Oakwise 瑞橡

Enhanced Fixed Income Fund SP Monthly Report (September 2021)

Important Note

- The Fund invests in emerging markets which may involve additional risks and special considerations such as liquidity risk, currency risk/control, political and economic uncertainties, legal and taxation risk, and the possibility of violent fluctuations.
- Investment involves risk. Past performance is not necessarily indicative of future results. Investors may not get back the principal invested. The value of investments and the income received from them (if any) may be volatile and could change substantially within a short period of time.
- Any forward-looking statements regarding future events or performance of countries, markets or companies are not necessarily indicative of and may differ from, actual events or results.
- Investors should not invest in this Fund based solely on the information provided herein and should read the relevant offering documents particularly the investment policies and risk factors for more details before investing.

Fund Manager

Eric Wang

PhD, CFA

Fund Facts

Fund Manager	Oakwise Capital Management Ltd
Launch date	April 2019
Base currency	USD
Subscription	USD/HKD/RMB
Subscription fee	Up to 3%
Management fee	1% p.a.
Performance fee	10%
Dealing frequency	Monthly

Investment Objective

The Fund is a USD fixed income structured fund, where the preferred class provides short-term fixed income, ordinary class and subordinated class provide higher stable returns. The Fund aims to provide investors with continued and stable capital appreciation.

Investment Strategy

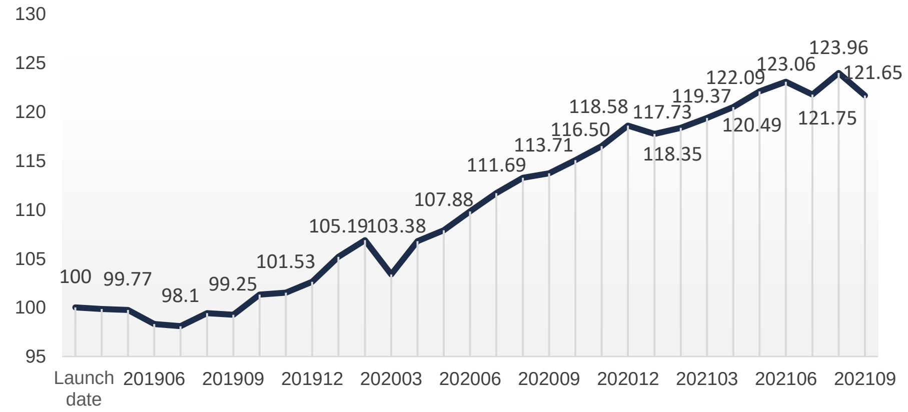
The Fund aims to provide capital appreciation by primarily investing in high-yield bonds issued by corporate issuers in Greater China and debt securities of other regions. Currently, the Fund mainly invests in real estate sector which offers higher return than other sections with same rating and duration. The Fund will continue to be selectively to increase the holdings in other sectors to build a well-diversified portfolio with a core allocation in China high yield real estate sector.

Cumulative Performance (Bloomberg: OAKEFIC; ISIN: KYG6689S1140) 30 September 2021

Share Class	1 Month	3 Month	Year to Date	Since Launch
Ordinary Class	-1.86%	-1.15%	2.59%	21.65%
Subordinated Class	-2.69%	-1.81%	2.14%	21.45%

Notes: The Fund has USD and RMB preferred class (Class A). USD preferred class includes 1-month, 2-months, 3-months, 6-months, 9-months and 12-months fixed terms with the annual net return of 1.75%, 2.25%, 2.75%, 3.5%, 4.5% and 5.5% respectively. RMB preferred class includes 6-months, 9-months and 12-months fixed terms with the annual net return of 4.5%, 5.5% and 6.5% respectively. **Starting from October 1, 2021, the annual net return for new USD preferred class subscription will be adjusted to 1.25%, 1.75%, 2.25%, 3%, 4%, 5%, respectively; the annual net return for new RMB preferred class subscription will be adjusted to 4%, 5%, and 6% respectively.** The Fund's ordionary and subordinated classes paid a dividend of US$6 per share in January 2021.

NAV of Ordinary Class (Class C)

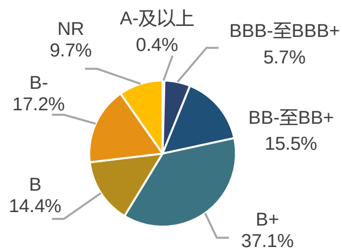


Source: Oakwise Capital, Bloomberg

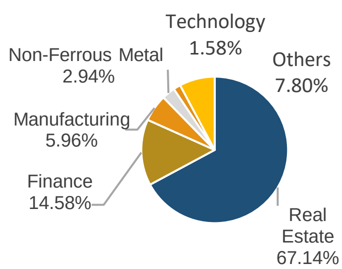
31 August 2021

Class of participating shares	Asset amount (USD)
Total Asset Value	1,843,491,000
Net Asset Value	854,055,000
Preferred Class（Class A）	237,166,000
Subordinated Class（Class B）	596,587,000
Ordinary Class（Class C）	20,302,000

Credit Rating Allocation



Industry Allocation

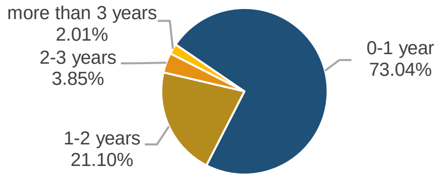


Enhanced Fixed Income Fund SP Monthly Report (September 2021)

Portfolio Features

Average Duration	0.8years
Yield to Maturity	21.17%
Average Rating	B+

Duration Allocation



Market Review

1 Macroeconomic

Domestically, the State Council executive meeting was held on September 22. The meeting pointed out that China's economy has maintainedthe recovery momentum and the employment situation has remained stable in this year. However, the economy is still facing multiple constraints: ranging from the sudden outbreak of COVID-19 and floods, to a spike in bulk commodity prices and complicated international environment. Local governments and departments at all levels should keep regular epidemic control and prevention, maintain stability and continuity of macro policies.

From macroeconomic perspective, industrial production faced heightened downward pressure as the policy of dual control of energy consumption and the soaring raw material prices. In September, the official manufacturing PMI was 49.6%, the non-manufacturing PMI was 53.2%; the manufacturing PMI fell belowthe boom-bust line for the first time since February 2020. For the demand side, the real estate sales have declined significantly. The total retail sales grew 2.5%(YOY) in August, far slower than 7% expected. Overall, we expect a more active fiscal policy soon to keep economic growth within a reasonable range.

Overseas, the Federal Reserve has updated its monetary policy guidance at the Jackson Hole meeting, Fed Chairman Powell said that it is appropriate to start tapering this year and likely to be done by middle of the next year. However, for the federal fund rate hiking, Powell also said that there is still a long way to go. Although COVID-19 infections started subsiding in September, there remained a significant negative impact on job market and business operation.The number of new ADP employmentin the United States in September was 568,000, better than the expected 430,000; The September Manufacturing PMI registered 60.5%, below market expectations of 61.2%; The Services PMI registered 54.4%, below market expectations of 54.9%. On the whole, the Fed revised down the US 2021 GDP forecast due tothe epidemic and supply constraints. Accordingly, the corporate earnings may be lower than expected, so we should note the negative impact on the capital market amid the possibility of a tapering announcement.

2 Economic Policy

In terms of onshore fiscal policy, local authorities were required to accelerate bond issuance according to the Politburo meeting. By the end of September, the issuance amount of government bonds and local government special bonds amounting to 48% and 64% respectively of their quota for the year, with more issuance expected to come in fourth quarter to bolster investment and support economic growth. In terms of monetary policy, because of the RRR cut before, the PBOC offered 600 billion Yuan of MLF, matching maturity. In September, the central bank's open market and MLF offered a total of 1.18 trillion yuan, and a total of 60 billion yuan of net liquidity was injected. The overall monetary stance remains relatively loose. The yield of the 10-Year government bond ended this month at 2.87%, which is about 2BPs rised from the end of August.

Overseas, the Fed continued to purchase assets in accordance with its previously set plan of at least US$80 billion in Treasury bonds and US$40 billion in MBS per month. US lawmakers will have to vote to raise the nation's debt limit near the new December deadline to avert a default.The European Central Bank maintains an overall dovish monetary policy orientation, and is more optimistic about the future economic prospects. With conditions in the financial markets improving, central banks are considering exiting from unconventional policy gradually. And we should note the debt ceiling issue in the United States may still be fermented beyond expectations and short-term market volatility may increase.

3 Captial Market

In September 2021, performance of global stock markets appeared worse, with S&P 500 lost 4.76%, Euro Stoxx 50 fell 3.53%, Shanghai Shenzhen 300 rised 0.12% and Hang Seng Index declined 0.32%. In the bond market, the U.S.10-year Treasury note yield rebounded and finally closed at 1.488%, an increase of 17 basis points from the end of August. In terms of Kungfu Bond Market, the market volatility around Evergrande has prompted a broader sell-off among China's high-yield issuers.The Markit iBoxx USD Asia ex-Japan China Investment Grade TRI declined 0.65% in September; while the Markit iBoxx USD Asia ex-Japan China High Yield TRI fell 6.54%.

Market Outlook & Fund Strategies

This month, the credit crisis of China Evergrande Group and other major real estate developers continues to ferment, the funds fell following the index. During this month, there is a slight adjustment for the fund portfolio, but the overall investment position has not increased. For the future market, the fund will continue to increase short positions to hedge portfolio risks, including short positions in U.S. Treasury and high-yield sectors. The fund will keep concentration on high-quality non mainland real estate sectors in Macao, India, and other Asia-Pacific cities and gradually diversify fund portfolio risk. For the mainland real estate sector, due to the close ties between the real estate market, government finances, and its upstream and downstream, we believe that in the next 1-2 quarters, real estate control policies may be moderately slowed to prevent "overcorrection" in the industry and ensure to promote the stable and healthy development of the real estate market.