

AIFMC Weekly Domestic Market News Review

2014.11.10

1. Chinese, Canadian central banks agree to 200 billion yuan currency swap

The central banks of China and Canada have agreed to a currency swap worth 200 billion yuan (\$32.67 billion) or C\$30 billion, according to a Canadian government statement issued at a meeting of Asia Pacific nations on Saturday. The swap will be effective for three years, according to a separate statement from China's central bank. The agreement was announced after Canadian Prime Minister Stephen Harper met Chinese Premier Li Keqiang. China's central bank, the People's Bank of China, will also create a clearing hub for the yuan - or renminbi, as the currency is also called - in Toronto, the first such hub in the Americas. The central bank said on Sunday that it would appoint the Canadian branch of the Industrial and Commercial Bank of China Ltd, China's largest commercial bank, as the hub's clearing bank.

The currency swap will help set up the clearing bank, and allow the two banks to swap currencies if needed to ease trade and investment. The yuan clearing bank would allow Canadian financial institutions to use the clearing bank to process payments for their customers in yuan. The move is in line with Beijing's ambition to promote its currency to more international investors and eventually turn the "redback" into a global reserve currency, while at the same time expanding China's already considerable political and economic clout. China will additionally give Canadian investors the right to invest up to 50 billion yuan initially in China's capital markets. The quota will be granted under the Renminbi Qualified Foreign Institutional Investor (RQFII) scheme.

2. Shanghai-HK Connect to launch on November 17

The launch date for the Shanghai-Hong Kong Stock Connect is set for November 17, the Hong Kong Exchanges and Clearing (HKEx) said on Monday, clearing uncertainty over the start of the highly anticipated cross-border trading link. "The SFC (Securities and Futures Commission) and the CSRC (China Securities Regulatory Commission) jointly announced today that the launch of Shanghai - Hong Kong Stock Connect on 17 November 2014(the "launch date") has been approved," HKEx wrote on its website on Monday. Greater China markets jumped at the start of trade on Monday; the Hang Seng Index rose 2.3 percent, while the Shanghai Composite gained 1.2 percent. The rules and regulations with regard to the trading link have been published, HKEx said, including "detailed operational agreements covering matters such as quota controls, trading arrangements, revenue sharing, cross-boundary cash transfers, connection of information technology systems, market surveillance and information exchange for regulatory and rule enforcement."

3. China to push on with capital account opening: central bank deputy chief

China will advance the liberalization of its capital account by encouraging funds to enter or leave its borders and allowing foreign investors to participate in domestic mergers and acquisitions, the deputy chief of the central bank said. Deputy Central Bank Governor Yi Gang said China will also relax the restrictions for Chinese investing overseas so that individuals and companies can play a leading role in foreign investment. Opening the capital account is one of the hardest financial reforms that China is pursuing as it requires authorities to cede control in parts of the economy, and the fear is that the change may destabilize markets if it happens prematurely. There was also speculation that China may delay some of its reforms to focus on bolstering the country's cooling economy, though the government has never publicly acknowledged that such a move is on the cards. Beijing has made reforming China in a host of areas one of its policy priorities this year, although the job has been made difficult by a slowdown in the world's second-largest economy.

AIFMC Weekly Domestic Fund Market Review

2014.11.10

1. Market Fundamentals

Last week, Shanghai Stock Exchange and Shenzhen Stock Exchange both rallied. Shanghai Composite Index closed at 2418.17, down by 2.01, or 0.08%. Shenzhen Component Index closed at 8234.87, up by 9.25, or 0.11%. Small-cap stocks outperformed its large-cap equivalents as CSI 100 dropped by 0.69%, while CSI 500 dropped by 0.18%. According to CITIC Securities, last week, 16 of the 29 industries were closed in positive, of which construction, non-bank finance and transportation had the largest rallies of 3.82%, 3.11% and 2.79%, respectively; food & beverages, ferrous metal and pharmaceutical performed the worst with drops of 2.60%, 2.05% and 1.76%, respectively.

Last week, S&P/CITIC Composite Bond Index closed at 1473.81 points, up by 0.48%.

Last week, Dow Jones was up by 1.05%, S&P 500 was up by 0.69%. At the same time, Dow Jones Euro 50 dropped by 0.64%. Major Asian markets had different performances, with NIKKEI 225 up by 2.84% and Hang Seng down by 1.87%.

Last Week's Index performance (Week Ending 2014.11.07)

Name of Index	Index	Change (%)
Shanghai Composite Index	2,418.17	-0.08
CSI 300 Index	2,502.15	-0.25
Shenzhen Component index	8,234.87	0.11
SSE Fund Index	4,226.85	-0.40
SZSE Fund Index	5,825.13	1.31
CSI 100	2,248.07	-0.69
CSI 500	4,977.26	-0.18
DJIA Index	17,573.93	1.05
S&P 500 Index	2,031.92	0.69
Dow Jones European 50 Index	2,979.02	-0.64
DAX Index	9,291.83	-0.38
CAC40 Index	4,189.89	-1.02
FTSE 100 Index	6,567.24	0.32
RTS Index	1,007.68	-7.67
Nikkei 225 Index	16,880.38	2.84
Hang Seng Index	23,550.24	-1.87
Korea Composite Index	1,939.87	-1.25
Sensex 30 Index	27,868.63	0.01
S&P/CITIC Composite Bond Index	1,473.81	0.48
Treasury Bond Full Price Index	118.02	1.21
Corporate Bond Full Price Index	103.89	1.02

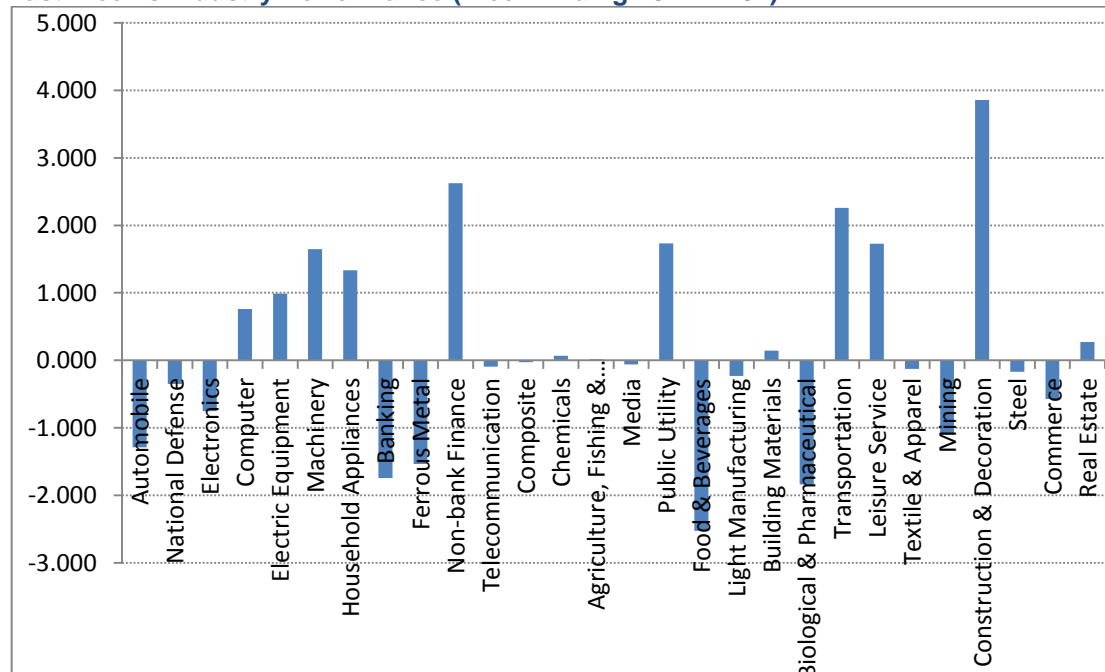
Source: Wind, Howbuy Fund Research Center

Last Week's Mutual Fund Performance (Week Ending 2014.11.07)

Fund Type	Change (%)
QDII Funds	-0.63
Money Market Funds	0.07
Capital Guaranteed Funds	0.63
Bond Funds	0.93
Equity Funds	-0.04
Close-end Funds	0.64
Mixed Funds	0.20
Open-end Index Funds	-0.38

Source: Wind, Howbuy Fund Research Center. Note: QDII NAV was date ending November 6th, 2014

Last Week's Industry Performance (Week Ending 2014.11.07)



Source: Wind, Howbuy Fund Research Center.

2. AIFMC Fund Performance (Week Ending 2014.11.07)

Symbol	English Name	YTD		Recent 1Y		Recent 2Y		Recent 3Y		Since Inception	
		Return (%)	Ranking	Return (%)	Ranking	Return (%)	Ranking	Return (%)	Ranking	Return (%)	Ranking
163412.OF	Asset-Light	37.37	16/355	51.58	9/351	108.81	6/317	--	--	91.90	9/302
340008.OF	Organic Growth	30.94	6/75	41.32	5/74	69.22	8/69	43.34	12/55	70.30	23/104
340009.OF	Stable Bond Return	24.89	1/67	20.42	2/66	23.04	3/57	26.83	11/45	28.33	36/59
150017.SZ	Herun B	21.80	13/43	32.83	10/39	136.12	2/27	68.27	1/8	55.65	1/8
163406.OF	Herun	20.01	74/355	26.97	76/351	76.14	26/317	46.72	33/264	40.12	14/195
340001.OF	Convertible Bond	19.54	1/10	21.51	1/9	38.26	2/6	26.74	4/6	415.37	1/10

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163409.OF	Green	18.56	93/355	28.10	68/351	81.49	21/317	61.22	16/264	55.90	7/250
163415.OF	Business Model	16.78	117/355	27.14	75/351	--	--	--	--	21.80	255/335
150016.SZ	Herun A	16.56	1/43	16.56	1/39	16.56	2/27	16.56	6/8	16.56	3/8
163402.OF	Trend	16.43	6/34	24.45	4/29	35.54	4/12	21.27	2/12	610.72	2/49
340007.OF	SRI	15.45	134/355	18.72	149/351	48.45	109/317	32.74	73/264	95.88	1/109
163407.OF	CSI 300 Enhanced	10.96	13/33	12.16	15/31	19.70	9/24	2.87	3/16	-10.69	3/14
340006.OF	Global View	7.56	229/355	16.30	184/351	38.14	156/317	21.54	112/264	322.80	1/48
340005.OF	MMF	3.98	34/78	4.67	30/75	8.58	26/52	12.98	25/49	28.08	31/36
000575.OF	Value -added Treasure MMF	3.49	--	--	--	--	--	--	--	3.49	53/284
163411.OF	Capital Guaranteed	3.21	--	--	--	--	--	--	--	3.21	8/23

Source: China Galaxy Research