

Unit Link Products Monthly Report

2022-06

Category

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



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1. Macroeconomic

Overseas economy :

The U.S economy still faced serious inflation pressure in June. The number of non-farm payrolls growth was 37.2 million in June, and the unemployment rate remained at 3.6% since March. The ISM manufacturing PMI dropped a little to 53 and the services PMI declined to 55.3, which indicated the economy still expand in some degree. The US CPI growth in June rose a little to 9.1 % YOY while the core CPI growth dropped to 5.9% YOY. Further, the PPI growth rose to 11.2% from 10.8%. Overall, the price index indicated a serious inflation pressure. The Eurozone Manufacturing PMI continued to decline a little to 52.1, and the services PMI dropped to 53 in June. The CPI growth rose to 8.6% YoY in June and the core CPI growth declined a little to 3.7%. The pressure of inflation in Eurozone didn't showed sign of improvement.

Domestic economy :

Domestic economy recovered in June as the epidemic outbreak was under control. At the production side, the growth of industrial added value in June rose by 3.2 % to 3.9%. For the demand side: The total FAI growth for the year was 6.1% YoY, which declined by 0.1% compared to previous period. For the components of FAI, the manufacturing investment growth dropped by 0.2% to 10.4% YoY. Infrastructure investment growth rose by 0.4% to 7.1% YoY. The real estate investment growth continued to drop by 1% to -4.2% YoY. In June, the total retail sales of consumer goods growth increase by 9.8% to 3.1% YoY. The CPI growth rate remained at 2.5% YoY in June, and the PPI growth rate fell by 0.3% to 6.1% YoY. In June, the scale of new social financing was 5.2 trillion RMB, which showed large scale of credit expansion.

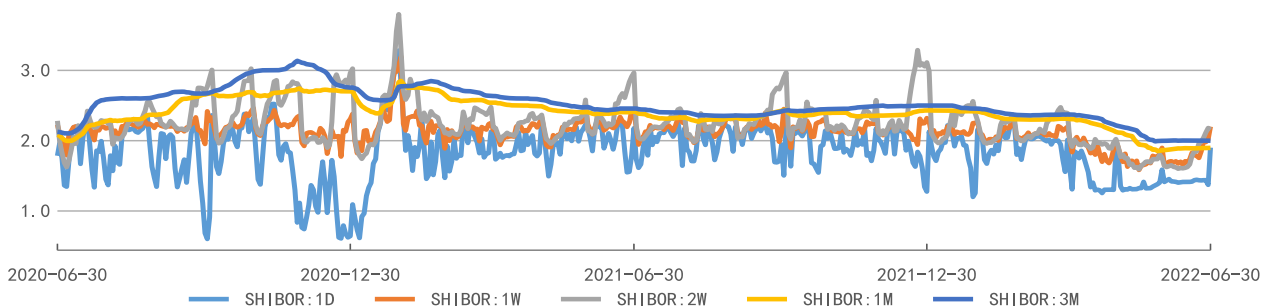
2. Stock Market

In June of 2022, by the end of the month, Shanghai Composite Index change 6.66%. Shenzhen Composite change 11.87% and GEM stocks change by 14.61%.

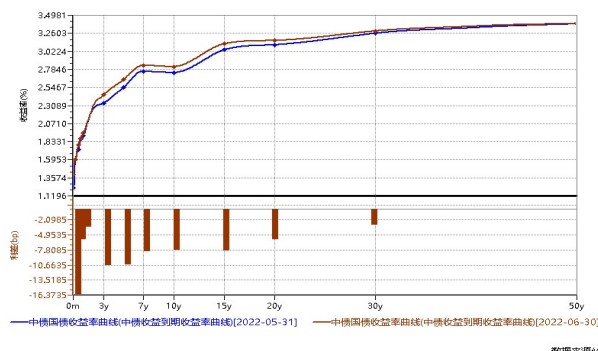
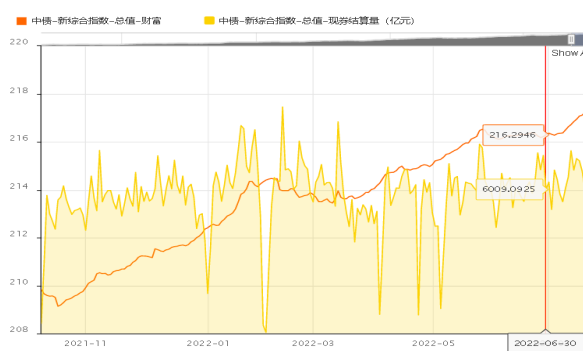
Index	Percentage[%]	Volume [million]	Amount [million]	Turnover[%]
SH stocks	6.66	873938.77	10510690.07	20.97
SZ stocks	11.87	1005088.34	12609955.06	33.44
HS300	9.62	351469.90	6954287.65	12.56
GEM stocks	14.61	246648.71	4228079.94	59.82



3.Fixed-income market



Data Source: Wind



Bond market continued to expand in June 2022

In June, the bond market had expanded to 126.5 trillion yuan. Among which the China Central Depository & Clearing Co., Ltd (CCDC) had a total amount of 93.1 trillion yuan with a growth of 15.2% YoY. Bond around 16.5 trillion yuan was registered in the ShangHai clearing and settlement company, which had a growth of 17.4 YoY. Registration of bond in China Securities Depository and Clearing Co., Ltd was 16.91 trillion yuan, increased by 12.3% YoY.

Money market rate rose in June 2022

In June, money market rates fluctuated. Specifically, the 1D repo rose by 10BP to 1.52% and the 7D repo rose by 16BP to 1.93%.

Trading volume rose in June 2022

In June, the trading volume in China Central Depository & Clearing Co., Ltd. (CCDC) was 120.38 trillion, which had a boost of 36 % YOY. Among which the volume for bond trading and repo trading were 14.08 trillion and 104.9 trillion yuan respectively. The average turnover rate for bond registered in CCDC was 15.1%. The most actively traded bonds were policy bank bonds, Treasury bonds and commercial bank bonds with turnover rates of 37.9%、17% and 12.7%, respectively.



4. Mutual Fund Market

Close-ended funds:

In June, close-ended funds changed 10.01% on average. From the beginning of this year, close-ended funds changed -11.37% on average.

Open-ended funds:

In June, hybrid funds, equity funds, index funds changed by 7.56%、 9.90%、 9.62%, respectively. From the beginning of this year, hybrid funds, equity funds, index funds changed by -5.76%、 -8.02%、 -8.06% , respectively.

Bond funds:

In June, bond funds changed 0.58% on average. From the beginning of this year, the figure is 0.85%.

Generali China - Unit Linked Growth



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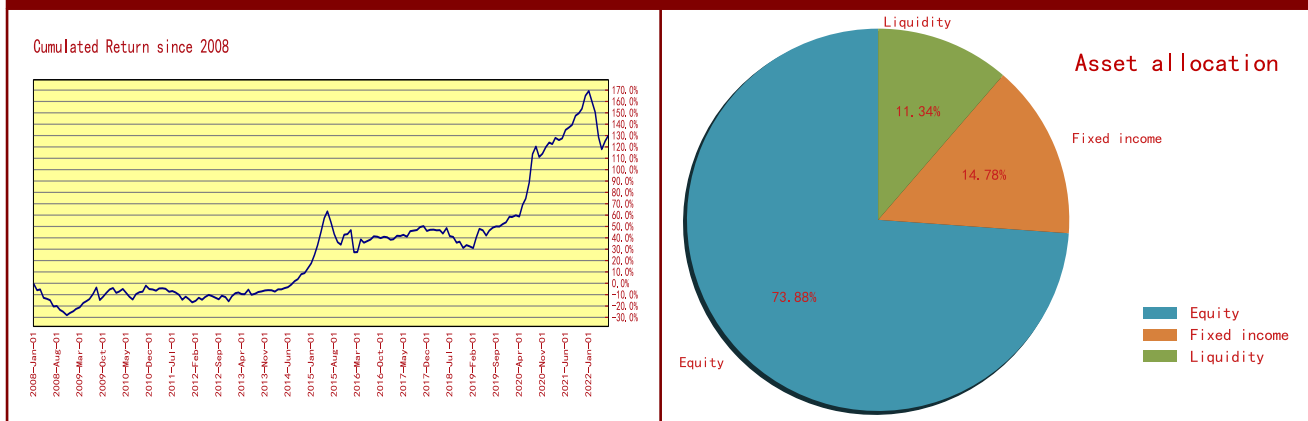
Fund Description

Fund Name	Growth	Investment Objective The objective is to maximize return in the medium-long run with a medium to high risk level.
Launch Date	2004/09/30	
Currency	RMB	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.
Management Fee	1.50% per year	
Latest Price(2022/06/30)		Target Clients This account is a medium aggressive account. This fund may be quite volatile and it is only suitable for long-term investors.
Price	4.9368	

Performance

	1 Month	3 Months	12 Months	YTD	Since Inception
Net Asset Value	2.23%	0.70%	-2.89%	-14.51%	379.58%
Shanghai T-bond Index	0.20%	1.09%	4.62%	2.04%	-
Shanghai & Shenzhen 300 Index	9.62%	6.21%	-14.15%	-9.22%	-

Performance Chart and Allocation



Market & Portfolio Comments

Portfolio review and outlook:

EQ: The biggest macro variable in June came from U.S. bond yield. As inflation exceeded expectations and the Fed continued to be hawkish, U.S. bond yields surged to 3.5%, and U.S. stock market adjusted sharply. Although, the domestic stock market outperformed, but there were lots of worries. In addition, the bull of commodities was an important trend for investment this year. Under the strong restraint of the Federal Reserve, commodities should face pressure. Due to the change of this factor, the proportion of the export chain has been moderately reduced, and the position of the resource sector (copper and gold) has been reduced as well. From a market perspective, in June, the structural differentiation of the market was extreme. All funds flowed to the new energy sector which were not affected by the epidemic. We did not participate in this direction due to concerns about the competition. Due to the lack of liquidity in the overall market, some small-cap value stocks we hold were severely damaged. We don't think this differentiation will last long. FI: Macro economy bottomed out during April and May, the economy will rebound from its lows, risk free rate faces upward pressure. Inflation will rise in Q3 due to base effects, but it will likely come back down as commodities price fall. Monetary policy will remain loose, but money market rate will regress toward to POBC's target. In the near term, the recovery trade is highly likely, portfolio will increase allocation in asset with equity exposure.

Generali China - Unit Linked Growth



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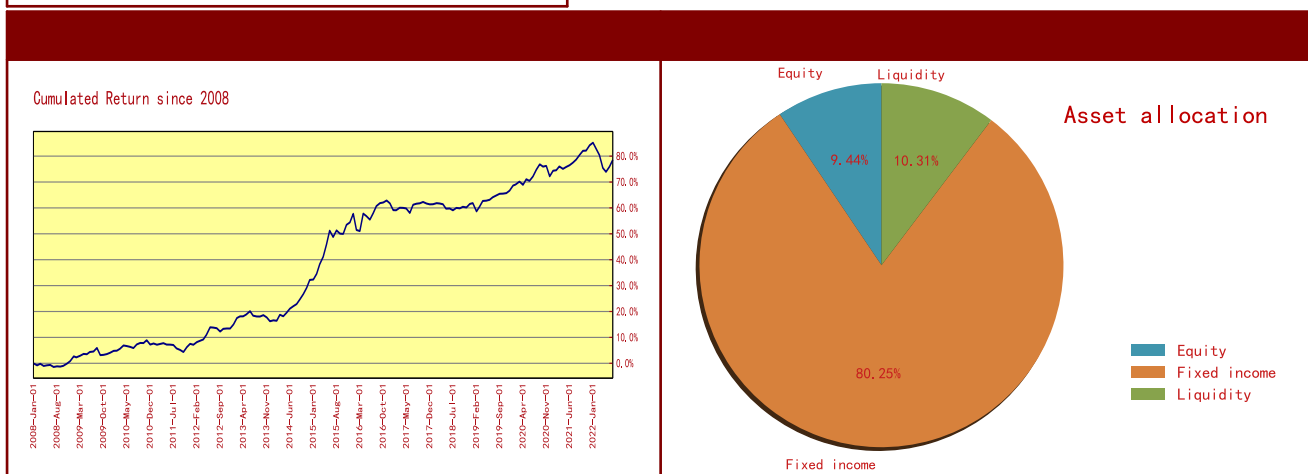
Fund Description

Fund Name	Stable	Investment Objective Achieving the best match of stable investment return and good assets liquidity with a low risk level in the medium-long run.
Launch Date	2004/09/30	
Currency	RMB	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.
Management Fee	1.25% per year	
Latest Price(2022/06/30)	Target Clients	
Price	2.4314	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	1.49%	1.78%	0.62%	-3.57%	136.19%
Shanghai T-bond Index	0.20%	1.09%	4.62%	2.04%	-
Shanghai & Shenzhen 300 Index	9.62%	6.21%	-14.15%	-9.22%	-

Performance Chart and Allocation



Market & Portfolio Comments

Portfolio review and outlook:

EQ: A shares rebounded sharply in May, and the rebound direction was concentrated in photovoltaics, new energy vehicles and military industries. Oversold and policy catalysts are the main drivers of the rebound. The recovery from the damage caused by the epidemic is mainly concentrated in production, and consumption is expected to lag behind. Looking forward to June, the main driving factor has changed from the epidemic to economic recovery, and the main allocation direction will be tilted towards economic recovery.

Infrastructure, finance and new energy are still the main lines. FI: Macro economy bottomed out during April and May, the economy will rebound from its lows, risk free rate faces upward pressure. Inflation will rise in Q3 due to base effects, but it will likely come back down as commodities price fall. Monetary policy will remain loose, but money market rate will regress toward to POBC's target. In the near term, the recovery trade is highly likely, portfolio will increase allocation in asset with equity exposure.