

Unit Link Products Monthly Report

2023-05

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 inflation continues to ease in May, but still remain at a high level. The number of non-farm payrolls growth was 339K in May, and the unemployment rate increased to 3.7%. The ISM manufacturing PMI dropped to 46.9 and the services PMI increased to 50.3, which indicated the service economy expanded. The US CPI growth in May rose to 4.0 % YoY while the core CPI grew 5.3% YoY. Further, the PPI growth decreased to 1.2% YoY. Overall, the price index indicated a moderating inflation pressure. The Eurozone Manufacturing PMI decreased to 44.8, and the services PMI also fell to 55.1 in May. The CPI growth increased to 6.1% YoY in May and the core CPI growth decreased to 5.3%. The pressure of inflation in Eurozone remains.

Domestic economy :

Domestic economy rebound slowed in May. At the production side, the growth of industrial added value in May increased to 3.5%. For the demand side: The total FAI growth for the year was 4.0% YoY, which decreased by 0.7% compared to previous period. For the components of FAI, the manufacturing investment growth decreased by 0.4% to 6.0% YoY. Infrastructure investment growth decreased by 1.0% to 7.5% YoY. In May, the total retail sales of consumer goods growth decrease by 5.7% to 12.7% YoY. The CPI growth rate increased by 0.1% to 0.2% YoY in May, and the PPI growth rate decrease to -4.6% YoY. In May, the scale of new social financing was 1.56 trillion RMB, credit expansion picked up a little from previous month.

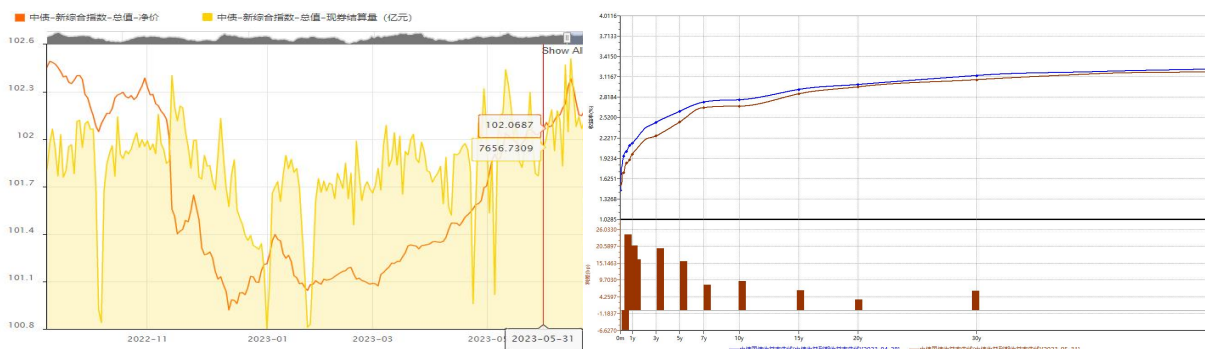
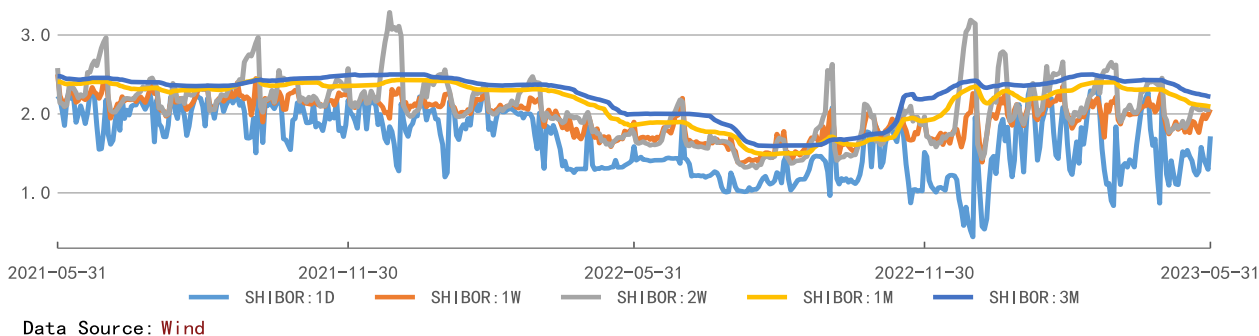
2. Stock Market

In May of 2023, by the end of the month, Shanghai Composite Index change -3.57%. Shenzhen Composite change -4.80% and GEM stocks change by -1.28%.

Index	Percentage[%]	Volume [million]	Amount [million]	Turnover[%]
SH stocks	-3.57	705061.43	8227347.05	16.01
SZ stocks	-4.80	772164.07	10285803.72	24.02
HS300	-5.72	313956.73	5063504.75	10.73
GEM stocks	-1.28	278323.21	4812716.68	61.85



3.Fixed-income market



Bond market expanded in May 2023

In May, the bond market had expanded to 149.79 trillion yuan. Among which the China Central Depository & Clearing Co., Ltd (CCDC) had a total amount of 99.56 trillion yuan with a growth of 0.62% MoM. 32.61 trillion yuan was registered in the Shanghai Clearing and Settlement Company, which decreased by 0.15%. Registration of bond in China Securities Depository and Clearing Co., Ltd was 17.62 trillion yuan, which increased by 0.51% MoM.

Money market rate decreased in May 2023

In May, money market rates decreased. Specifically, the 1D repo decreased by 19bp to 1.48% and the 7D repo decreased by 32bp to 2.02%.

Trading volume increased in May 2023

In May, the trading volume in China Central Depository & Clearing Co., Ltd. (CCDC) was 146.5 trillion, which had an increase of 16.98% MoM. Among which the volume for bond trading and repo trading were 17.47 trillion and 129.03 trillion yuan, a MoM increase of 14.11% and 17.37% respectively.



4. Mutual Fund Market

Close-ended funds:

In April, close-ended funds changed -2.03% on average. From the beginning of this year, close-ended funds changed +0.54% on average.

Open-ended funds:

In April, hybrid funds, equity funds, index funds changed by -2.91%, -4.10%, -4.31%, respectively. From the beginning of this year, hybrid funds, equity funds, index funds changed by -1.60%, -0.12%, +0.47%, respectively.

Bond funds:

In April, bond funds changed +0.21% on average. From the beginning of this year, the figure is +1.73%.

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(2023/05/31)		Target Clients
Price	4.5093	

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

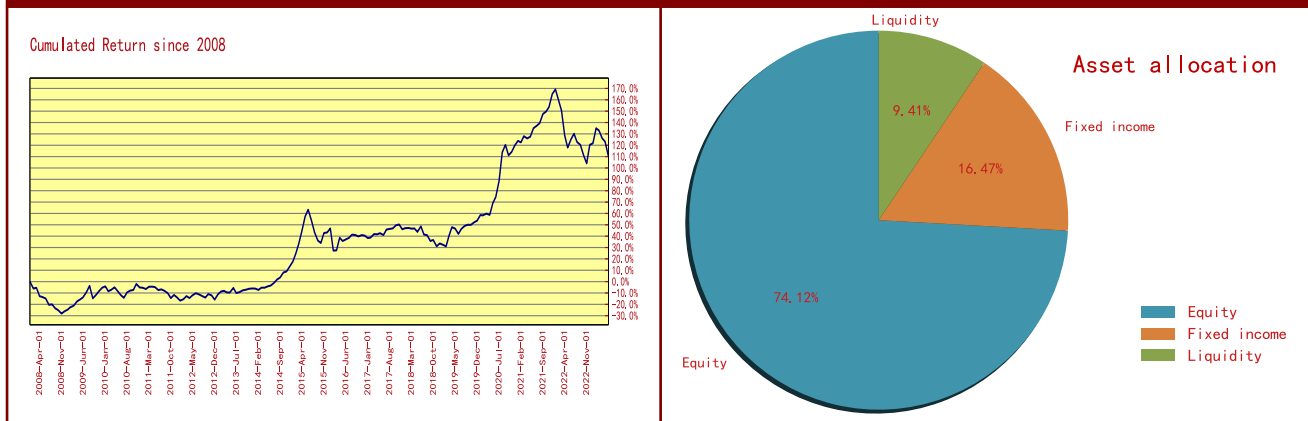
This fund mainly invest in equities as open-end, close-end mutual fund, fixed income securities (government, financial and corporate bond and central bank notes, etc.) and other instruments approved by CIRC.

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	-5.81%	-9.74%	-6.63%	-5.18%	338.04%
Shanghai T-bond Index	0.56%	1.32%	3.49%	1.71%	-
Shanghai & Shenzhen 300 Index	-5.72%	-6.66%	-7.16%	-1.89%	-

Performance Chart and Allocation



Market & Portfolio Comments

Portfolio review and outlook:

EQ: The A-share market was still bottoming out in May, which showed the pessimistic anticipation about the long-term economic prospects. The short-term economic recovery is indeed not as good as expected. We maintain an optimistic attitude and bottom-line thinking, and no longer regard economic recovery as a strong assumption. Our equity positions continue to maintain a relatively high level, but more attention is paid to individual competitiveness, and the exposure of the portfolio to the macro economy is moderately reduced. In terms of specific directions, under the reality of relatively abundant liquidity and weak economic, we believe that the assets with stable income, high dividend, and certain growth are more valuable for investment. We will also lay out some pro-cyclical directions with sufficient safety margin. FI: In May, macro economic data continues to trend lower, with no government stimulus in sight, investors' expectation weakens. Monetary condition remains loose, money market price lowered to 2.0% from 2.4% in April. With the economy continues to trend lower and a low funding cost, risk free rates head lower as well, 10Y government bond yield decreased by 10bp. No significant changes were made to the portfolio.

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(2023/05/31)		Target Clients
Price	2.3937	

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

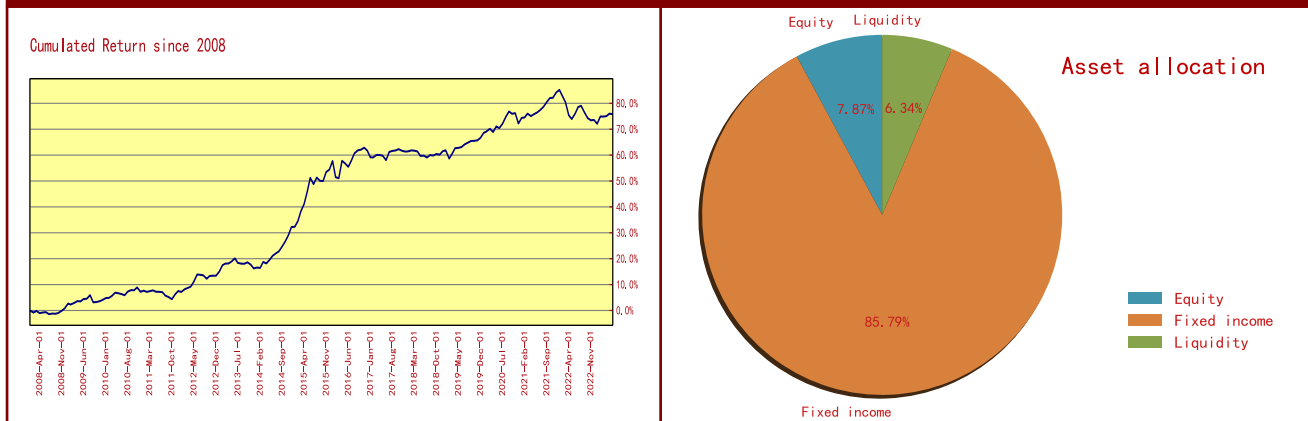
The investments focus on fixed income products and money market funds. A small percentage may be invested in equity exposed instruments as mutual funds. Other CIRC approved instruments investment is allowed.

This is a conservative account, suitable for clients with a low risk bearing ability and stable investment return needs.

Performance

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Net Asset Value	-0.12%	0.54%	-0.09%	2.15%	132.53%
Shanghai T-bond Index	0.56%	1.32%	3.49%	1.71%	-
Shanghai & Shenzhen 300 Index	-5.72%	-6.66%	-7.16%	-1.89%	-

Performance Chart and Allocation



Market & Portfolio Comments

Portfolio review and outlook:

EQ: The second quarter may be the low point of various expectations for the whole year; Maintain a balanced direction in structure, and be optimistic about the pharmaceutical industry benefiting from the recovery of diagnosis and treatment personnel, product innovation, and policy marginal improvement; Be optimistic about the thermal power industry that is in a performance reversal cycle and benefits from the market-oriented reform of electricity; Be optimistic about construction machinery with significantly improved product strength and at the bottom of the cycle; We are optimistic about the computer industry, which has a significant potential for increasing industry penetration rate. Strategically, as it is difficult to see the sustained release of good performance, it is still necessary to actively cash in on profits. **FI:** In May, macro economic data continues to trend lower, with no government stimulus in sight, investors' expectation weakens. Monetary condition remains loose, money market price lowered to 2.0% from 2.4% in April. With the economy continues to trend lower and a low funding cost, risk free rates head lower as well, 10Y government bond yield decreased by 10bp. No significant changes were made to the portfolio.

May 2023