

Unit Link Products Monthly Report

2018-04

Category

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



中意人寿
GENERALI CHINA



1. Macroeconomic

Overseas economy: The yield of the US Treasury bond breached its historical high, and the strengthening USD has impacted emerging markets. The yield of the 10Y US Treasury bond once reached 3.12%, a new high since 2011. The yield of the Canada government bond 10Y once rose above the 30Y one, the first time since the eve of the outbreak of the financial crisis in 2007. The USDX hit a new high, reaching near 94, while emerging market economies such as Argentina and Turkey have mired into predicament once again. John Williams, who is about to become New York Fed's Chairman, said that it's time to phase out forward guidance and not to simply promise to keep low levels of interest rates, but to move to explain how the central bank will respond to latest economic situation.

Domestic economy: Mixed performance in economy, continued differentiation in inflation; neutral monetary policy sustains. On the front of production, the April industrial growth rebounded to 7%; on the side of demand, the April consumption growth dropped from 10.1% to 9.4%. And investment growth slipped from 7.1% to 6.1%. Demand declined across the board. By sector of investment, the manufacturing industry saw a slight rebound, infrastructure hovered at low levels; real estate investment stayed at high level, but one tree alone doesn't make a forest. April CPI dropped 0.2% MoM, and the April CPI YoY growth fell to 1.8%. Food prices declined 1.9% MoM, and their YoY growth dropped to 0.7%, which was the main drag on the CPI. The April PPI was down 0.2% MoM, while the YoY growth ended the five consecutive months of downtrend, and picked up to 3.4% on a short-term basis. In April, new social financing totaled RMB1.56trn, upRMB172.5bn YoY. The social financing growth was flat at 10.5%; Loans to the real economy was flat with the level in the same period last year, but non-standard financing continued to contract; however, net corporate bond financing increased YoY, forming the main support for the social financing growth.

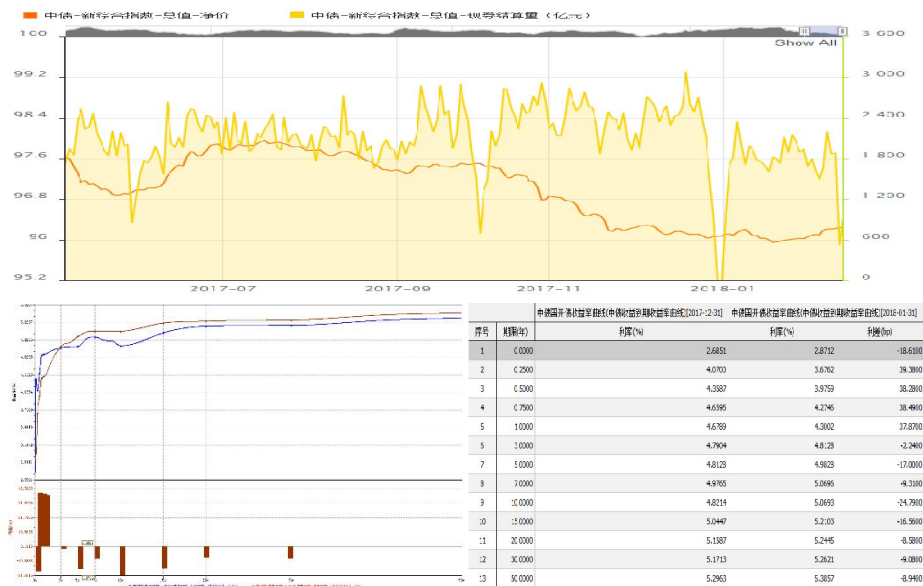
2. Stock Market

In April of 2018, stocks market performance is weak. By the end of the month, Shanghai Composite Index change -4.32%. Shenzhen Composite change -5.00% and Small stocks change by -3.63%.

Index	Percentage [%]	Volume	Amount	Turnover[%]
		[million]	[million]	
SH stocks	-4.3247	134,598.6609	1,909,758.2198	23.5070
SZ stocks	-5.0069	346,225.7752	4,830,819.1565	20.5866
HS300	-2.7349	269,898.5451	3,372,116.0480	8.5441
Small stocks	-3.6327	170,583.9588	2,309,428.3477	6.5222



3.Fixed-income market



Bond issuance increased YOY in Jan. 2018

In Jan., 565 new bonds were issued, increasing by 48.04% YOY with a total amount of 1084.157bln. Among which the central clearing and settlement company issued 92 new bonds, with a total amount of 584.327bln, accounting for 53.89% of the total; the ShangHai clearing and settlement company issued 318 new bonds, with a total amount of 336.494bln, accounting for 31.04% of the total; the Stock Exchange issued 155 new bonds this month, with a total amount of 163.336bln and accounting for 15.07% of the total.

Money market rate went down in Jan. 2018

Generally, money market rate went down in Jan.. The 1D repo was closed at 2.75%, increased by 1BP compared with last month, daily volume was 1798.25bln, increased 6.25% MoM; The 7D repo was closed at 3.31%, decreased by 48BP compared with last month, daily volume was 267.092bln, increased 1.23% MoM.

Bond trading increased YOY in Jan. 2018

In Jan., the trading volume of the bond and repo in 22 trading days was 95.01 trillion, increased 56.54% YoY. The volume in the central clearing and settlement company was 54.24 trillion, increased 62.11% YoY, accounting for 57.09% of the total. The volume in Shanghai clearing and settlement company was 18.86trillion, increased 106.33% YoY, accounting for 19.85% of the total; The volume in the Exchange was 21.90 trillion, increased 21.06% YoY, accounting for 23.06% of the total. There were 182,671 trading (excluding counter) in Jan., increased 25.27% YoY. There were average 8308 trading in Jan. each day, increased by 22.14% YoY.



4. Mutual Fund Market

Close-ended funds:

In April, close-ended funds changed -3.90% on average. From the beginning of this year, close-ended funds changed -6.85% on average.

Open-ended funds:

In April, hybrid funds, equity funds, index funds changed by -2.72 %、-3.0%、-3.17%; respectively. From the beginning of 2018, hybrid funds, equity funds, index funds changed -2.35%、-4.76%、-5.14%, respectively.

Bond funds:

In April, bond funds changed 0.46% on average. From the beginning of 2018, the figure is 1.55%.

Generali China – Unit Linked Growth



中意人壽
GENERALI CHINA

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 (4/27/2018)		Target Clients
Price	2.9949	This account is a medium aggressive account. This fund may be quite volatile and it is only suitable for long-term investors.

Performance

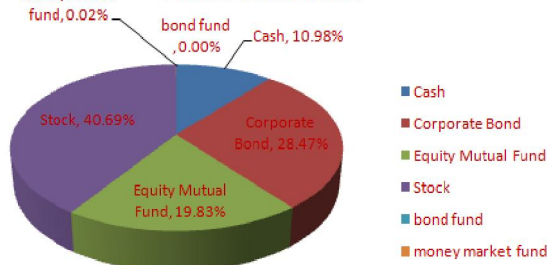
	1 Month	3 Months	12 Months	YTD	Since Inception
Net Asset Value	-2.05%	-2.34%	0.77%	-2.25%	199.49%
Shanghai T-bond Index	0.59%	1.64%	2.06%	6.07%	
Shanghai & Shenzhen 300	-3.63%	-12.14%	9.22%	0.69%	

Performance Chart and Allocation

Cumulated Return since 2008



Asset allocation



Market & Portfolio Comments

Portfolio review and outlook:

Although the economy was steady at the moment, the pressures of going down will appear soon. We are not pessimistic at the moment and focusing on fundamental stocks.

For fixed income, we maintained neutral position.

Mar2018

Generali China – Unit Linked Stable



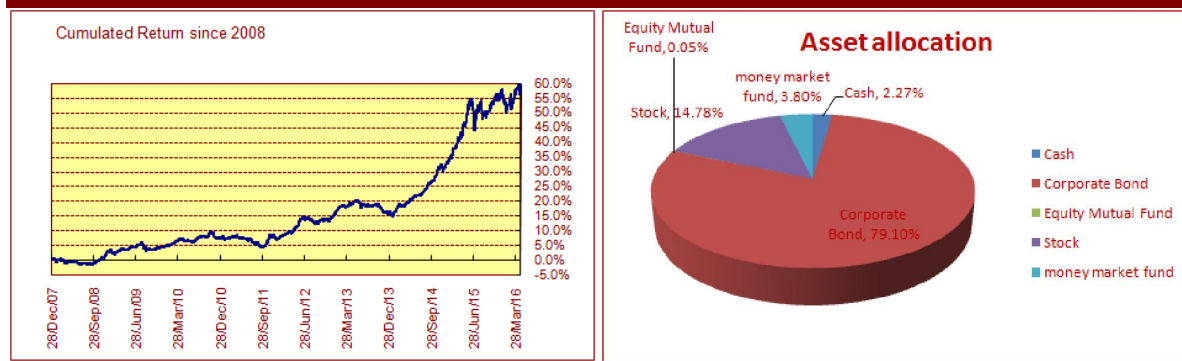
Fund Description

Fund Name	Stable	Investment Objective
Launch Date	2004.9.30	Achieving the best match of stable investment return and good assets liquidity with a low risk level in the medium-long run.
Currency	RMB	Investment Scope
Management Fee	1.25% per year	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.
Latest Price (4/27/2018)		Target Clients
Price	2.1124	This is a conservative account, suitable for clients with a low risk bearing ability and stable investment return needs.

Performance

	1 Month	3 Months	12 Months	YTD	Since Inception
Net Asset Value	-1.06%	-1.32%	-0.06%	-1.07%	111.25%
Shanghai T-bond Index	0.59%	1.64%	2.06%	6.07%	
Shanghai & Shenzhen 300 Index	-3.63%	-12.14%	9.22%	0.69%	

Performance Chart and Allocation



Market & Portfolio Comments

The market expectation on domestic manufacturing industry turned to be optimistic in April, after experiencing a sluggish production month. The overseas factors, including sino-US trade war, middle-east geo-political issues, etc., continued to actively interfere asset prices, but with a marginally declining effect. Meanwhile, the credit default events had been aggravated, which led to systematic horror on secondary credit market. Based on the market environment last month, we managed to participate in interest rate bond trading opportunities, while kept the credit bonds in short-term duration strategy.

We believe that overseas factors listed above may have become a longer term issue, and the domestic market probably is still confronting with a marginally weakened economic fundamentals, especially on infrastructural construction and real-estate sectors. Therefore, as the monetary policy has been turned to a neutral environment, compared with what we had in last year, the declining trend on interest rate bond yield has come, while the credit default risks have just begun.

Mar 2018