

# **Unit Link Products Monthly Report**

2016-07

## **Category**

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



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GENERALI CHINA



## 1. Macroeconomic

The unemployment rate was still 4.9% in July, initial unemployment data and non-farm payrolls employment increased. From the perspective of market sentiment, ISM PMIs worsened, consumer confidence index of University of Michigan also decreased last month. FOMC meeting showed that the Fed's opinions on economic trends and inflation expectation divided, the time of raising interest rate will be data depending. In terms of Eurozone, the CPI was -0.6% month to month, lower than the expected value of -0.5% and the former value of 0.2%. . ECB monetary meeting mentioned the risk of British-quit and European banking. After British-quit, some overseas money inflows into emerging markets to dispersed risk, if fed tighten the liquidity in the further, capital may flow back to the United States.

In terms of domestic, the economic data showed that the downward pressure increased, which was caused by the sudden dropping of infrastructure investment. In short-term, the growth in the demand side declined greater than the supply side, which came from the decline in real estate investment; the increase in real estate storage, fluctuations of enterprise long-term loans incremental and purchase restriction measures may further suppress real estate investment.

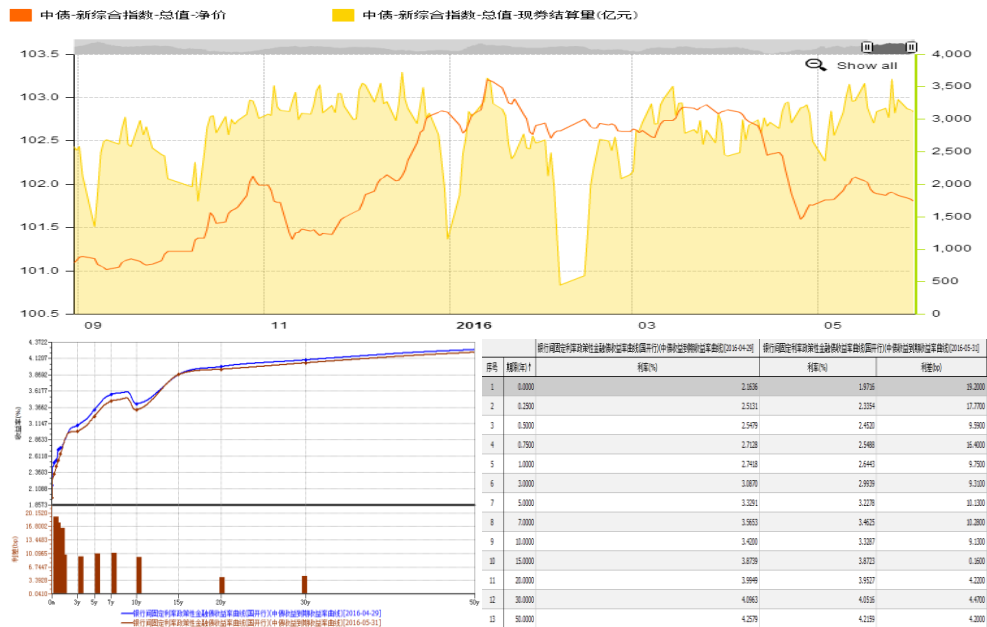
## 2. Stock Market

In July of 2016, SME and GEMs were rose modestly. By the end of the month, Shanghai Composite Index rise 1.70%. Shenzhen Composite fall -1.53% and Small stocks fall by -1.76%.

Index	Percentage [%]	Volume	Amount	Turnover[%]
		[million]	[million]	
SH stocks	1.70	401165	4703322	16.7
HS300	1.59	232116	2746714	10.68
SZ stocks	-1.53	490699	7939728	94
Small stocks	-1.76	208348	3515511	63



### 3.Fixed-income market



#### Bond issuance increased YOY in July 2016

In July, 804 new bonds were issued, increasing by 3.74% YOY with a total amount of 1718.899bln. Among which the central clearing and settlement company issued 203 new bonds, with a total amount of 1149.716bln, accounting for 66.89% of the total; the ShangHai clearing and settlement company issued 316 new bonds, with a total amount of 370.230bln, accounting for 21.54% of the total; the Stock Exchange issued 285 new bonds this month, with a total amount of 198.953bln and accounting for 11.57% of the total.

#### Money market rate kept stable in July 2016

Generally, money market rate kept stable in July. The 1D repo was closed at 2.06%, increased by 2BP compared with last month, daily volume was 2030.211bln, increased 6.45% MOM; The 7D repo was closed at 2.50%, daily volume was 169.241bln, decreased 51.06% MOM.

#### Bond trading increased YOY in July 2016

In July, the trading volume of the bond and repo in 21 trading days was 93.14 trillion, increased 40.61% YOY. The volume in the central clearing and settlement company was 56.14 trillion, increased 19.91% YOY, accounting for 60.27% of the total. The volume in Shanghai clearing and settlement company was 14.99 trillion, increased 86.71% YOY, accounting for 16.09% of the total; The volume in the Exchange was 22.01 trillion, increased 93.21% YOY, accounting for 23.63% of the total.

There were 200,315 trading (excluding counter) in July, increased 34.64% YOY. Average daily trading volume was 2673.4bln and increased 31.33% YOY. There were average 9539 trading in July each day, increased by 47.5% YOY.



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

Close-ended funds:

In July, close-ended funds changed 0.83% on average. From the beginning of this year, close-ended funds changed -14.76% on average.

Open-ended funds:

In July, hybrid funds, equity funds, index funds changed by 0%、1.18%、1.37% respectively. From the beginning of 2016, hybrid funds, equity funds, index funds changed -5.21%、-11.3%、-12.53% ,respectively.

Bond funds:

In July, bond funds changed 0.78% on average. From the beginning of 2016, the figure is 1.04%.

# Generali China - Unit Linked Growth



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## Fund Description

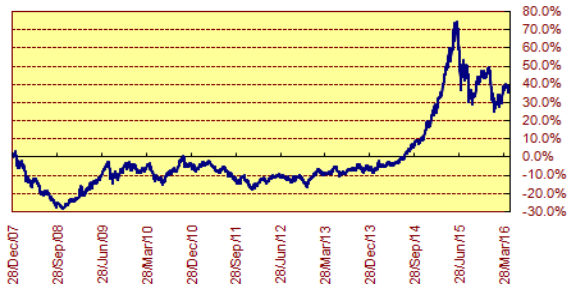
<b>Fund Name</b>	Growth	<b>Investment Objective</b> The objective is to maximize return in the medium-long run with a medium to high risk level.
<b>Launch Date</b>	2004.9.30	
<b>Currency</b>	RMB	
<b>Management Fee</b>	1.5% per year	<b>Investment Scope</b> This fund mainly invest in equities as open-end, close-end mutual fund, fixed income securities (government, financial and corporate bond and central bank notes, etc.) and other instruments approved by CIRC.
<b>Latest Price (07/29/2016)</b>		<b>Target Clients</b> This account is a medium aggressive account. This fund may be quite volatile and it is only suitable for long-term investors.
<b>Price</b>	2.9447	

## Performance

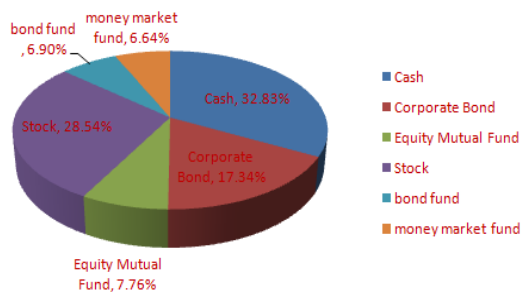
	1 Month	3 Months	12 Months	YTD	Since Inception
Net Asset Value	2.01%	4.14%	-1.34%	-3.76%	194.47%
Shanghai T-bond Index	0.49%	1.12%	5.42%	2.52%	
Shanghai & Shenzhen 300 Index	1.59%	1.49%	-16.05%	-14.13%	

## Performance Chart and Allocation

Cumulated Return since 2008



Asset allocation



## Market & Portfolio Comments

### Portfolio review and outlook:

In July, Britain exiting from the EU voting makes global central bank more cautious. Market liquidity is expected to continue easing. The change of international risk preference can not release the domestic economy pressure. 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(07/29/2016)</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>	2.1255	

## Performance

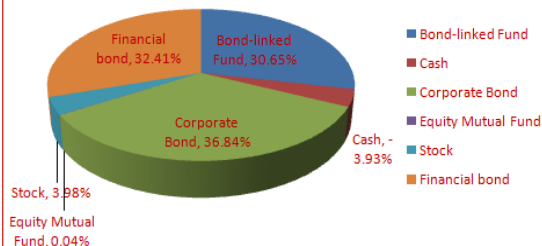
	1 Month	3 Months	12 Months	YTD	Since Inception
Net Asset Value	1.74%	2.46%	6.19%	1.86%	112.55%
Shanghai T-bond Index	0.49%	1.12%	5.42%	2.52%	
Shanghai & Shenzhen 300 Index	1.59%	1.49%	-16.05%	-14.13%	

## Performance Chart and Allocation

Cumulated Return since 2008



Asset allocation



## Market & Portfolio Comments

**Overview:** In July, the global monetary policy is in the middle of policy observation. Along with the Brexit process, the potential political and economic risks are expected to be gradually released, which will lead to a trend of extended monetary easing and also will drag down the pace of Fed interest rate hike. In domestic economy, the central and local government support on the industries suffered from overcapacity has been intensified, which results in a conclusion that the credit risk within these industries may be systematic. And from political point of view, the systematic risk is hardly to be accepted. Under this circumstance, the gap of the bonds between overcapacity industries and the benchmark has been filled up speedily. Meanwhile, under the stricter supervision, the shortage on investment assets available continues to exist, and super long-term interest rate bonds have been bought with great enthusiasm. Therefore, we selected to keep the trading position on super long-term interest rate bonds and decreased the exposure of A-part funds adequately.

**Outlook:** In the coming months, we expect to pay more attention to the declining investment value on some of the fixed income assets. Based on our conclusion of a decreasing bond yield trend, we believe the interest rate bond will experience a further decline, which implies that the long-term interest rate bonds will still have swing trading opportunities. At the same time, we are inclined to increase bond fund position, in order to supplement the potential investment value on bonds within overcapacity industries.