total.

#### Money market rate went down slightly in Apr. 2016

Generally, money market rate went down slightly in Apr.. The 1D repo was closed at 2.05%, increased by 1BP compared with last month, daily volume was 1551.559bln, decreased 3.56% MOM; The 7D repo was closed at 2.49%, decreased by 2BP compared with last month, daily volume was 279.327bln, increased 40.27% MOM.

#### Bond trading increased YOY in Apr. 2016

In Apr., the trading volume of the bond and repo in 20 trading days was 70.02 trillion, increased 51.29% YOY. The volume in the central clearing and settlement company was 42.42 trillion, increased 33.21% YOY, accounting for 60.57% of the total. The volume in Shanghai clearing and settlement company was 11.05 trillion, increased 120.87% YOY, accounting for 15.78% of the total; The volume in the Exchange was 16.56 trillion, increased 75.39% YOY, accounting for 23.65% of the total.

There were 1,555,088 trading (excluding counter) in Apr., increased 28.45% YOY. Average daily trading volume was 212.075bln and increased 46.53% YOY. There were average 7754 trading in Apr. each day, increased by 26.82% YOY.



#### **4. Mutual Fund Market**

Close-ended funds:

In April, close-ended funds changed -2.60% on average. From the beginning of this year, close-ended funds changed -16.7% on average.

Open-ended funds:

In April, hybrid funds, equity funds, index funds changed by -0.76%、-1.72%、-1.53% respectively. From the beginning of 2016, hybrid funds, equity funds, index funds changed -8.53%、-15.40%、-13.10% ,respectively.

Bond funds:

In April, bond funds changed -1.00% on average. From the beginning of 2016, the figure is -1.03%.

# Generali China - Unit Linked Growth



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## Fund Description

Fund Name	Growth	Investment Objective
Launch Date	2004.9.30	The objective is to maximize return in the medium-long run with a medium to high risk level.
Currency	RMB	Investment Scope
Management Fee	1.5% per year	This fund mainly invest in equities as open-end, close-end mutual fund, fixed income securities (government, financial and corporate bond and central bank notes, etc.) and other instruments approved by CIRC.
Latest Price (04/29/2016)		Target Clients
Price	2.8278	This account is a medium aggressive account. This fund may be quite volatile and it is only suitable for long-term investors.

## Performance

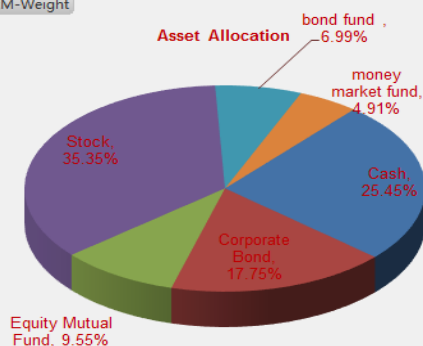
	1 Month	3 Months	12 Months	YTD	Since Inception
Net Asset Value	-2.11%	6.61%	-13.76%	-7.58%	182.77%
Shanghai T-bond Index	0.04%	0.96%	5.50%	1.38%	
Shanghai & Shenzhen 300 Index	-1.91%	7.15%	-33.54%	-15.39%	

## Performance Chart and Allocation

Cumulated Return since 2008



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## Market & Portfolio Comments

### Portfolio review and outlook:

In April, economic data were turning better, but led the market tremors. We believe that the current round of economic recovery is still the continuation of the estate stimulation. Structural adjustment has a long way to go. Leverage makes long-term expectations continue to be pessimistic, and the inflation expectation led to the market began to worry about the possibility of monetary tightening. We will maintain low position and focus on structural opportunities.

For fixed income, we maintained neutral position.

# Generali China - Unit Linked Stable



## Fund Description

<b>Fund Name</b>	Stable	<b>Investment Objective</b> Achieving the best match of stable investment return and good assets liquidity with a low risk level in the medium-long run.
<b>Launch Date</b>	2004.9.30	
<b>Currency</b>	RMB	<b>Investment Scope</b> The investments focus on fixed income products and money market funds. A small percentage may be invested in equity exposed instruments as mutual funds. Other CIRC approved instruments investment is allowed.
<b>Management Fee</b>	1.25% per year	
<b>Latest Price(04/29/2016)</b>		<b>Target Clients</b> This is a conservative account, suitable for clients with a low risk bearing ability and stable investment return needs.
<b>Price</b>	2.0746	

## Performance

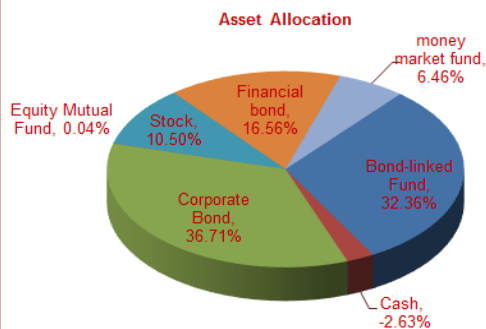
	1 Month	3 Months	12 Months	YTD	Since Inception
Net Asset Value	-0.62%	3.54%	7.52%	-0.58%	107.46%
Shanghai T-bond Index	0.04%	0.96%	5.50%	1.38%	
Shanghai & Shenzhen 300 Index	-1.91%	7.15%	-33.54%	-15.39%	

## Performance Chart and Allocation

Cumulated Return since 2008



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## Market & Portfolio Comments

Portfolio review and outlook:

Review: Since we have been cautious on bond market performance after Spring Festival, the fixed income position was intentionally kept low, with 85-90%. And we continued to screen and invest in some of the corporate bonds with short-term duration and possibly mis-priced feature, for alpha return.

Outlook: In April, with the economic data in 2016Q1 successively released, the earlier expectation of economic growth and inflation rate has been confirmed, which continues to provide a higher market sentiment on risky assets. Meanwhile, the annual reports on individual enterprises have been published, with a worsened fundamentals on cyclical industries, which indicates higher credit risk exposure. Hence, the continuously worsened corporate fundamentals and short-term market sentiment are likely to hit both the interest rate bond and credit bond in this month. We choose to keep low fixed income exposure and shorten the duration, while closely monitoring the trading opportunity on interest rate bond.

Apr 2016