Unit Link Products Monthly Report

2021-02

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 US economy improved in February, with 379,000 non-farm payrolls growth, which was expected to be 198,000, an increase of 330,000 from the previous value. However, the new employment situation in various industries was uneven. The unemployment rate was 6.2%, dropped from previous month. The CPI increased by 1.7% YoY, which was an upward trend compared to the previous month. The ISM US manufacturing PMI rose to 60.8%, which was higher than expectation. The non-manufacturing PMI fell to 55.3%, but it was still in the expansion range. In the Eurozone, the CPI in February increased by 0.9% YoY, which was unchanged from previous month. Core CPI increased by 1.1% YoY, and the growth rate had fallen from the previous month. The manufacturing PMI rose to 57.9% in February, indicated an accelerated recovery of manufacturing industry. The PMI of service industry was 45.7%, which was still below the line of prosperity and decline and had lasted for 4 months. In February, the ECB decided to keep the major interest rates unchanged, and continued to reiterate its loose monetary policy stance.

Domestic economy：

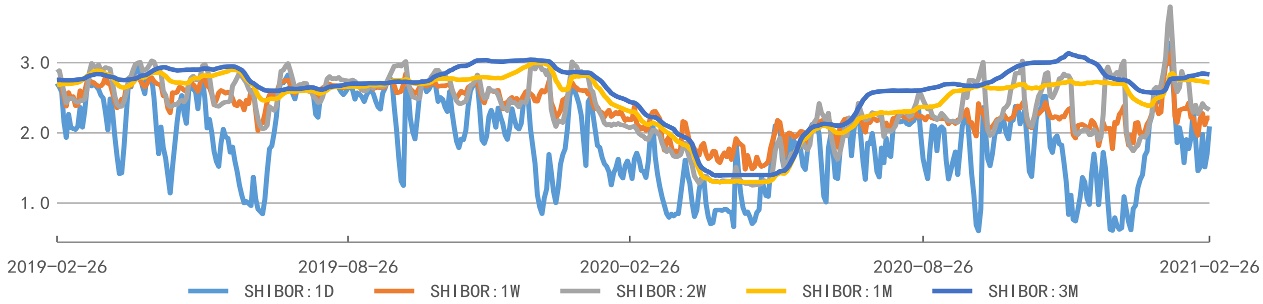
The domestic macro economy continued to recover in February, but due to the outbreak of epidemic in some areas, the pace slowed down slightly. The manufacturing PMI index was 50.6, fell 0.7% from the previous month, but it was still in the expansion range. The PMI of service industry was 50.8, dropped 0.3% from the previous month. In February, the CPI rose by 0.6% MoM, but due to the impact of pork prices, it fell by 0.2% YoY. However, the recovery trend of service and core CPI has not been confirmed. In February, the PPI rose by 0.8% MoM and 1.7% YoY. The price of raw materials increased sharply compared with midstream manufacturing industry and downstream links, which showed the price transmission was not smooth. In February, the new social financing scale was 1.71 trillion yuan, rose by 13.3% YoY, and the growth rate rebounded by 0.3%. the currency supply was still sufficient, and it was higher than the market expectations. Structurally, the medium-term and long-term loans contributed significantly.

2.Stock Market

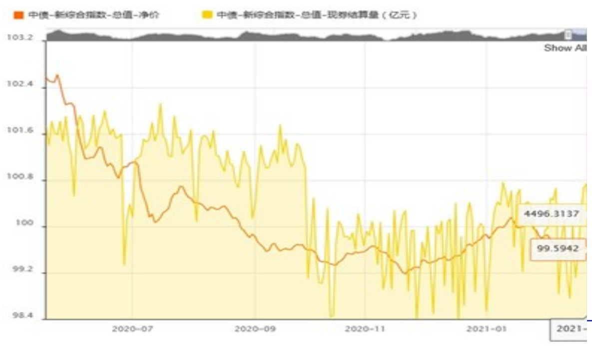
In February of 2021, by the end of the month, Shanghai Composite Index change 0.75%. Shenzhen Composite change -2.12% and GEM stocks change by -3.84%.

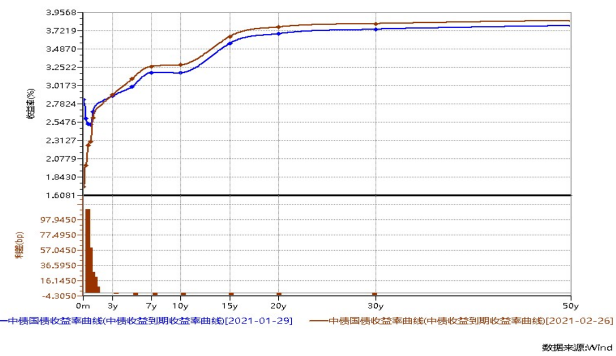
Index	Percentage[%]	Volume [million]	Amount [million]	Turnover[%]
SH stocks	0.75	484073.83	6510008.57	12.56
SZ stocks	-2.12	530274.56	7901545.42	26.68
HS300	-0.28	300663.04	6310768.82	10.86
GEM stocks	-3.84	129899.25	2625350.46	37.01

3.Fixed-income market



Data Source: Wind





Bond issuance dropped in February 2021

In February 945 new bonds were issued with a total amount of 1.58 trillion yuan, which fell by 18.36% YOY. Among which the China Central Depository & Clearing Co., Ltd issued 119 new bonds, with a total amount of 0.87 trillion, accounting for 55.16% of the total. The Shanghai Clearing House issued 469 new bonds, with a total amount of 0.49 trillion, accounting for 30.83% of the total; the Exchange issued 357 new bonds, with a total amount of 0.22 trillion and accounting for 14.01% of the total.

Money market rates fell in February 2021

In February, money market rates fell. Specifically, the 1D repo dropped by 29BP to 2.0061% compared with last month, and the average daily trading volume was 2.07 trillion, dropped by 22.92% MoM. The 7D repo dropped by 37BP to 2.4358% MoM, and the average daily trading volume was 0.16 billion, dropped by 28.73%a MoM.

Bond settlement increased YOY in February 2021

In February, the trading volume of the bond market was 87.83 trillion, increased by 4.79% YOY. The volume in China Central Depository & Clearing Co., Ltd. was 52.42 trillion, rose by 17.56% YOY, accounting for 59.69% of the total. The volume in Shanghai Clearing House was 14.78 trillion, fell by 18.71% YOY, accounting for 16.83% of the total. The volume in the Exchange was 20.63 trillion, dropped by 1.98% YOY, accounting for 23.49% of the total.

4. Mutual Fund Market

Close-ended funds:

In February, close-ended funds changed -2.59% on average. From the beginning of this year, close-ended funds changed 1.15% on average.

Open-ended funds:

In February, hybrid funds, equity funds, index funds changed by -1.75%, -1.35%, -0.52%, respectively. From the beginning of this year, hybrid funds, equity funds, index funds changed by 0.66%、0.63%、0.54%，respectively.

Bond funds:

In February, bond funds changed 0.15%% on average. From the beginning of this year, the figure is 0.18%.

Generali China - Unit Linked Growth

中意人寿 GENERALI CHINA

Fund Description

Fund Name	Growth
Launch Date	2004/09/30
Currency	RMB
Management Fee	1.50% per year
Latest Price(2021/02/26)	
Price	4.8898

Investment Objective

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

Investment Scope

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.

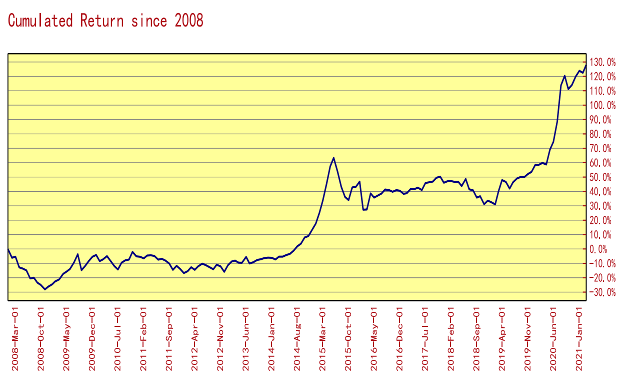
Target Clients

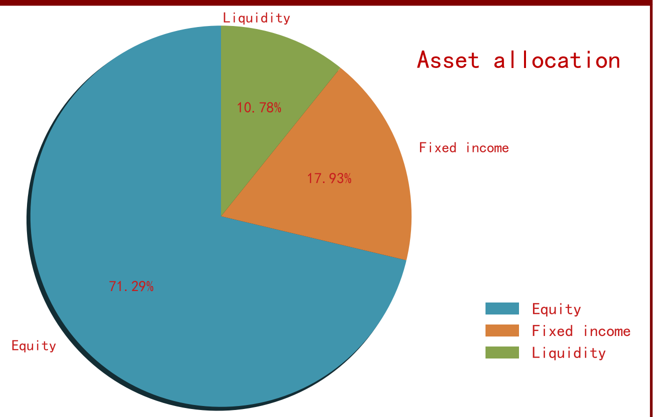
This account is a medium aggressive account. This fund may be quite volatile and it is only suitable for long-term investors.

Performance

	1 Month	3 Months	12 Months	YTD	Since Inception
Net Asset Value	2.47%	3.71%	42.65%	1.83%	375.00%
Shanghai T-bond Index	0.05%	0.75%	2.81%	0.39%	-
Shanghai & Shenzhen 300 Index	-0.28%	7.59%	35.45%	2.41%	-

Performance Chart and Allocation





Market & Portfolio Comments

Portfolio review and outlook:

EQ: In February, the market went volatile due to 10-year US bond yield surged. We thought the reason for the change came from the overvaluation on the "core assets". We believed that the market was still in an upward trend due to economy recovery. 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. FI: The bond market continued to suffer from the process of economic recovery and expected rising inflation rate, with the yield curve steepened. Therefore, we kept our short-duration strategy on risk-averse assets and lifted investment return by bond funds with equity assets and convertible bond trading. In coming month, we believe the seasonal effect will bring up upside opportunity on industrial sectors. We may observe an active inventory replenishment with a rising price, and the manufacturing industries may experience an increasing profitability in March. Based on the market analysis above, we are likely to keep the original investment strategy as we did in February, with a relatively high exposure on equity assets.

Generali China - Unit Linked Growth

中意人寿 GENERALI CHINA

Fund Description

Fund Name	Stable
Launch Date	2004/09/30
Currency	RMB
Management Fee	1.25% per year
Latest Price(2021/02/26)	
Price	2.3968

Investment Objective

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

Investment Scope

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.

Target Clients

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	0.85%	2.23%	3.44%	0.95%	132.83%
Shanghai T-bond Index	0.05%	0.75%	2.81%	0.39%	-
Shanghai & Shenzhen 300 Index	-0.28%	7.59%	35.45%	2.41%	-

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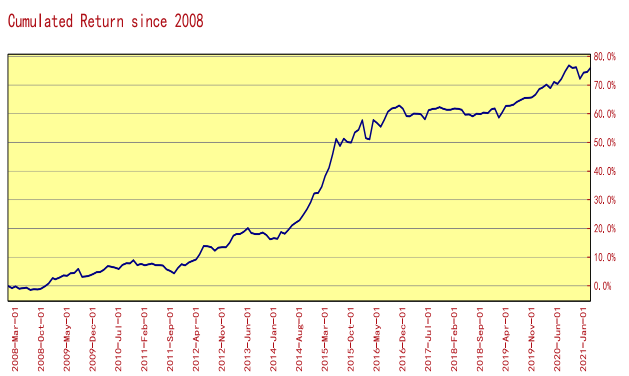

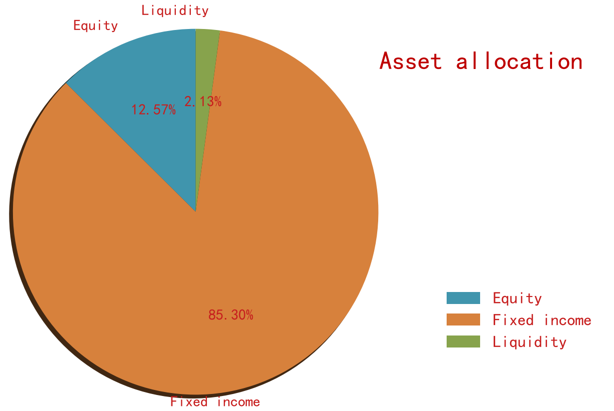

Market & Portfolio Comments

Portfolio review and outlook:

EQ: In February, the recovery of overseas economy and domestic economy combined with the overall liquidity is still abundant, leading to a substantial rise in the price of bulk raw materials, the market's overall expectation of inflation has been strengthened, and the tightening of the government's housing loan policy has also prompted the market to worry more about the recovery of liquidity. At the same time, the market's structural allocation has been fully interpreted, which has promoted the market's allocation structure to be improved in the event of changes, the callback of strong stock is obvious. Looking forward to the first quarter, the market will still be expected to maintain a weak trend, but the varieties whose annual report and first quarter performance exceed expectations and can last for the next 2-3 years will still have a better rate of return. Structurally, we are still optimistic about auto parts with restructured competition pattern, 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: The bond market continued to suffer from the process of economic recovery and expected rising inflation rate, with the yield curve steepened. Therefore, we kept our short-duration strategy on risk-averse assets and lifted investment return by bond funds with equity assets and convertible bond trading. In coming month, we believe the seasonal effect will bring up upside opportunity on industrial sectors. We may observe an active inventory replenishment with a rising price, and the manufacturing industries may experience an increasing profitability in March. Based on the market analysis above, we are likely to keep the original investment strategy as we did in February, with a relatively high exposure on equity assets.

Feb 2021