Managed Equity Funds in China A Share Market

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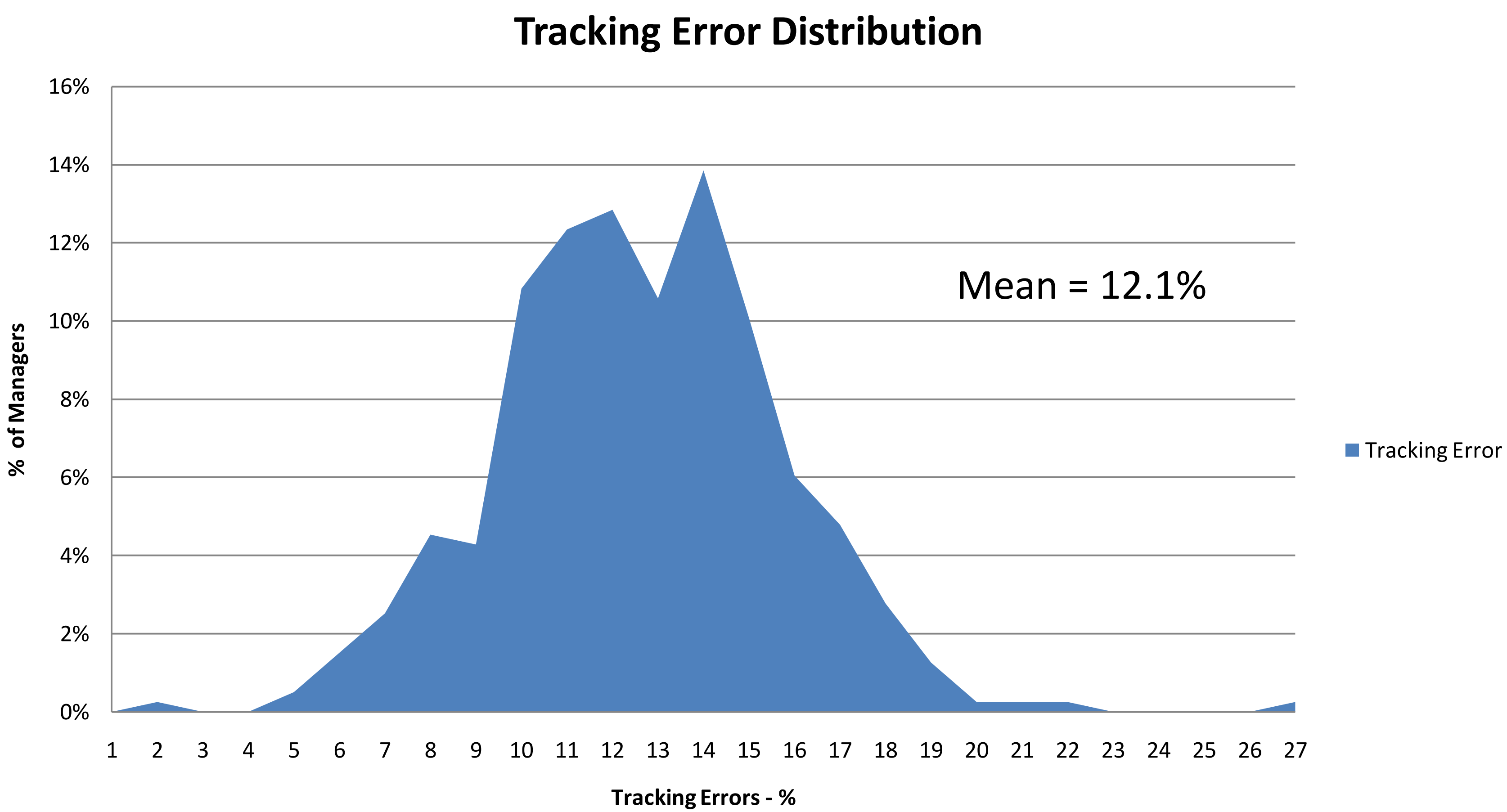
Data and Approach

- Data
  - 425 China A equity funds, 2005 to 2010
- Approach
  - By using Style Research Portfolio Analyzer
  - BM=CSI 300
  - Analysis data is end Dec 2010, Performance Attribution is semiannual holdings data
  - Return: 12 months XS return

Tracking Error Distribution



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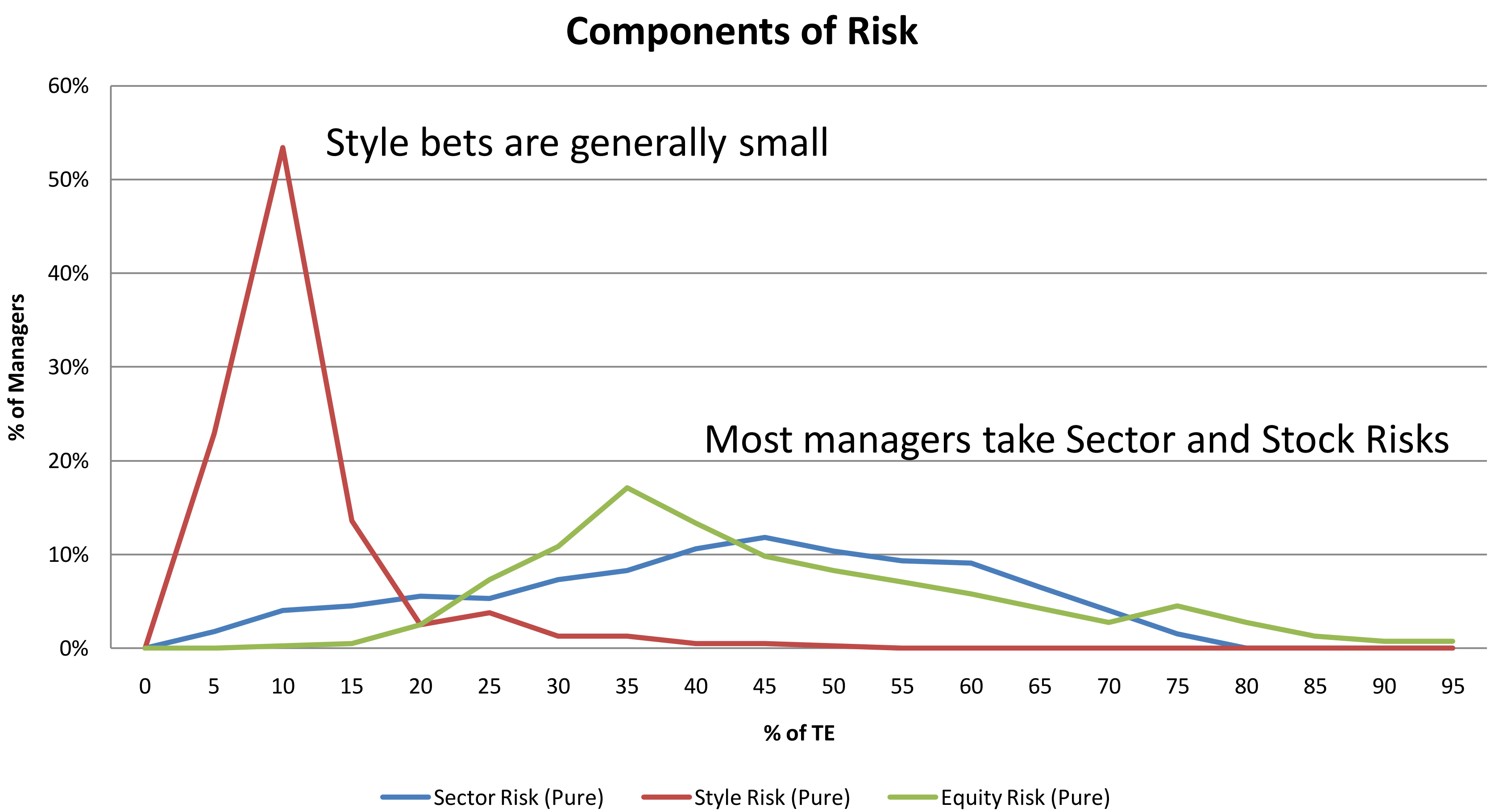
Top 10 Tracking Errors - **Risk**

Top	Fund Name	Tracking Error %
1	China Universal Health Care	26.4
2	Rongtong Tongqian	21.5
3	Everbright Mid Small Cap	20.1
4	Baoying Resources Selected	19.9
5	Penghua prosperous epoch innovation	18.8
6	China Universal Private Vitality	18.4
7	UBS SDIC Innovation Power	18.2
8	Greatwall Stable Return	18.1
9	Greatwall Jiu FU Core Growth	18.0
10	Soochow Strategy	18.0

Components of Risk - % of TE



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Top 10 Contributors to **Risk** from Stock Selection

Top	Fund Name	Equity Risk % (Pure)
1	Industrial Global View	91.7
2	Greatwall Shuang Dong Li Equity	91.5
3	Greatwall Jiu Heng	90.8
4	Southern Kaiyuan	87.3
5	Xinhua Century Dividend	86.4
6	Southern Long Yuan Industry	85.8
7	Baoying Hongyang	84.4
8	Invesco GW Selected Blue Chip	80.7
9	Bosera Yulong	80.6
10	Everbright Pramerica Dividend	80.6

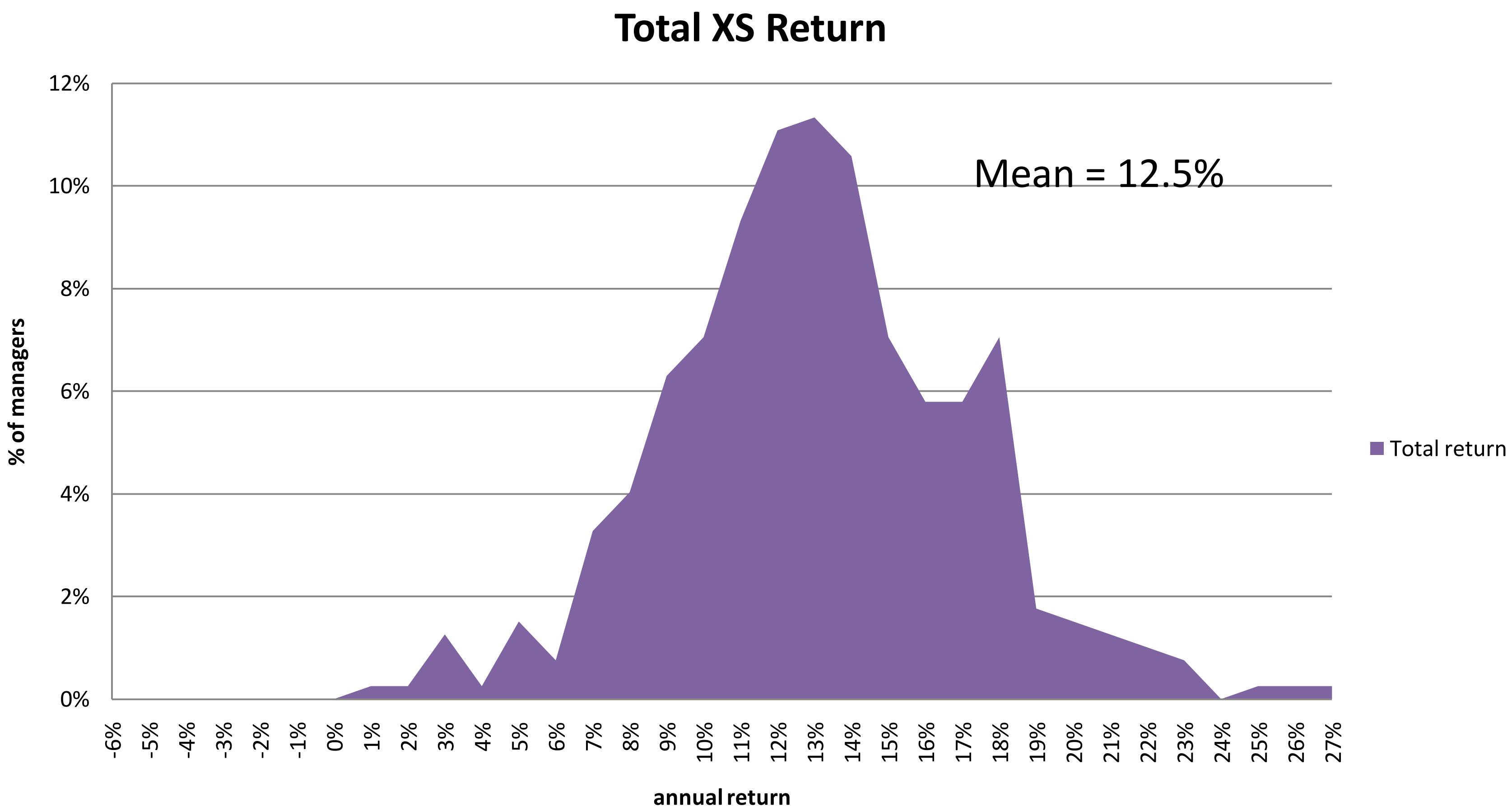
Top 10 Contributors to **Risk** from Sector

Top	Fund Name	Sector Risk % (Pure)
1	China Universal Health Care	74.7
2	Fullgoal Tianrui	73.4
3	Huaan Tactical Select	73.2
4	Bank of Communications Schroder Theme Selected	71.8
5	Yinhua Prime Growth	71.3
6	First-Trust Xianxing	70.2
7	Huaan Anxin	69.3
8	Changsheng Tongzhi	69.2
9	Harvest Growth Income	68.8
10	Southern High growth	68.7

Top 10 Contributors to **Risk** from Style

Top	Fund Name	Style Risk % (Pure)
1	Wanjia Public Utility Industry	45.2
2	Huaxia Large Cap Select	44.3
3	Fortune SGAM Advanced Growth	40.5
4	Fullgoal Dynamic Balance	37.7
5	Guangfa Domestic Demand	36.3
6	Shangtou JPM China Advantage	33.6
7	Huaxia Strategy Select	33.4
8	Manulife Teda Large Cap	33.2
9	Baoying Dividend	32.2
10	Southern Strategy Equity	31.9

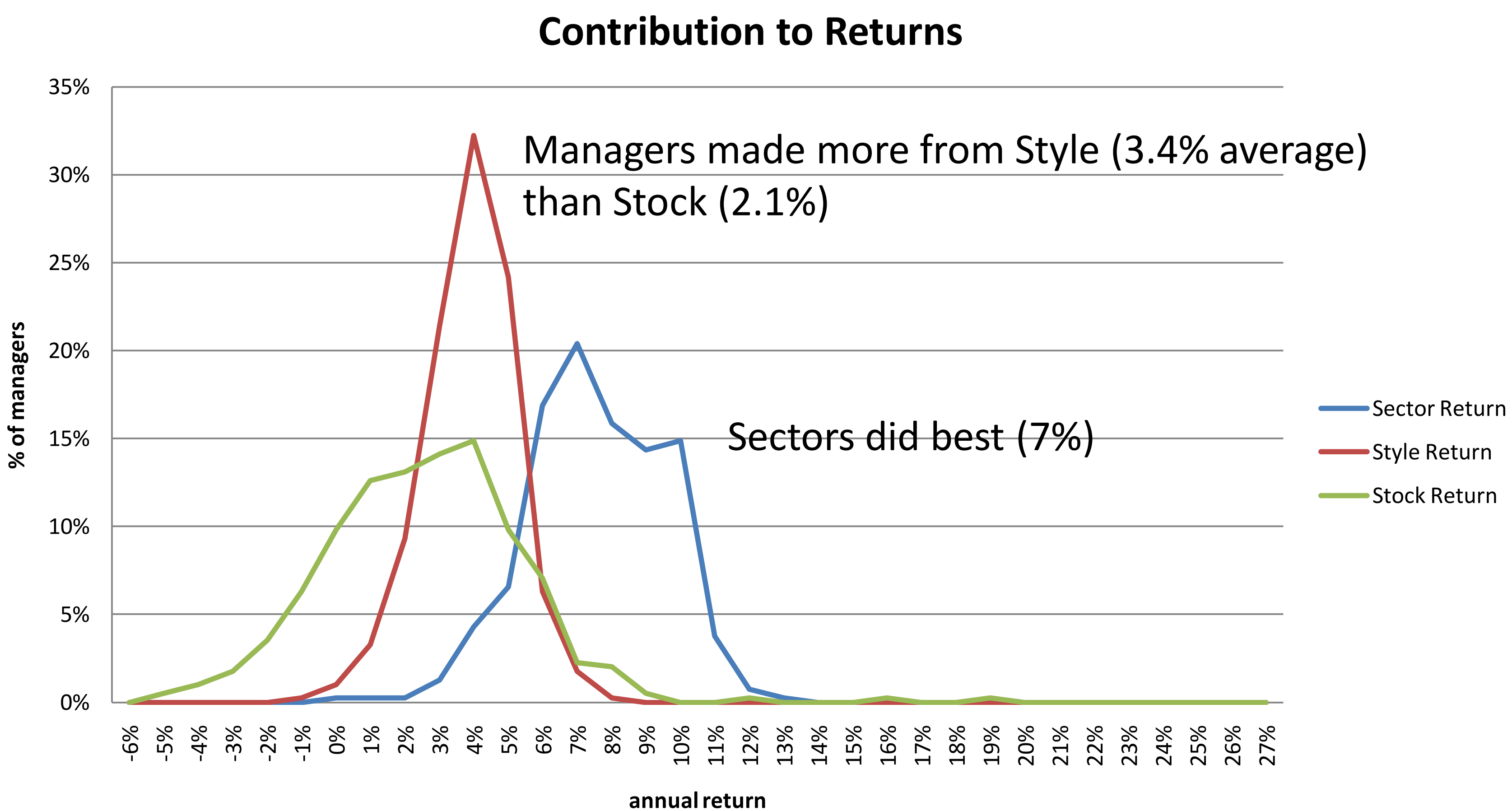
Distribution of 12 month XS Returns



Top 10 Contributors to **Return** from Sectors

Top	Fund Name	Sector
1	Greatwall Shuang Dong Li Equity	12.18%
2	Southern Long Yuan Industry	11.97%
3	Greatwall Prosperity	11.51%
4	Franklin Market Cap Flexibility	11.19%
5	Franklin Deepening Value	10.93%
6	Harvest Theme Select	10.89%
7	Morgan Stanley Huaxin Resource Select	10.82%
8	Greatwall Jiu Heng	10.70%
9	Huashang Prosperous Growth	10.54%
10	Rongtong Tongqian	10.52%

Contribution to 12 month Returns



Top 10 Contributors to **Return** from Style

Top	Fund Name	Style
1	Changsheng Tongde	7.75%
2	Invesco GW Resources and Monopoly	7.00%
3	Baoying Core Competence Flexible Allocation Balanced	6.85%
4	Guangfa Domestic Demand	6.41%
5	Franklin Growth	6.25%
6	Huaxia Stable Growth	6.15%
7	SYWG BNP Paribas New Dynamic Equity	6.01%
8	Soochow Sector Rotation	6.00%
9	Morgan Stanley Basic	5.91%
10	Zhonghai Quantization	5.90%

Top 10 Contributors to **Return** from Stocks

Top	Fund Name	Stock
1	Fortis Haitong Income	18.92%
2	Golden Engle Dividend	15.25%
3	Bosera Franchise Value	11.30%
4	Penghua Putian Income	8.51%
5	Huaxia Strategy Select	8.34%
6	Invesco GW Resources and Monopoly	8.00%
7	Dacheng Value Growth	7.98%
8	Golden Eagle Mid Small Cap	7.91%
9	Huaxia Large Cap Select	7.59%
10	Dacheng Jinghong	7.55%

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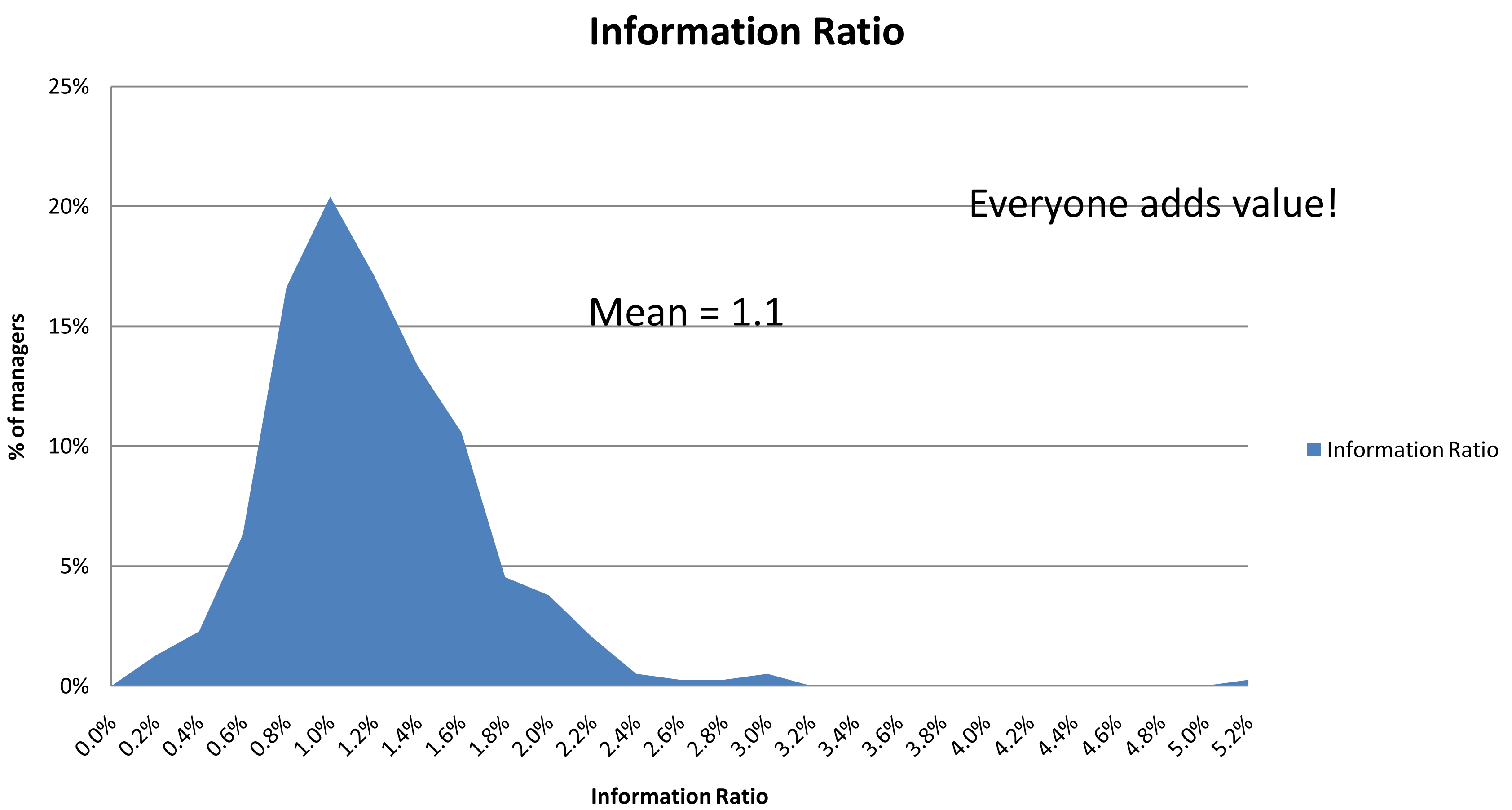
Information Ratio Distribution



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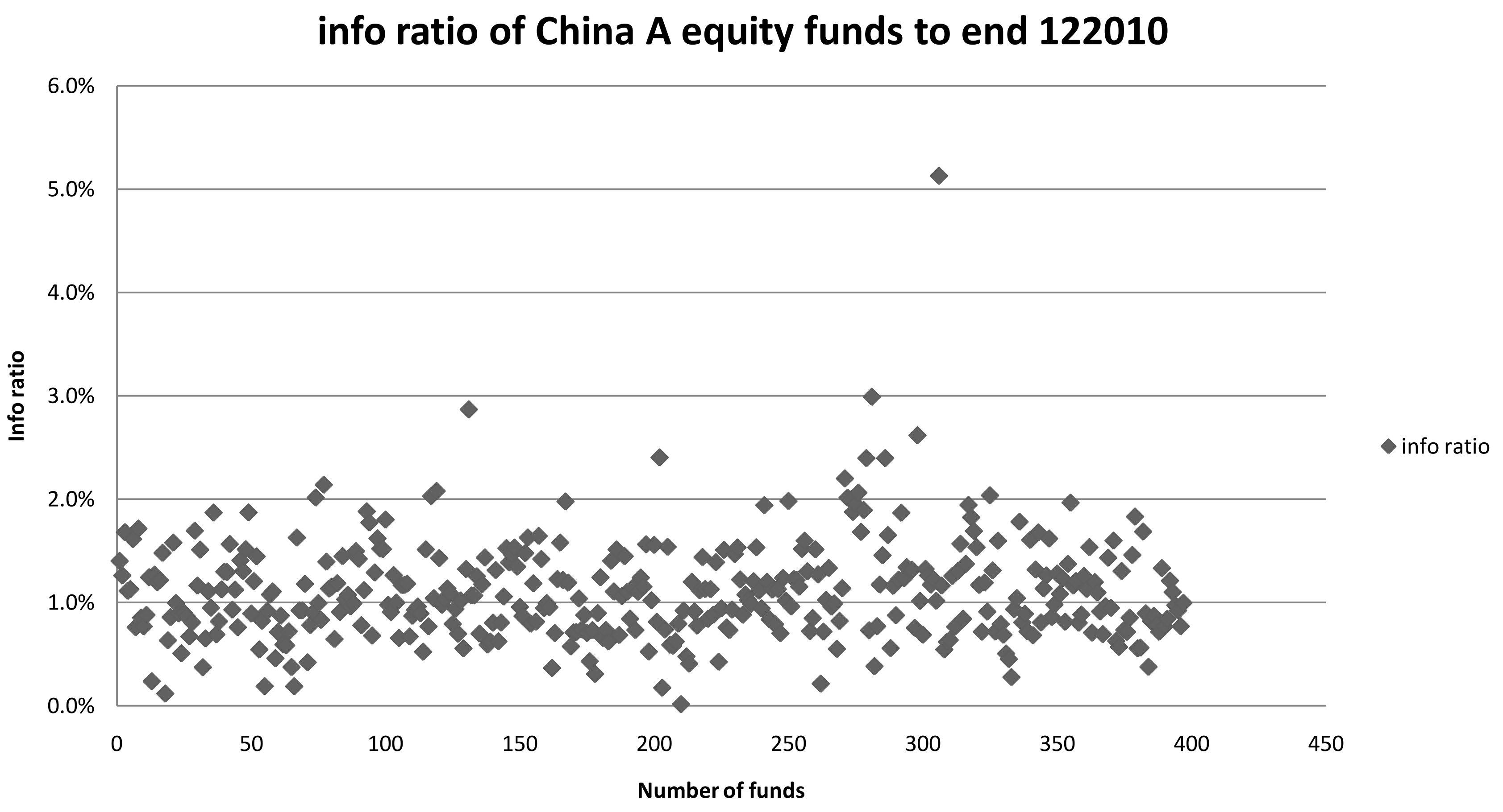
Information Ratio



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Info Ratio -Top 10 highest

Top	Fund Name	Info Ratio
1	Manulife Teda Large Cap	5.1%
2	KBC-Goldstate Core Power Stock	3.0%
3	Fortis Haitong Income	2.9%
4	Lord Abbett Value Advantage	2.6%
5	Guotai Value Classic Equity	2.4%
6	Invesco GW Selected Blue Chip	2.4%
7	LC New Trends	2.4%
8	Invesco GW Ding YI	2.2%
9	ChinaAMC Income Equity	2.1%
10	Everbright Pramerica Quantization	2.1%

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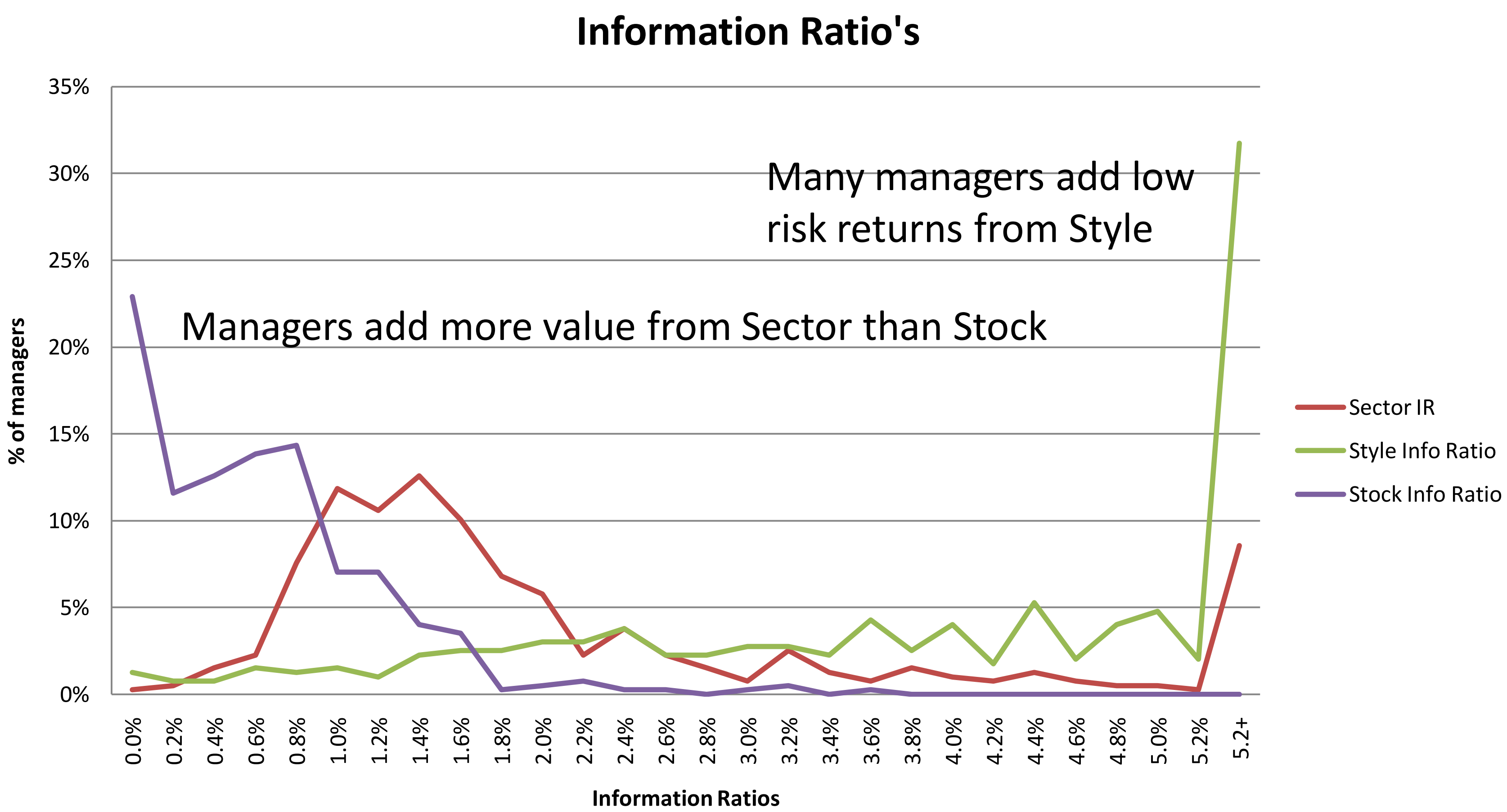
Information Ratios by Factor



Info Ratio - Sectors

Top	Fund Name	Sector IR
1	Everbright Pramerica Dividend	35.4%
2	Bosera Yulong	27.6%
3	Invesco GW Emerging Growth	24.5%
4	Manulife Teda Large Cap	22.9%
5	Baoying Hongyang	21.5%
6	Greatwall Shuang Dong Li Equity	18.1%
7	Fortune SGAM Advanced Growth	13.4%
8	Southern Long Yuan Industry	12.7%
9	Lion Mid Small Cap Growth	12.4%
10	Industrial Global View	11.9%

Info Ratio - Styles

Top	Fund Name	Style IR
1	Invesco GW Resources Monopolization	25.1%
2	Invesco GW Resources and Monopoly	18.4%
3	Franklin Growth	17.4%
4	KBC-Goldstate Core Power Stock	16.3%
5	Bosera Emerging Growth	14.5%
6	Industrial Trend	12.7%
7	BOC Bluechip Selected	12.6%
8	LC New Trends	11.9%
9	Southern Select	11.7%
10	Orient Select	11.6%

Info Ratio - Stocks

Top	Fund Name	Stock IR
1	Southern Strategy Equity	3.5%
2	Fortis Haitong Income	3.2%
3	Manulife Teda Large Cap	3.1%
4	E Fund Value Growth	2.9%
5	Huatai PineBridge Quantitative First	2.6%
6	Penghua Pufeng	2.3%
7	LC Value	2.1%
8	Dacheng Value Growth	2.1%
9	Penghua Putian Income	2.0%
10	China Universal Shangzheng	1.9%

Conclusion

BM= CSI 300, end Dec 2010

- Risk

  Sector Risk and Stock Risk > Style Risk

- Return

  Return from Sector> Return from Style > Return from Stock

- Info Ratio

  - All the funds have positive info ratio- generally active funds outperform index funds

  - Sectors IR > Styles RI and Stocks IR

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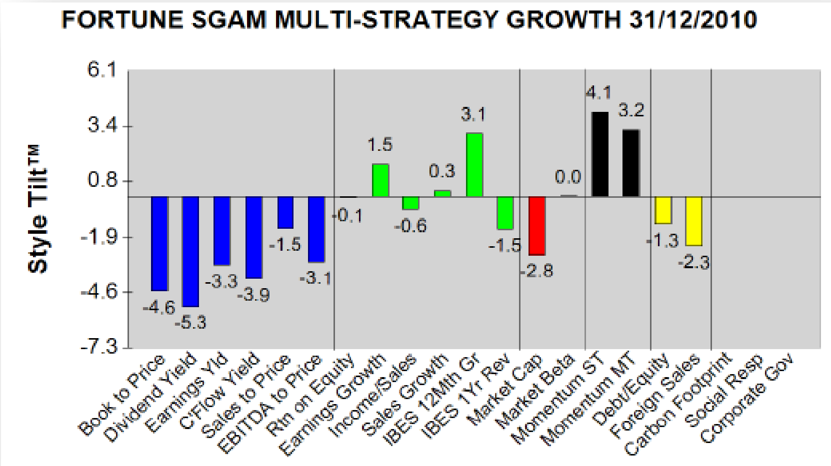
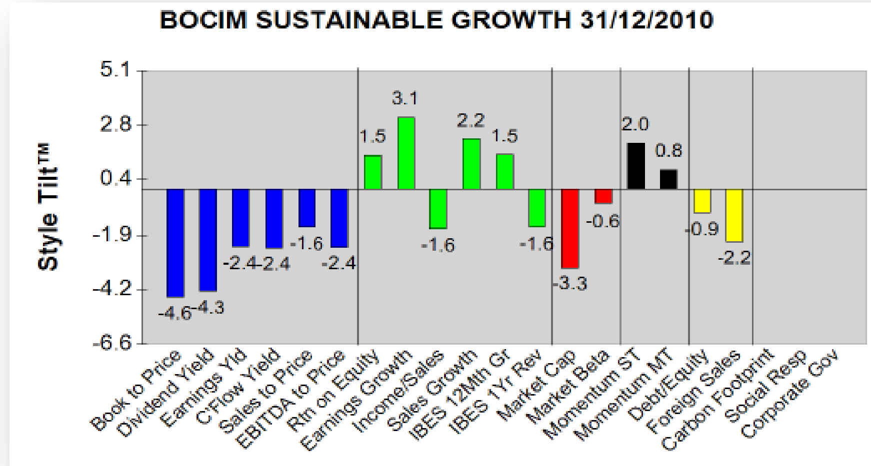
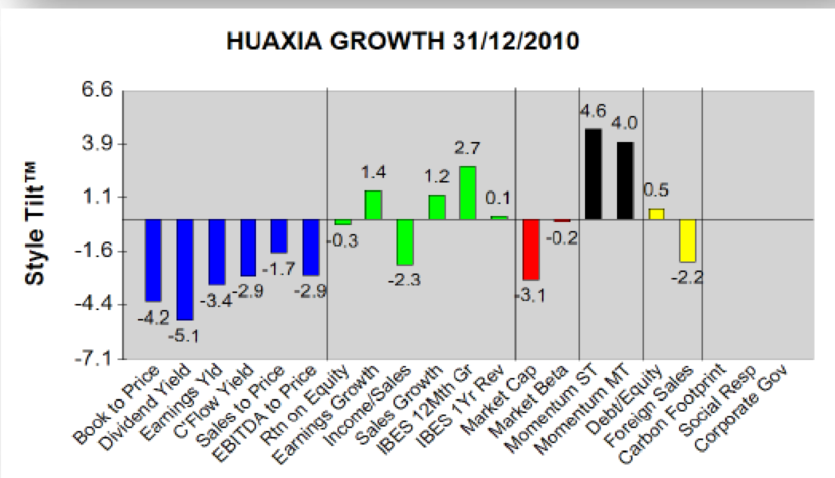
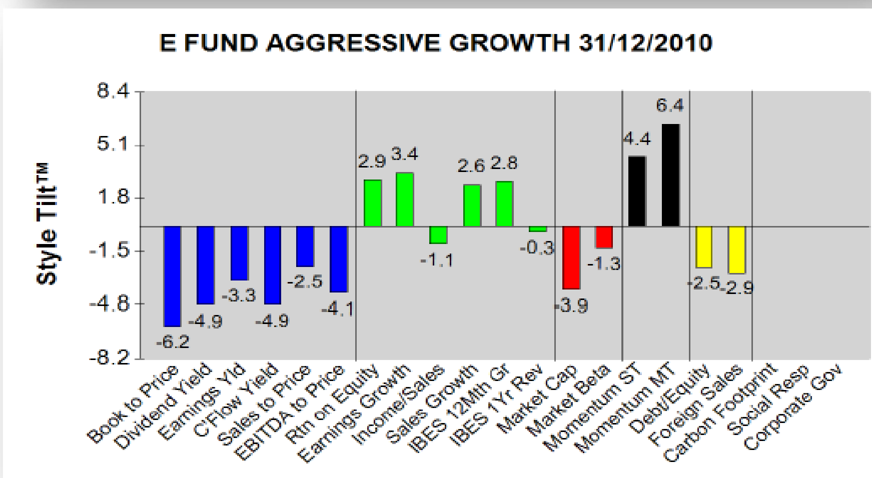
Fund Focus: a sample from SRFA









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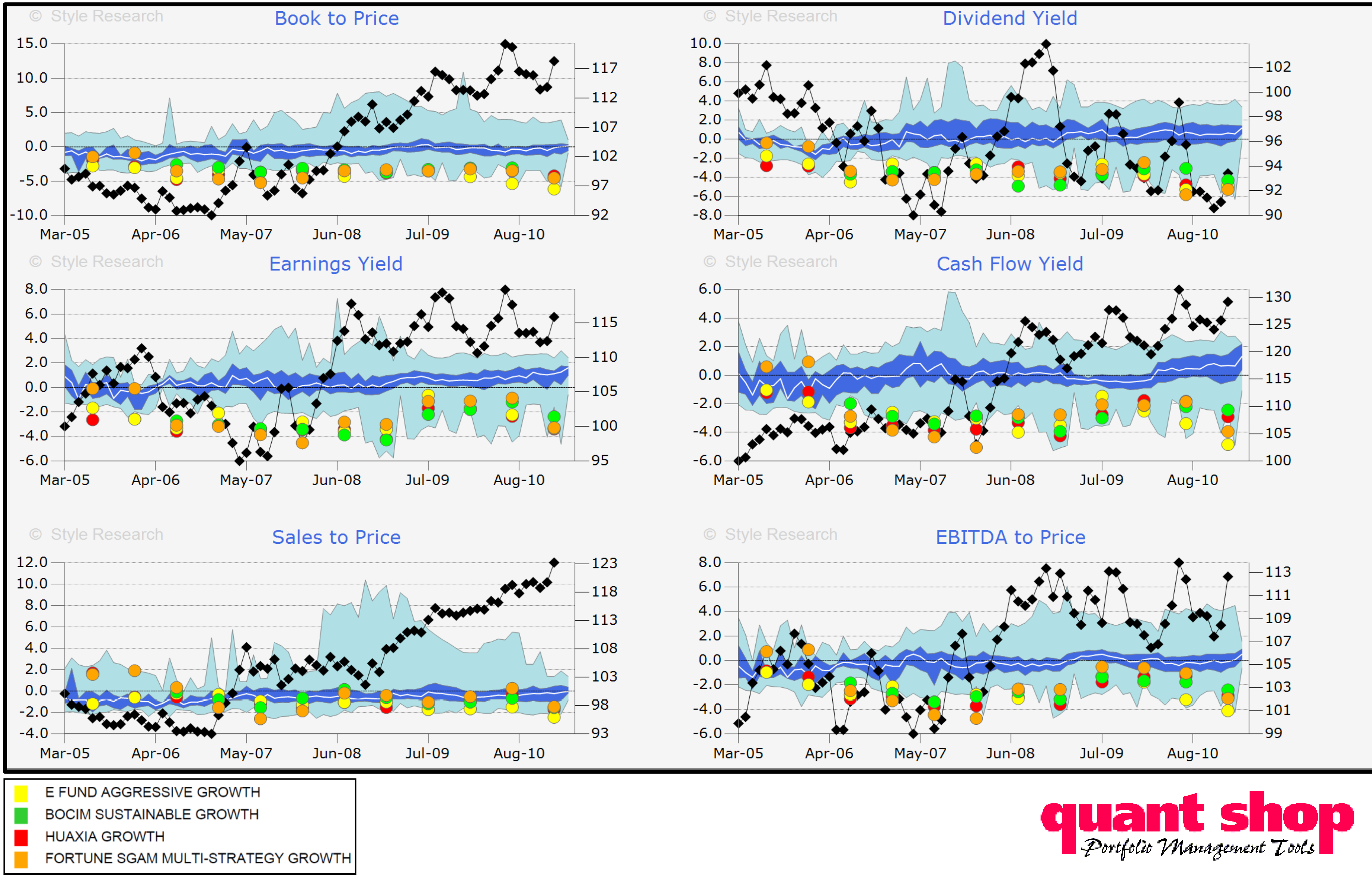
Value Tilts



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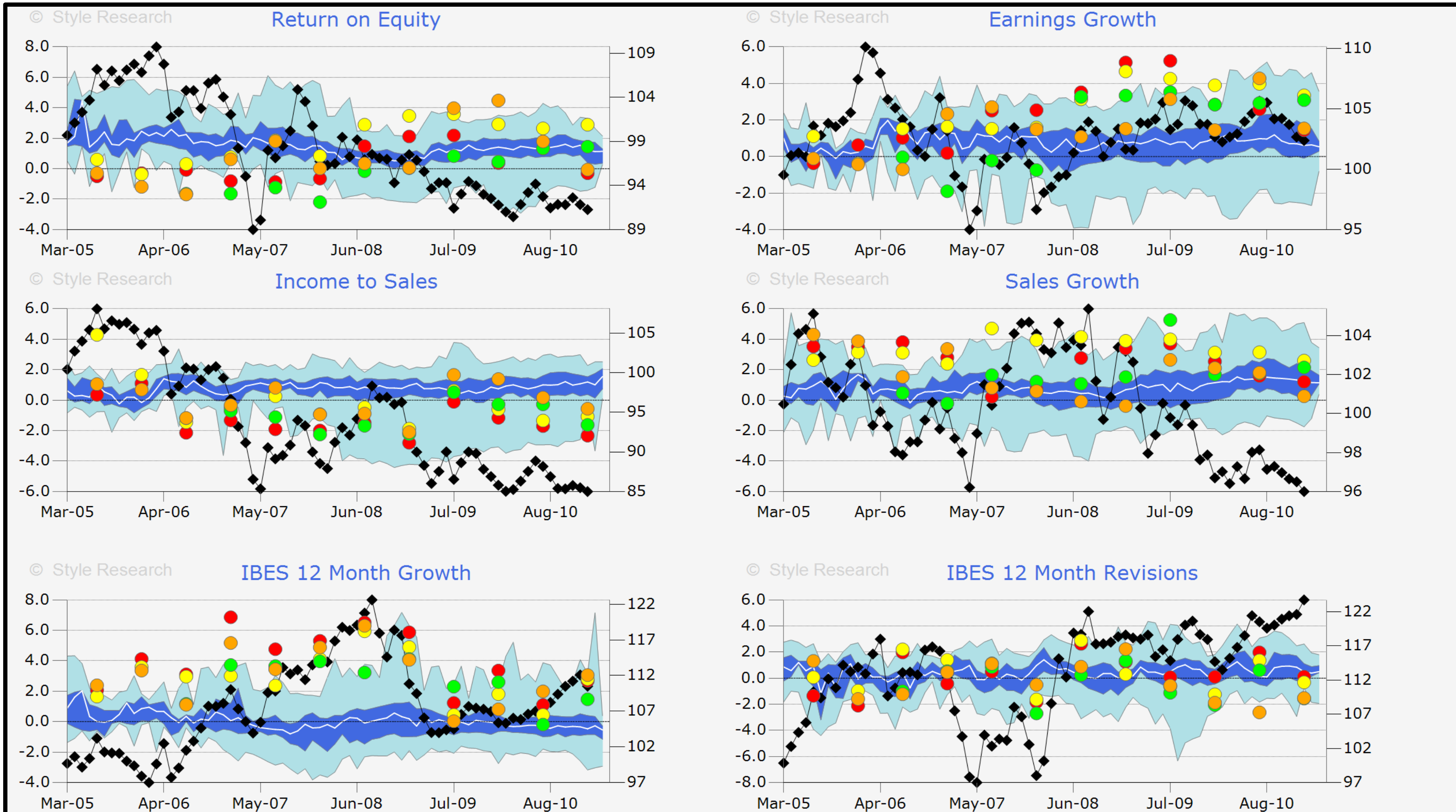
Growth Tilts



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- BOCIM SUSTAINABLE GROWTH
- HUAXIA GROWTH
- FORTUNE SGAM MULTI-STRATEGY GROWTH

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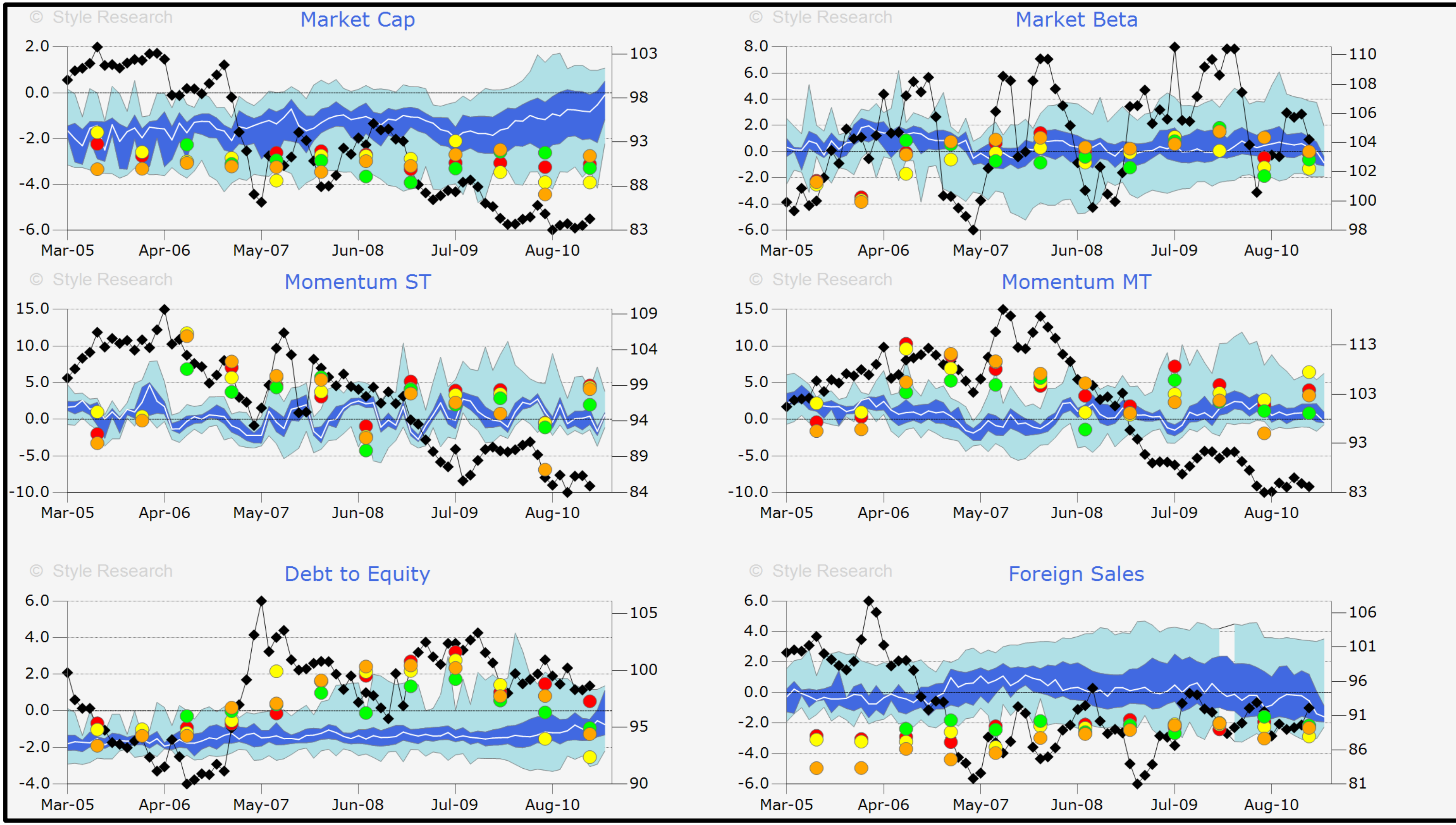
Other Tilts



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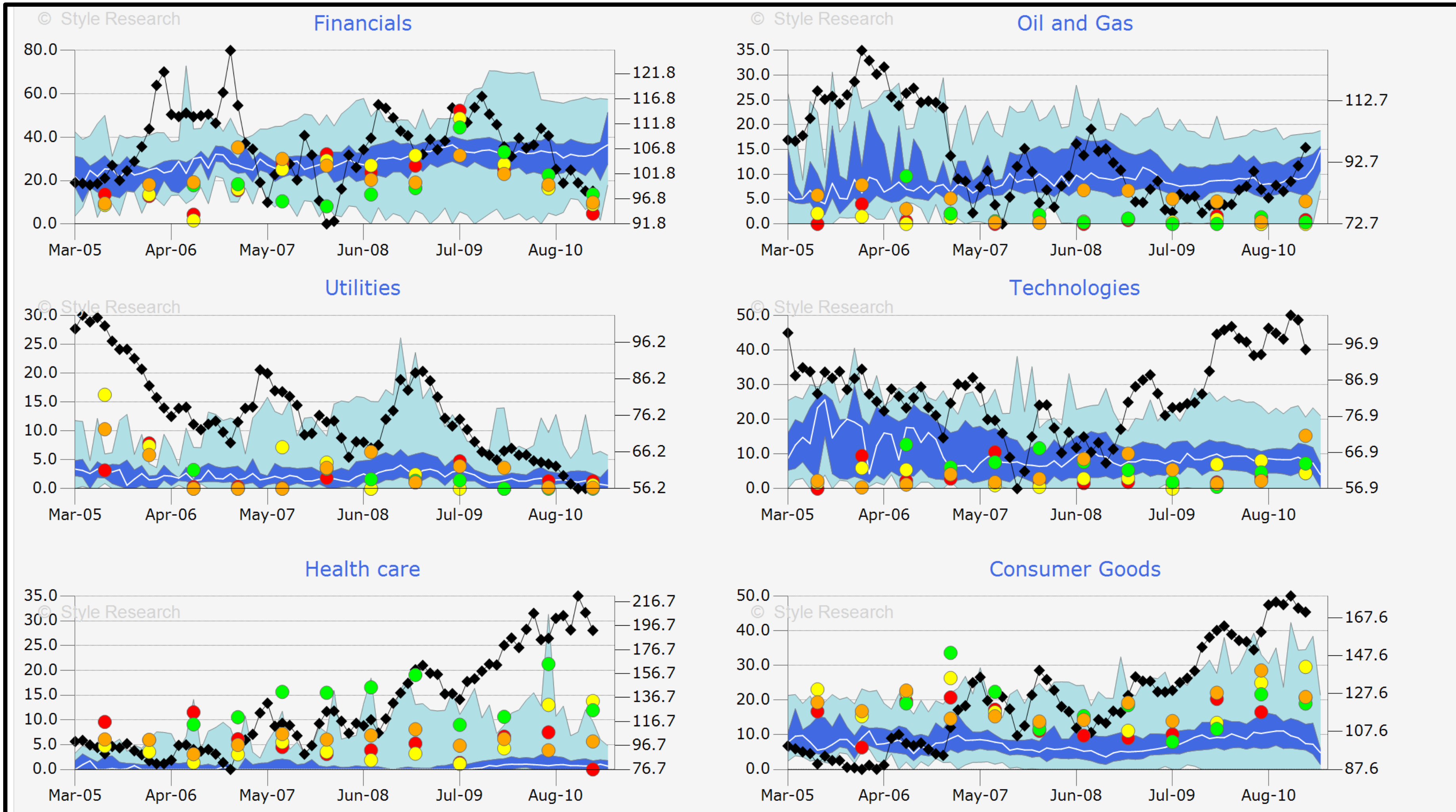
Sector Weights



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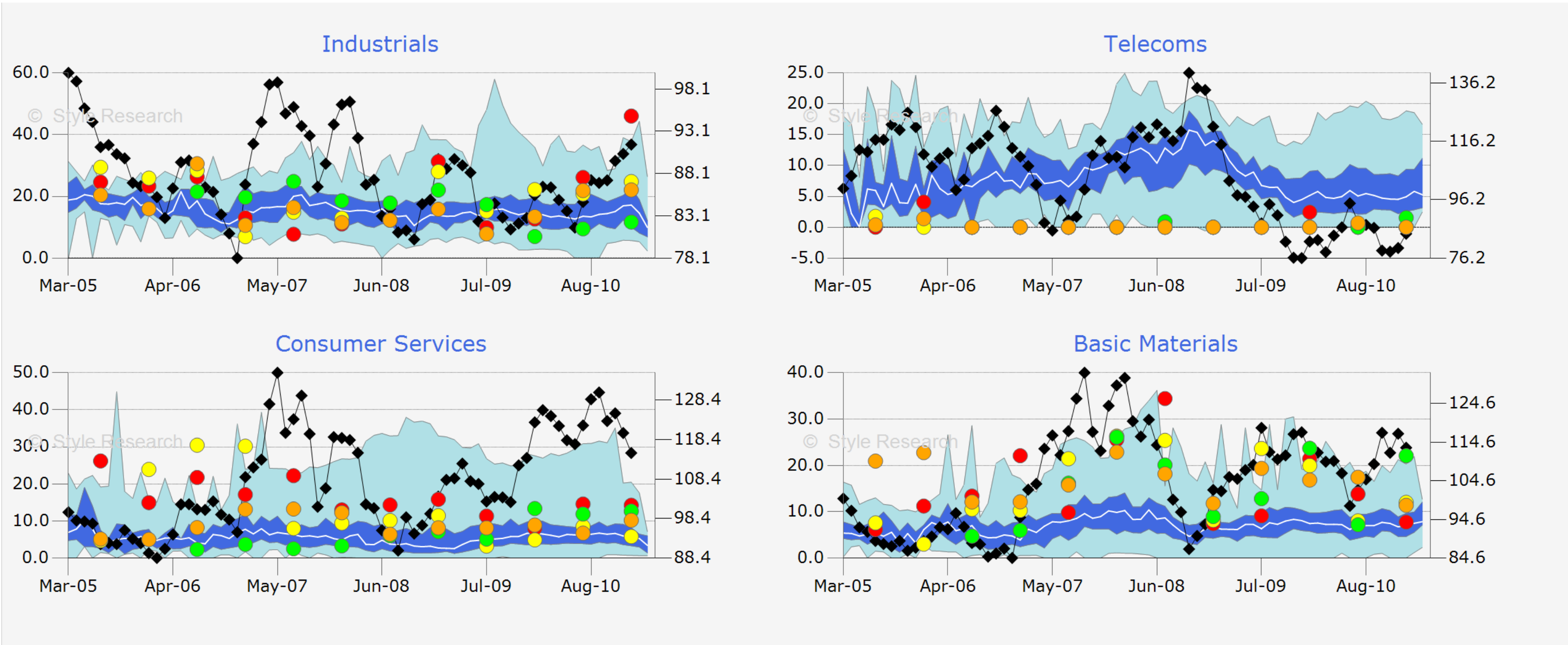

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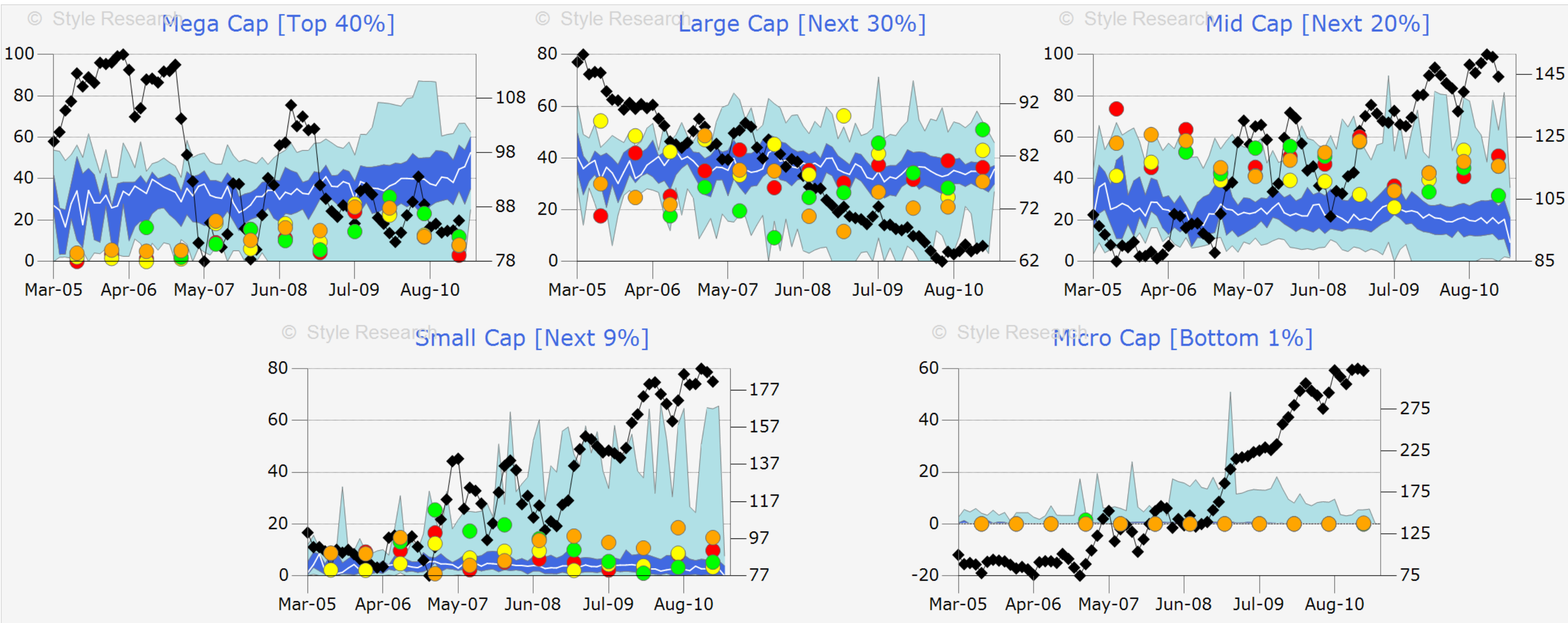
Size Distribution



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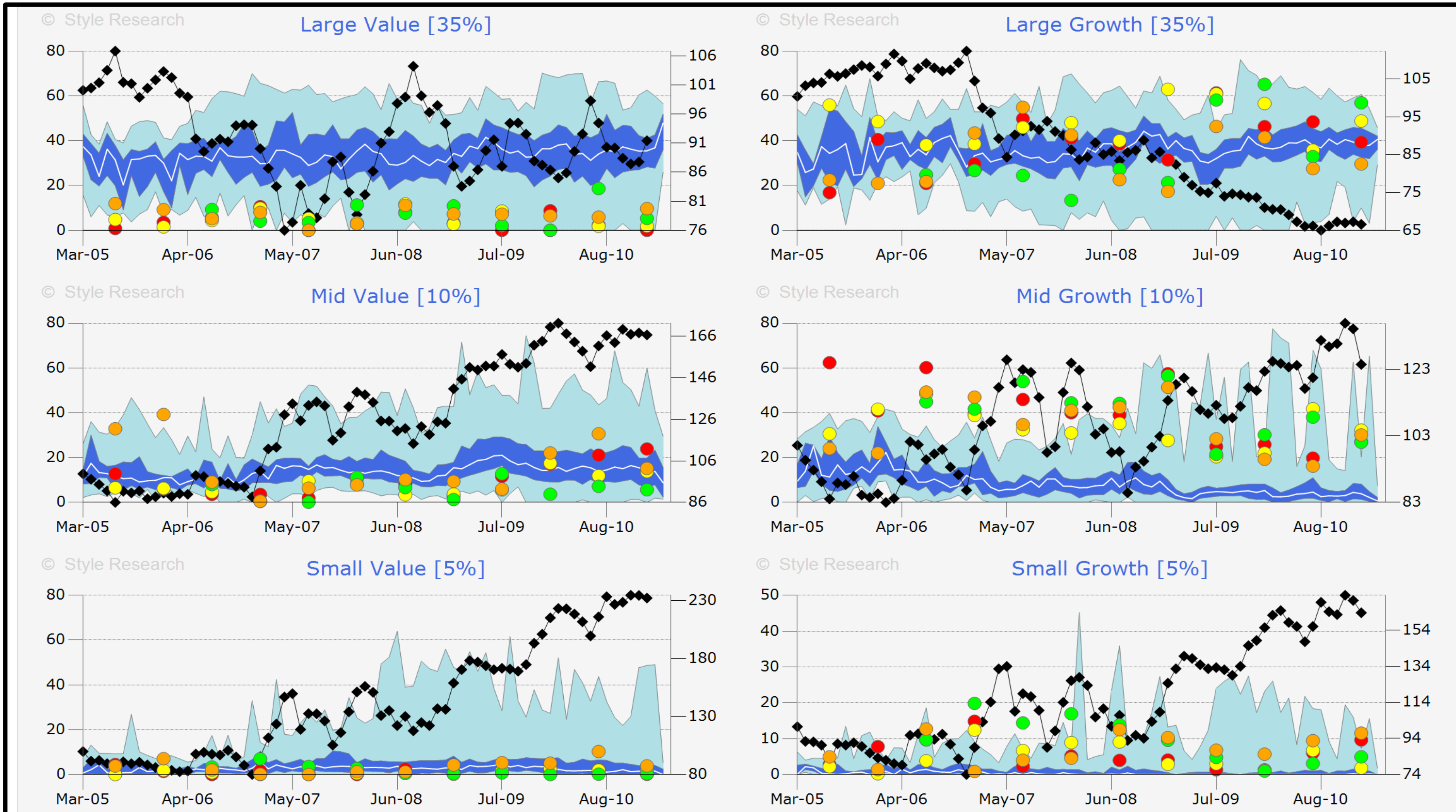
Style Distribution



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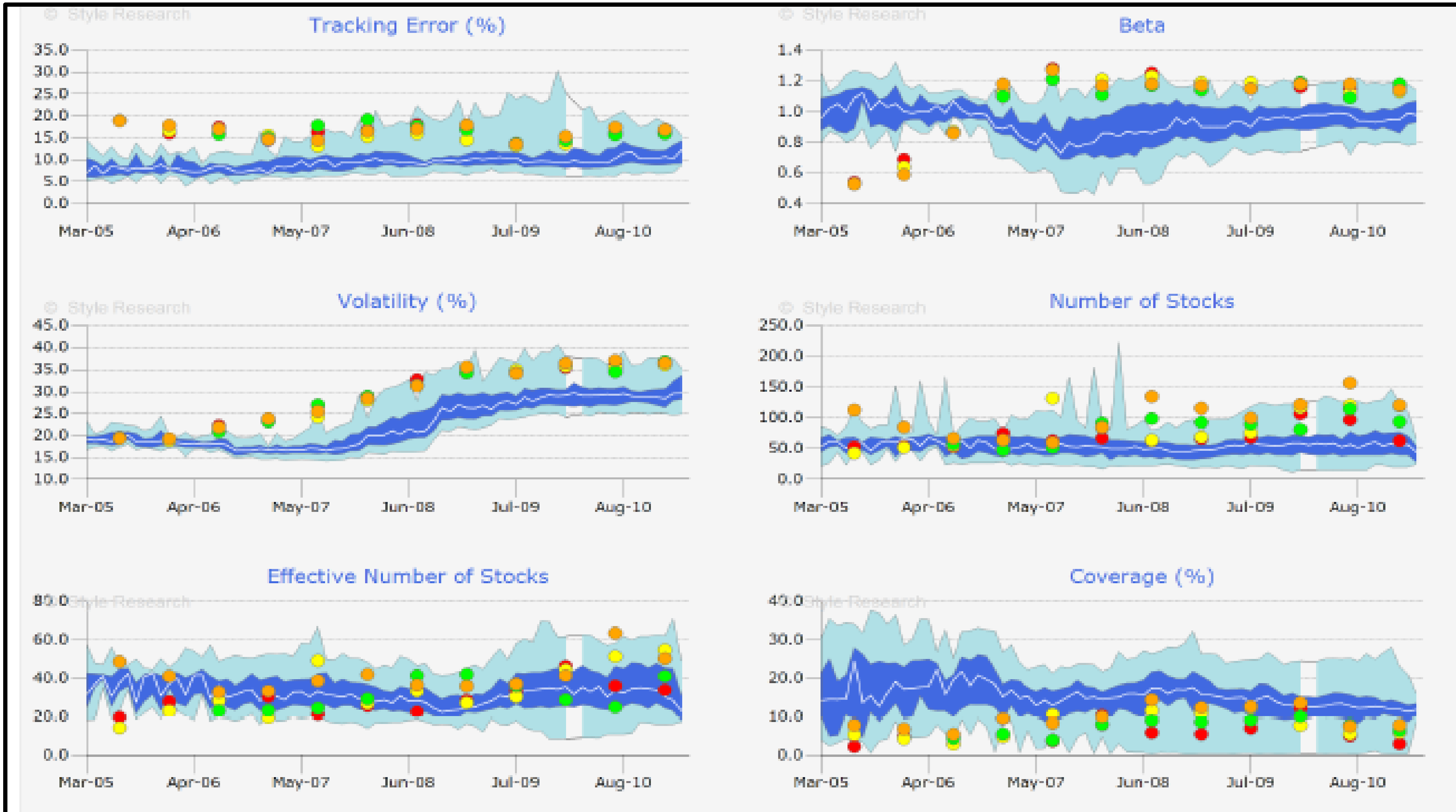
Risk Decomposition



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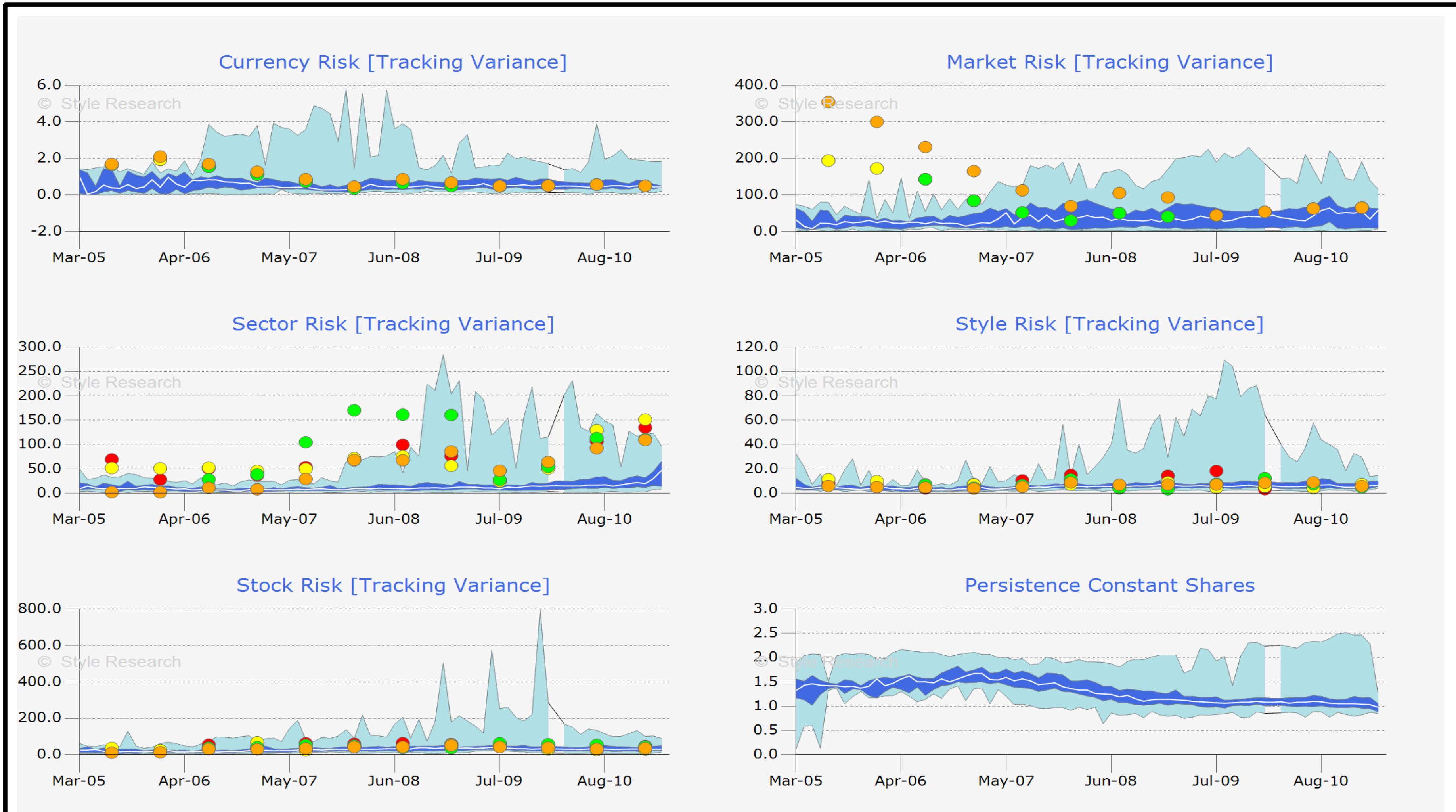

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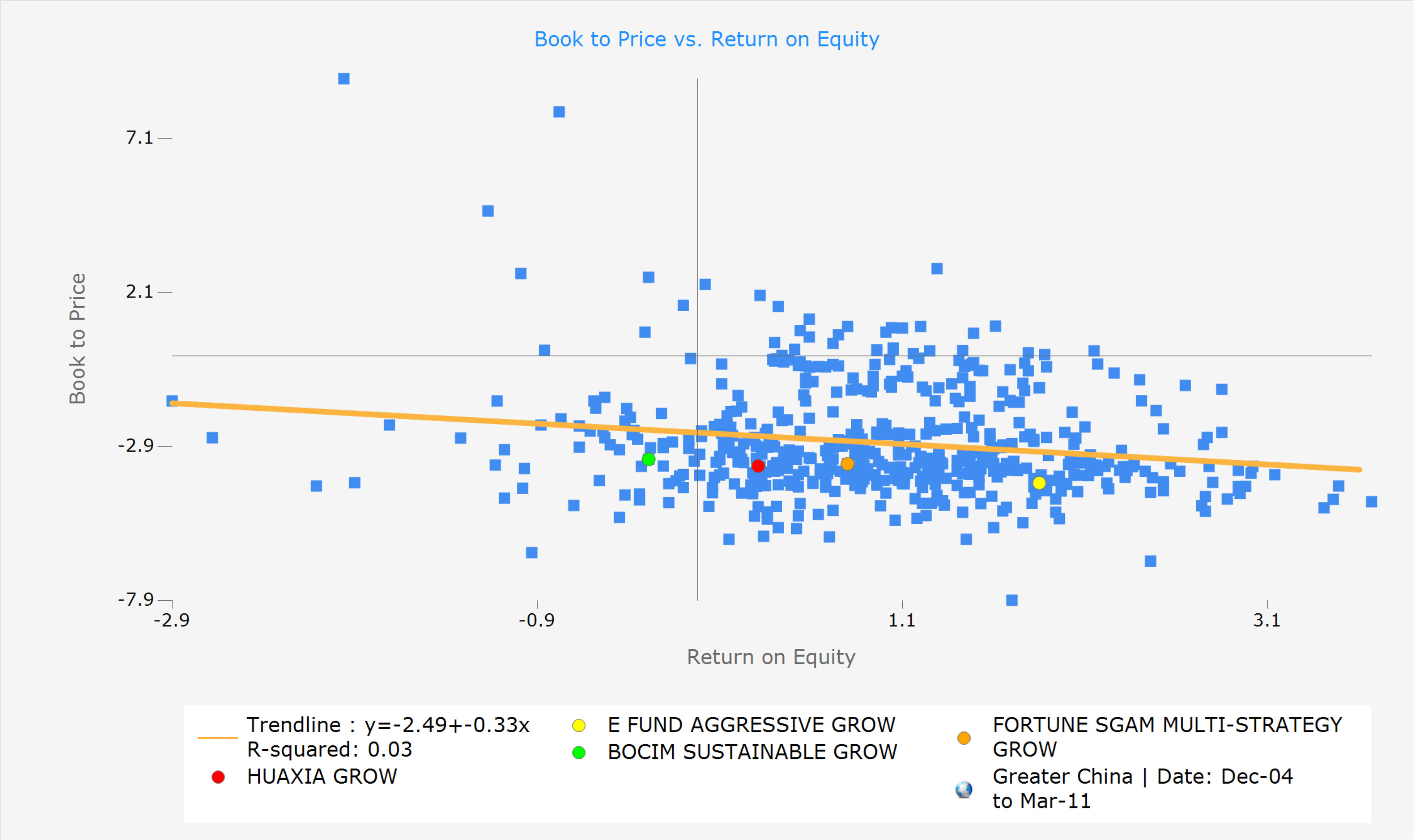
Scatter Plots



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