

# Unit Link Products Monthly Report

2018-05

## 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: A relatively more hawkish position can be seen on an overall basis from the Federal Reserve which raised interest rates again in June. The target interest rate is forecasted to be as high as 2.4% in late 2018, which means there will be two more interest rate hikes in 2018. The European Central Bank announced its decision on interest QE in late December and keep interest rates unchanged until summer 2019 at the earliest. So far, it has not been discussed yet when to raise the interest rates, which signals a relatively more dovish position

Domestic economy: In May, the economy weakened slightly. From a production perspective, the industrial growth remained stable at 6.8% in May, falling slightly by 0.2% as compared with that in April. The main industrial products delivered mixed performance in growth. The growth of power, crude steel and nonferrous metal production rebounded, while that of cement, automobiles and coal production slowed down. From a demand perspective, the external demand improved in May, but domestic demand declined, and investment and consumption both fell significantly. The investment growth slowed down to 6.1% for January to May. Among the three major types of investment, the manufacturing investment remained at a low level; infrastructure investment fell sharply to become the main drag; the real estate investment was flat at a high level, which has become a mainstay. In May, the retail sales of social consumer goods grew 8.5%, and those of enterprises above designated size grew 5.5%, both hitting multi-year lows. From a category perspective, the sales of consumer staple all declined. Among optional consumer goods, the sales of automobile slid and turned negative; oil and related products remained flat, while most real estate-related consumer goods rose. The real estate sales in main 39 cities have fell at a flat level; the growth of wholesale and retail sales of passenger vehicle has fallen; that of coal consumption for power generation has declined; These indicate the demand has weakened, and production has slowed down.

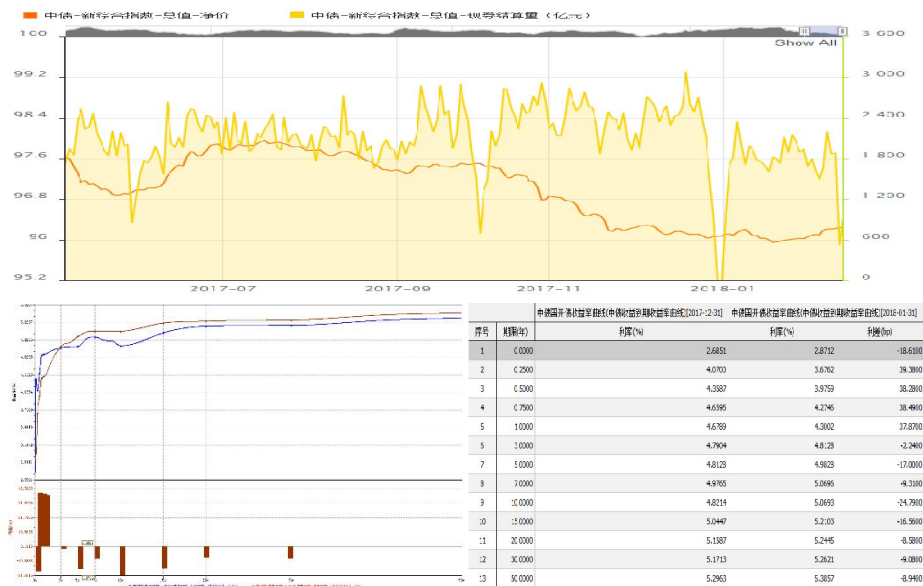
## 2. Stock Market

In May of 2018, stocks market sentiment is in slight recovery. By the end of the month, Shanghai Composite Index change 0.43%. Shenzhen Composite change -0.28% and Small stocks change by 0.10%.

Index	Percentage [%]	Volume	Amount	Turnover[%]
		[million]	[million]	
SH stocks	0.43	297,928.91	3,810,440.50	40.00
SZ stocks	-0.28	377,336.32	5,131,950.68	53.33
HS300	1.21	172,720.67	2,412,173.92	7.62
Small stocks	0.10	156,820.02	2,155,750.53	30.25



### 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 May, close-ended funds changed -1.69% on average. From the beginning of this year, close-ended funds changed -8.05% on average.

Open-ended funds:

In May, hybrid funds, equity funds, index funds changed by 1.09%、0.64%、-0.03%; respectively. From the beginning of 2018, hybrid funds, equity funds, index funds changed -1.30%、-4.04%、-5.01%, respectively.

Bond funds:

In May, bond funds changed -0.09% on average. From the beginning of 2018, the figure is 1.46%.

# 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 (5/31/2018)		Target Clients
Price	3.0972	This account is a medium aggressive account. This fund may be quite volatile and it is only suitable for long-term investors.

## Performance

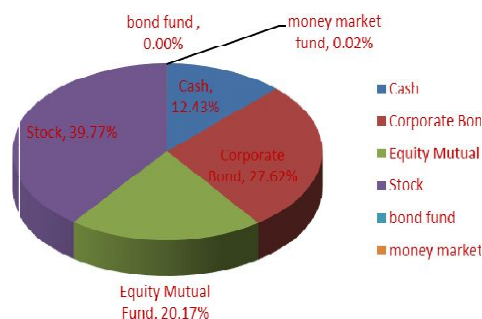
	1 Month	3 Months	12 Months	YTD	Since Inception
Net Asset Value	3.42%	1.39%	5.47%	1.09%	209.72%
Shanghai T-bond Index	0.47%	1.64%	2.84%	6.57%	
Shanghai & Shenzhen 300	1.21%	-5.50%	8.86%	1.91%	

## 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

<b>Fund Name</b>	Stable	<b>Investment Objective</b>
<b>Launch Date</b>	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.
<b>Currency</b>	RMB	<b>Investment Scope</b>
<b>Management Fee</b>	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.
<b>Latest Price (5/31/2018)</b>		<b>Target Clients</b>
<b>Price</b>	2.1135	This is a conservative account, suitable for clients with a low risk bearing ability and stable investment return needs.

## Performance

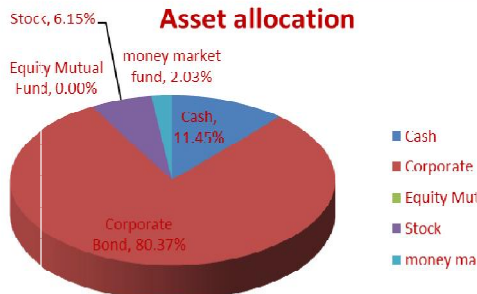
	1 Month	3 Months	12 Months	YTD	Since Inception
Net Asset Value	0.05%	-1.19%	1.10%	-1.02%	111.34%
Shanghai T-bond Index	0.47%	1.64%	2.84%	6.57%	
Shanghai & Shenzhen 300 Index	1.21%	-5.50%	8.86%	1.91%	

## Performance Chart and Allocation

Cumulated Return since 2008



Asset allocation



## Market & Portfolio Comments

**Fixed income overview:** In May, the sino-US trade war continued, but with a marginally declining effect on asset prices. Otherwise, the overseas economic fundamentals performed well. Back to Mainland China, since the manufacturing season come to an end, the increase on industrial prices started to be vague; however, the environmental supervision on previous industries come back, which provided another force on the pricing level. Finally, PPI month-on-month growth was lifted up a little. In bond market, we experienced a group of credit default events during the month, which led to an increasing market sentiment on interest rate bond allocation. Therefore, along with the market trend, we chose to further increase our interest rate bond exposure on both position and duration perspectives.

**Fixed income outlook:** In the coming month, we believe that the money market rate will go up by seasonal effect, which will result in an increasing yield on short-term bond as well. In the meantime, as we discovered a weakened economic growth potentials based on economic fundamentals, it is probable that the long-term interest rate bond yield will decrease, with the support from economic data and risk-averse market sentiment. Therefore, we expect to enlarge our position on long-term interest rate products appropriately.

May 2018