

For the half year ended 31 December 2023 (Unaudited)

# **SEMI-ANNUAL REPORT LIONGLOBAL CHINA GROWTH FUND**

**Lion Global Investors Ltd**

65 Chulia Street #18-01  
OCBC Centre, Singapore 049513

T: +65 6417 6800

F: +65 6417 6806

Co Reg No:198601745D

For more information, visit: [lionglobalinvestors.com](https://lionglobalinvestors.com)  
or email: [ContactUs@lionglobalinvestors.com](mailto:ContactUs@lionglobalinvestors.com)

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## DIRECTORY

### Manager

Lion Global Investors Limited  
65 Chulia Street #18-01  
OCBC Centre  
Singapore 049513

### Directors of Lion Global Investors Limited

Mr Khor Hock Seng (Chairman)  
Mr Teo Joo Wah (Chief Executive Officer)  
Mr Ronnie Tan Yew Chye  
Ms Chong Chuan Neo  
Ms Goh Chin Yee

### Trustee/Registrar

HSBC Institutional Trust Services (Singapore) Limited  
10 Marina Boulevard,  
Marina Bay Financial Centre, Tower 2,  
#48-01  
Singapore 018983

### Custodian

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road  
Central, Hong Kong

### Independent Auditor

PricewaterhouseCoopers LLP  
7 Straits View, Marina One  
East Tower, Level 12  
Singapore 018936

## PERFORMANCE OF THE FUND

*For the half year ended 31 December 2023 (Unaudited)*

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2023 in SGD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%) LionGlobal China Growth Fund (SGD Class)	Benchmark* Returns (%)
3 months	-0.8	-0.5
6 months	-6.6	-4.3
1 year	-7.1	-2.5
3 years**	-13.5	-11.4
5 years**	0.4	1.4
10 years**	2.6	4.0
Since Inception** (8 April 1994)	4.7	2.2

Past performance is not necessarily indicative of future performance. Cumulative returns for the Fund are calculated up to 31 December 2023 in USD terms, on a single pricing basis with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%) LionGlobal China Growth Fund (USD Class)	Benchmark* Returns (%)
3 months	2.8	3.0
6 months	-4.2	-1.8
1 year	-5.6	-0.9
3 years**	-13.5	-11.4
5 years**	1.1	2.0
10 years**	2.2	3.6
Since Inception** (2 August 2004)	7.3	6.9

Source: Morningstar/Lion Global Investors Limited.

\*Benchmark:

CLSA China B Index: Since Inception – 31 December 1994

CLSA China World Index: 01 January 1995 – 22 November 1999

CLSA Greater China Index: 23 November 1999 – 30 April 2003

MSCI Golden Dragon Index: From 1 May 2003

\*\* Returns of more than 1 year are annualised.

The Fund's net asset value may have a higher volatility as a result of its narrower investment focus on a limited geographical market, when compared to funds investing in global or wider regional markets.

## REVIEW

For the half year ended 31 December 2023, the Fund declined 6.6% in SGD terms versus the benchmark MSCI Golden Dragon which declined 4.3%.

There was a big divergence in market performance in the past six months, with Taiwan performing strongly, while China and Hong Kong continued their declines.

Strong performance in the technology stocks drove the Taiwan market, with expectations that increased adoption of Artificial Intelligence (AI) will increase demand across the technology supply chain.

The China market, however, suffered from weak investor sentiment and saw selling pressure after a short-lived rebound when policymakers removed the long-held statement that “housing is for living, not for speculation” during the July 2023 Politburo meeting. More policy measures have been rolled out to support the property sector and increase fiscal spending, while maintaining easy monetary policy. However, homebuyers remained cautious and the recovery in property sales has been slow. Consumer and corporate confidence still need time to recover, and that has resulted in a more competitive operating environment.

The Hong Kong market was dragged down by weakness in the property developers, with high interest rates weighing on homebuyers.

The Fund was neutral in China, underweight in Hong Kong and Taiwan, albeit being overweight in the technology sector in Taiwan. Our positioning in Taiwan was a positive contributor, but overall performance was dragged down by Hong Kong and China. Sector-wise, the Fund benefitted from its positions in the Industrials sector but suffered from being underweight in Chinese technology stocks.

The Fund's net asset value may have a higher volatility as a result of its narrower investment focus on a limited geographical market, when compared to funds investing in global or wider regional markets.

## STRATEGY AND OUTLOOK

The Chinese economy is facing a number of challenges. Domestic demand is weak as consumers lack confidence to spend amid concerns about income growth, while private companies are not investing heavily in capacity expansion due to uncertain order trends and export weakness. The property market downturn has also impacted local government finances, and this could constrain local government investment in infrastructure. Policymakers have acknowledged the challenges, and in recent months, have been stepping up announcements of measures to support economic growth. Property-related measures have been accelerating, but homebuyers remain on the sidelines.

Apart from the property sector, we are encouraged by the improvement in economic data, particularly in industrial activity. Despite a slower pace of economic growth, the longer-term themes of industrial upgrading, energy transition, improving self-sufficiency and import substitution remain intact, in our view. With greater fiscal support in 2024, and more policy focus on industrial upgrading, we could see stronger order recovery in 2024.

Geopolitical tensions have affected the normal course of business, and duplicate supply chains are being set up. Chinese companies have been expanding overseas to counter the weakness at home, and some have successfully increased exports or set up overseas facilities. There have also been some signs of easing in US-China tensions, with more diplomatic visits by Chinese leadership. That said, the Taiwan Presidential election in January 2024 and the US Presidential election in November 2024 will be closely watched.

We are more constructive on the China market after the market sell-off. There have been large outflows from the China markets in 2023, and investor positioning remains very light. Some sectors of the economy are showing signs of recovery, and this could broaden out in 2024 with both fiscal and monetary policy remaining supportive. As confidence is gradually rebuilt, we could see portfolio flows return to the market, which should be supportive of performance.

We see the technology supply chain in Taiwan benefitting from growing adoption of AI and investment in data centers. Stocks have already performed well, and we will position selectively in these themes.

As of 15 January 2024.

The Fund's net asset value may have a higher volatility as a result of its narrower investment focus on a limited geographical market, when compared to funds investing in global or wider regional markets.

# DISCLOSURES ON THE FUND <sup>1</sup>

For the half year ended 31 December 2023 (Unaudited)

## 1. DISTRIBUTION OF INVESTMENTS AS AT 31 DECEMBER 2023

	Fair Value \$	Percentage of total net assets attributable to unitholders %
a) <u>By Asset Class</u>		
Equities	20,531,780	94.3
Cash and other net assets	1,252,289	5.7
<b>Net assets attributable to unitholders</b>	<b>21,784,069</b>	<b>100.0</b>

### b) By Credit Rating of Debt Securities

Not applicable.

### c) By Derivative Type

Total net realised gains from financial derivatives at the end of the period were \$1,109.

<sup>1</sup> As required by Code on Collective Investment Schemes

**2. TOP 10 HOLDINGS**
**As at 31 December 2023**

	<b>Fair Value</b>	<b>Percentage of</b>
	<b>\$</b>	<b>total net assets</b>
		<b>attributable to</b>
		<b>unitholders</b>
		<b>%</b>
Taiwan Semiconductor Manufacturing Company Limited	3,426,396	15.7
Tencent Holdings Limited	1,978,957	9.1
Alibaba Group Holding Limited	1,125,085	5.2
AIA Group Limited	862,178	4.0
Pinduoduo Inc.	649,051	3.0
Delta Electronics Inc.	485,080	2.2
China Mobile Limited	437,867	2.0
China Construction Bank Corporation H Shares	412,684	1.9
Aluminum Corporation of China Limited	404,520	1.9
Meituan Inc.	366,499	1.7

**As at 31 December 2022**

	<b>Fair Value</b>	<b>Percentage of</b>
	<b>\$</b>	<b>total net assets</b>
		<b>attributable to</b>
		<b>unitholders</b>
		<b>%</b>
Taiwan Semiconductor Manufacturing Company Limited	2,826,735	11.9
Tencent Holdings Limited	2,290,038	9.6
Alibaba Group Holding Limited	1,261,222	5.3
AIA Group Limited	1,139,558	4.8
Meituan Inc.	678,461	2.9
JD.Com Inc.	675,693	2.8
Ping An Insurance (Group) Company of China Limited H Shares	483,716	2.0
Mediatek Inc.	463,641	1.9
China Shenhua Energy Company Limited H Shares	463,061	1.9
Longfor Group Holdings Limited	448,888	1.9

**3. RELATED PARTY TRANSACTIONS**
**For the period from 1 July 2023 to 31 December 2023**

	\$
Interest income from a bank which is a related company of the Trustee	446
Transaction fees charged by the Trustee	2,382
Registration fees charged by a related company of the Trustee	7,841
Valuation and administration fees charged by the Trustee	2,283
Custodian fees charged by a related company of the Trustee	2,057
Bank service fees charged by a bank which is a related company of the Trustee	6,225
Cash and cash equivalents placed with a financial institution related to the Trustee as at 31 December 2023 were \$1,121,974.	

**4. FINANCIAL RATIOS**

	31 December 2023 %	31 December 2022 %
Expense ratio <sup>1</sup>	1.64	1.61
Portfolio turnover ratio <sup>2</sup>	25	20

<sup>1</sup> The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 December 2023 was based on total operating expenses of \$387,946 (31 December 2022: \$427,297) divided by the average net asset value of \$23,653,428 (31 December 2022: \$26,486,653) for the year. The total operating expenses do not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

<sup>2</sup> The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being purchases of \$5,615,726 (31 December 2022: sales of \$4,816,358) divided by the average daily net asset value of \$22,651,914 (31 December 2022: \$24,252,026).



**5. GLOBAL EXPOSURE**

The global exposure relating to derivative instruments is calculated using the commitment approach by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives.

The global exposure of the Fund to financial derivative instruments or embedded financial derivative instruments will not exceed 100% of the net asset value of the Fund at any time.

**6. COLLATERAL**

Nil

**7. SECURITIES LENDING OR PURCHASE TRANSACTIONS**

Nil

**8. INVESTMENT IN OTHER UNIT TRUSTS, MUTUAL FUNDS AND COLLECTIVE INVESTMENT SCHEMES**

Nil

**9. BORROWINGS**

Nil

**10. SOFT DOLLAR COMMISSION RECEIVED BY THE MANAGERS**

The soft dollar commissions from various brokers for the period were utilised on research and advisory services, economic and political analyses, portfolio analyses, market analyses, data and quotation analyses and computer hardware and software used for and in support of the investment process of fund managers. Goods and services received were for the benefit of the scheme and there was no churning of trades. These brokers also execute trades for other funds managed by the managers. The trades are conducted on best available terms and in accordance with best practices.

**11. OTHER MATERIAL INFORMATION**

There is no other material information that will adversely impact the valuation of the Fund.

**12. SUPPLEMENTAL INFORMATION ON UNDERLYING SUB-FUNDS**

Not applicable.

# STATEMENT OF TOTAL RETURN

For the half year ended 31 December 2023 (Unaudited)

	For the half year ended 31 December 2023 \$	For the half year ended 31 December 2022 \$
<b>Income</b>		
Dividends	262,693	299,262
Interest on cash and cash equivalents	446	547
	<u>263,139</u>	<u>299,809</u>
<b>Less: Expenses</b>		
Audit fee	8,875	9,680
Custodian fees	2,057	1,993
Management fee	142,697	152,891
Professional fees	4,482	9,896
Registration fee	7,841	7,741
Transaction cost	44,623	38,184
Trustee fee	2,283	2,446
Valuation and administration fees	2,283	2,446
Miscellaneous expenses	10,851	8,429
	<u>225,992</u>	<u>233,706</u>
<b>Net income</b>	<u>37,147</u>	<u>66,103</u>
<b>Net gains or losses on value of investments and financial derivatives</b>		
Net losses on investments	(1,569,690)	(4,110,306)
Net gains/(losses) on foreign exchange spot contracts	1,005	(2,804)
Net gains/(losses) on foreign exchange forward contracts	104	(1,507)
Net foreign exchange losses	(7,441)	(80,619)
	<u>(1,576,022)</u>	<u>(4,195,236)</u>
<b>Total deficit for the financial period before income tax</b>	<u>(1,538,875)</u>	<u>(4,129,133)</u>
<b>Less: Income tax</b>	<u>(26,924)</u>	<u>(28,576)</u>
<b>Total deficit for the financial period</b>	<u>(1,565,799)</u>	<u>(4,157,709)</u>

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2023 (Unaudited)

	31 December 2023 \$	30 June 2023 \$
<b>ASSETS</b>		
Portfolio of investments	20,531,780	22,534,576
Receivables	46,344	148,985
Due from brokers	301,083	-
Cash and cash equivalents	1,121,974	1,250,288
<b>Total assets</b>	<u>22,001,181</u>	<u>23,933,849</u>
<b>LIABILITIES</b>		
Payables	87,783	134,456
Due to brokers	129,329	-
<b>Total liabilities</b>	<u>217,112</u>	<u>134,456</u>
<b>EQUITY</b>		
Net assets attributable to unitholders	<u>21,784,069</u>	<u>23,799,393</u>

# STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the half year ended 31 December 2023 (Unaudited)

	31 December 2023 \$	30 June 2023 \$
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	23,799,393	28,243,728
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	(1,565,799)	(4,325,961)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	462,981	1,482,829
Cancellation of units	(912,506)	(1,601,203)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(449,525)	(118,374)
Total decrease in net assets attributable to unitholders	(2,015,324)	(4,444,335)
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	21,784,069	23,799,393

# STATEMENT OF PORTFOLIO

As at 31 December 2023 (Unaudited)

	Holdings at 31 December 2023	Fair value at 31 December 2023 \$	Percentage of total net assets attributable to unitholders at 31 December 2023 %
<b>By Geography (Primary)</b>			
<b>QUOTED EQUITIES</b>			
<b>CHINA</b>			
Tencent Holdings Limited	39,900	1,978,957	9.1
Alibaba Group Holding Limited	88,096	1,125,085	5.2
Pinduoduo Inc.	3,363	649,051	3.0
China Mobile Limited	40,000	437,867	2.0
China Construction Bank Corporation H Shares	525,360	412,684	1.9
Aluminum Corporation of China Limited	614,000	404,520	1.9
Meituan Inc.	26,490	366,499	1.7
Shenzhen Envicool Technology Company Limited	63,090	321,173	1.5
Trip.com Group	6,826	320,105	1.5
Ping An Insurance (Group) Company of China Limited H Shares	50,500	301,570	1.4
Tsingtao Brewery Company Limited	32,000	283,262	1.3
CGN Power Company Limited	784,000	270,180	1.2
JD.Com Inc.	13,807	262,397	1.2
China Mengniu Dairy Company Limited	73,000	258,970	1.2
Cosco Shipping Energy Transportation Company Limited	204,000	253,983	1.2
Estun Automation Company Limited A Shares	67,400	232,113	1.1
ENN Natural Gas Company Limited	73,900	230,267	1.1
China Oilfield Services Limited	170,000	229,171	1.1
Yantai Jereh Oilfield Services Group Company Limited	43,200	224,960	1.0
Xinyi Glass Holdings Company Limited	152,000	224,934	1.0
Baidu Inc.	11,392	223,429	1.0
Weichai Power Company Limited H Shares	101,000	222,488	1.0
China Resources Land Limited	46,000	217,582	1.0

	Holdings at 31 December 2023	Fair value at 31 December 2023 \$	Percentage of total net assets attributable to unitholders at 31 December 2023 %
<b>By Geography (Primary) (continued)</b>			
<b>QUOTED EQUITIES (continued)</b>			
<b>CHINA (continued)</b>			
Venustech Group Inc.	40,600	203,072	0.9
360 DigiTech Inc.	9,568	199,667	0.9
KE Holdings Inc.	9,297	198,794	0.9
NARI Technology Company Limited	46,920	194,005	0.9
Petrochina Company Limited H Shares	222,000	193,513	0.9
Flat Glass Group Company Limited	85,000	189,252	0.9
Montage Technology Company Limited	16,776	182,613	0.8
Contemporary Amperex Technology Company Limited	5,100	154,245	0.7
OPT Machine Vision Tech Company Limited	7,095	147,208	0.7
Citic Securities Company Limited	52,500	141,369	0.6
Zijin Mining Group Company Limited H Shares	60,000	128,928	0.6
Longfor Group Holdings Limited	61,000	128,809	0.6
Longshine Technology Company Limited	41,400	125,701	0.6
Aier Eye Hospital Group Company Limited	40,138	117,631	0.5
Jiangsu Hengli Hydraulic Company Limited	11,600	117,503	0.5
Atour Lifestyle Holdings	5,062	115,918	0.5
China Merchants Bank Company Limited	21,200	109,258	0.5
WuXi Biologics Cayman Inc.	20,000	100,007	0.5
China Shenhua Energy Company Limited H Shares	21,000	94,897	0.4
New Oriental Education & Technology Group Inc.	4,900	45,734	0.2
WuXi XDC Cayman Inc.	81	438	*
		12,339,809	56.7

\* denotes amount less than 0.1%

# LIONGLOBAL CHINA GROWTH FUND

	Holdings at 31 December 2023	Fair value at 31 December 2023 \$	Percentage of total net assets attributable to unitholders at 31 December 2023 %
<b>By Geography (Primary) (continued)</b>			
<b>QUOTED EQUITIES (continued)</b>			
<b>TAIWAN</b>			
Taiwan Semiconductor Manufacturing Company Limited	134,434	3,426,396	15.7
Delta Electronics Inc.	36,000	485,080	2.2
Unimicron Technology Corporation	44,000	332,843	1.5
Chailease Holding Company Limited	35,220	292,160	1.3
ASE Technology Holding Company Limited	49,000	284,317	1.3
Fubon Financial Holding Company Limited	100,381	279,576	1.3
E.Sun Financial Holding Company Limited	232,616	257,949	1.2
Largan Precision Company Limited	2,000	246,709	1.1
Mediatek Inc.	5,000	218,127	1.0
Advanced Energy Solution Holding Company Limited	6,000	194,187	0.9
Hon Hai Precision Industry Company Limited	42,540	191,068	0.9
Bizlink Holdings Inc.	15,145	173,802	0.8
Quanta Computer Inc.	13,000	125,439	0.6
Yageo Corporation	3,000	76,979	0.4
Evergreen Marine Corporation	10,000	61,677	0.3
Fubon Financial Holding Company Limited Preference Shares	1,855	4,385	*
		<u>6,650,694</u>	<u>30.5</u>
<b>HONG KONG</b>			
AIA Group Limited	75,000	862,178	4.0
BYD Company Limited H Shares	10,000	362,186	1.7
Hong Kong Exchanges and Clearing Limited	7,000	316,913	1.4
		<u>1,541,277</u>	<u>7.1</u>

\* denotes amount less than 0.1%

	Holdings at 31 December 2023	Fair value at 31 December 2023 \$	Percentage of total net assets attributable to unitholders at 31 December 2023 %
<b>By Geography (Primary) (continued)</b>			
<b>UNQUOTED EQUITIES</b>			
<b>CHINA</b>			
China Forestry Holdings Company Limited**	3,984,000	-	-
<b>Portfolio of investments</b>		20,531,780	94.3
<b>Other net assets</b>		1,252,289	5.7
<b>Net assets attributable to unitholders</b>		21,784,069	100.0

\*\* This security has been suspended from trading in the previous financial years and its fair value represents the Manager's best estimates.



	Percentage of total net assets attributable to unitholders at	
	31 December	30 June
	2023	2023
	%	%
<b>By Geography (Summary)</b>		
China	56.7	55.2
Taiwan	30.5	25.9
Hong Kong	7.1	13.6
<b>Portfolio of investments</b>	94.3	94.7
<b>Other net assets</b>	5.7	5.3
<b>Net assets attributable to unitholders</b>	100.0	100.0

	Fair value at 31 December 2023 \$	Percentage of total net assets attributable to unitholders at	
		31 December 2023 %	30 June 2023 %
<b>By Industry (Secondary)</b>			
Information Technology	6,234,804	28.6	25.1
Consumer Discretionary	3,246,975	15.0	17.8
Financial	3,177,709	14.6	17.1
Communications	2,640,253	12.1	10.8
Industrial	1,896,127	8.7	6.6
Energy	996,524	4.5	2.6
Consumer, Non-cyclical	760,308	3.5	5.6
Real Estate	545,185	2.5	4.5
Basic Materials	533,448	2.5	2.5
Utilities	500,447	2.3	2.1
<b>Portfolio of investments</b>	20,531,780	94.3	94.7
<b>Other net assets</b>	1,252,289	5.7	5.3
<b>Net assets attributable to unitholders</b>	21,784,069	100.0	100.0

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**Lion Global Investors Ltd**

65 Chulia Street #18-01

OCBC Centre, Singapore 049513

For more information, visit: [lionglobalinvestors.com](http://lionglobalinvestors.com) or email: [ContactUs@lionglobalinvestors.com](mailto:ContactUs@lionglobalinvestors.com)

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