

Unit Link Products Monthly Report

2021-03

Category

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



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1. Macroeconomic

Overseas economy :

The US economy improved in March. PPI increased by 4.2% YoY, which was higher than expectation. Core CPI increased by 1.6% YoY, increased from previous month. The unemployment rate was 6.0%, dropped from previous month. The ISM US manufacturing PMI rose to 64.7, which was higher than expectation. The non-manufacturing PMI rose to 63.7, increased from previous month significantly. In the Eurozone, CPI in March increased by 1.3% YoY, which was higher than previous month. Core CPI increased by 0.9% YoY, and the growth rate had fallen from the previous month. The manufacturing PMI rose to 57.9% in March, indicated an accelerated recovery of manufacturing industry. The PMI of service industry was 49.6%, which was close to the line of prosperity and decline.

Domestic economy :

Domestic economy continued to recover in March. The manufacturing PMI was 51.9, increased by 1.3 from the previous month. The PMI of service industry was 55.2, increased 4.4 from the previous month. In March, the CPI rose by 0.4% YoY while fell by 0.5% MoM. The increase of international commodity price influence domestic price and so, PPI rose by 1.6% MoM and 4.4% YoY. In March, the social financing scale rose by 12.3% YoY, and the growth rate dropped by 1%. The currency supply was still sufficient and the medium-term and long-term loans contributed a lot.

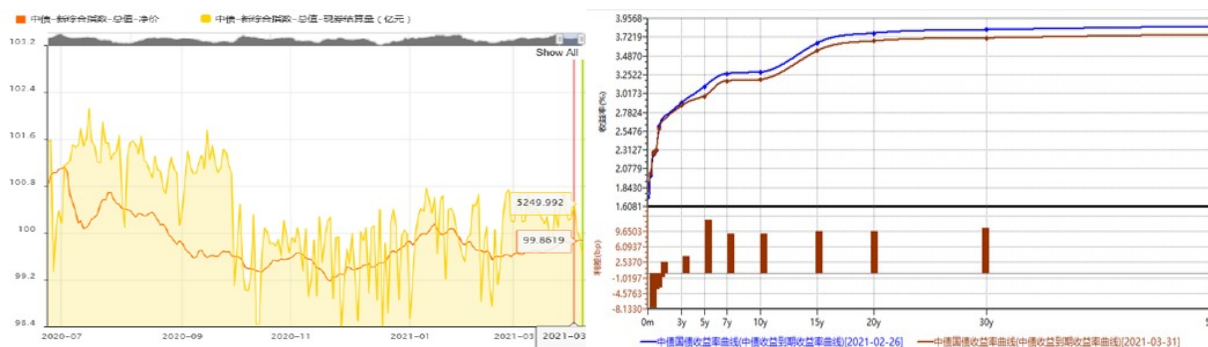
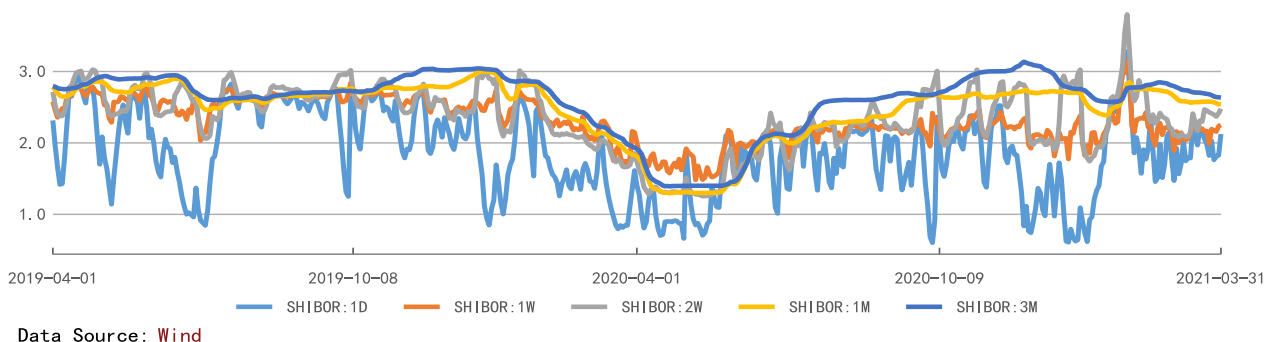
2. Stock Market

In March of 2021, by the end of the month, Shanghai Composite Index change -1.91%. Shenzhen Composite change -5.02% and GEM stocks change by -4.25%.

Index	Percentage[%]	Volume [million]	Amount [million]	Turnover[%]
SH stocks	-1.91	744063.13	8402503.32	19.20
SZ stocks	-5.02	821461.03	10128044.25	35.54
HS300	-5.40	401437.82	7049021.16	14.47
GEM stocks	-4.25	199326.37	3437421.16	56.61



3.Fixed-income market



Bond issuance increased in March 2021

In March new bonds were issued with a total amount of 3.66 trillion yuan, which increased by 4.45% YOY. Among which the China Central Depository & Clearing Co., Ltd issued new bonds with a total amount of 1.90 trillion, accounting for 51.87% of the total. The Shanghai Clearing House issued new bonds with a total amount of 1.17 trillion, accounting for 31.80% of the total; the Exchange issued new bonds, with a total amount of 0.6 trillion and accounting for 16.33% of the total.

Money market rates fell in March 2021

In March, money market rates fell. Specifically, the 1D repo dropped by 3BP to 1.9752% compared with last month, and the average daily trading volume was 2.89 trillion, increased by 38.98% MoM. The 7D repo dropped by 22BP to 2.2176% MoM, and the average daily trading volume was 0.23 billion, increased by 41.78% MoM.

Bond settlement dropped YOY in March 2021

In March, the trading volume of the bond market was 142.76 trillion, increased by 1.32% YOY. The volume in China Central Depository & Clearing Co., Ltd. was 87.58 trillion, dropped by 1.22% YOY, accounting for 61.35% of the total. The volume in Shanghai Clearing House was 25.24 trillion, fell by 19.47% YOY, accounting for 17.68% of the total. The volume in the Exchange was 29.94 trillion, increased by 21.41% YOY, accounting for 20.97% of the total.



4. Mutual Fund Market

Close-ended funds:

In March, close-ended funds changed -4.42% on average. From the beginning of this year, close-ended funds changed -3.39% on average.

Open-ended funds:

In March, hybrid funds, equity funds, index funds changed by -2.88%、-3.26%、-3.17%, respectively. From the beginning of this year, hybrid funds, equity funds, index funds changed by -2.24%、-2.63%、-2.61% , respectively.

Bond funds:

In March, bond funds changed 0.25% on average. From the beginning of this year, the figure is 0.44%.

Generali China - Unit Linked Growth



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Fund Description

Fund Name	Growth	Investment Objective
Launch Date	2004/09/30	
Currency	RMB	Investment Scope
Management Fee	1.50% per year	
Latest Price(2021/03/31)		Target Clients
Price	4.8479	

The objective is to maximize return in the medium-long run with a medium to high risk level.

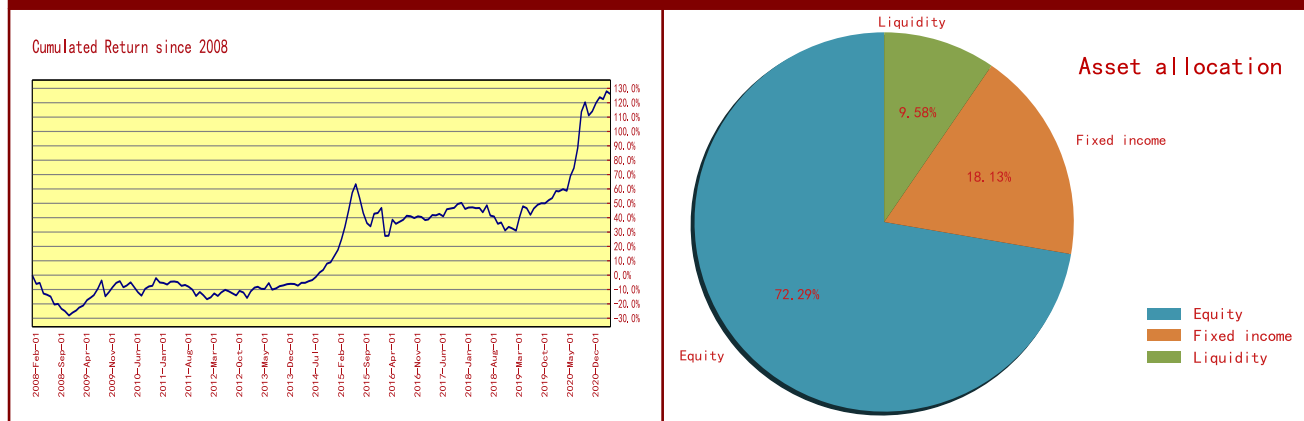
This fund mainly invest in equities as open-end, close-end mutual fund, fixed income securities (government, financial and corporate bond and central bank notes, etc.) and other instruments approved by CIRC.

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	-0.86%	0.96%	42.40%	0.96%	370.93%
Shanghai T-bond Index	0.42%	0.81%	2.16%	0.81%	-
Shanghai & Shenzhen 300 Index	-5.40%	-3.13%	36.95%	-3.13%	-

Performance Chart and Allocation



Market & Portfolio Comments

Portfolio review and outlook:

EQ: In March, the market continued to adjust due to 10-year US bond yield surged. We thought the reason for the adjustment came from the overvaluation on the "core assets". We believed that some of "core assets" was still overvalued. However, the previous rally was structural. After systematic adjustment, more opportunities appeared. We keep a positive view on the market for the next few months, more focusing on cyclical sectors which were benefited by COVID-19 easing and oversea economic recovery. FI: Domestic economy continued to recover, along with an increasing inflation risk premium, while the inflation pressure failed to transit from manufacturing industries to consumption. Overseas economy also recovered from the pandemic with the vaccine popularization, and we believe it is likely to go along with the trend that China experienced last year. The small comeback of the viral distribution may have little impact on global economic recovery. We believe the industrial inventory status and inflation expectation are two significant factors to be observed in the short term. For our portfolio, we believe short duration strategy is still encouraged in the coming month. And leverage strategy can also be used, but very crowded. Meanwhile, equity exposure should be kept in a neutral level and trading opportunities are more likely to offer investment return.

Generali China - Unit Linked Growth



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Fund Description

Fund Name	Stable	Investment Objective
Launch Date	2004/09/30	
Currency	RMB	Investment Scope
Management Fee	1.25% per year	
Latest Price(2021/03/31)		Target Clients
Price	2.3839	

Achieving the best match of stable investment return and good assets liquidity with a low risk level in the medium-long run.

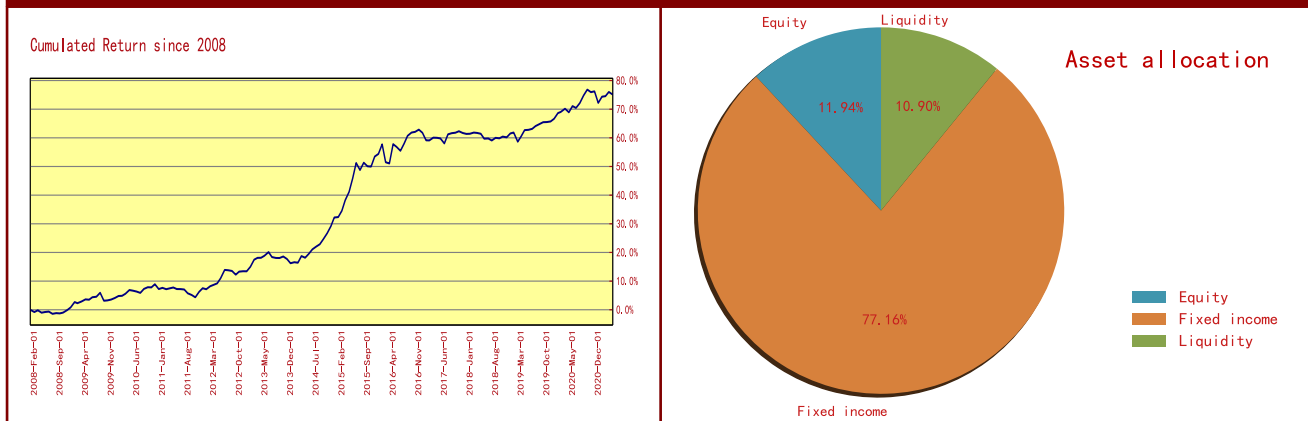
The investments focus on fixed income products and money market funds. A small percentage may be invested in equity exposed instruments as mutual funds. Other CIRC approved instruments investment is allowed.

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	-0.54%	0.40%	3.65%	0.40%	131.57%
Shanghai T-bond Index	0.42%	0.81%	2.16%	0.81%	-
Shanghai & Shenzhen 300 Index	-5.40%	-3.13%	36.95%	-3.13%	-

Performance Chart and Allocation



Market & Portfolio Comments

Portfolio review and outlook:

EQ: The PMI rebound in March confirmed that the economy is still recovering, exports and consumption are still maintaining a high degree of prosperity, and infrastructure and real estate investment are relatively stable. Looking forward to the second quarter, the overall domestic economy will continue to maintain a high degree of prosperity. With the rebound of the epidemic in March, the weakening of expectation of global economic recovery led to a peak in commodity prices. Expectations of inflation have eased, and expectations of a rapid tightening of overall liquidity have fallen. Looking ahead to the market, as liquidity has peaked, the overall market will still in a weak trend, but the rapid decline in the market has passed. With the disclosure of annual reports and quarterly reports, varieties that exceed expectations can still achieve better results throughout the year. Structurally, we are still optimistic about auto parts, military industry and emerging consumer industry with continuously improved industry outlook, and high-end manufacturing industry and innovative medicine and its industrial chain with engineer bonus; as well as the cyclical leader and financial industry benefiting from the economic recovery. We will reduce some overvalued varieties. FI: Domestic economy continued to recover, along with an increasing inflation risk premium, while the inflation pressure failed to transit from manufacturing industries to consumption. Overseas economy also recovered from the pandemic with the vaccine popularization, and we believe it is likely to go along with the trend that China experienced last year. The small comeback of the viral distribution may have little impact on global economic recovery. We believe the industrial inventory status and inflation expectation are two significant factors to be observed in the short term. For our portfolio, we believe short duration strategy is still encouraged in the coming month. And leverage strategy can also be used, but very crowded. Meanwhile, equity exposure should be kept in a neutral level and trading opportunities are more likely to offer investment return.

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