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MEGATRUST

China A-share Webinar

Not Just About Liquor

BY INVITATION ONLY

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- 26 years of experience in Chinese equities
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- Top performing QFII portfolio manager for Fortis
- Part of the top II-ranked China research team at CLSA
- Pioneer of Quality investing in China



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- 23 years of experience in Chinese and global equities
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- Ex-CIO of China Everbright Limited
- Ex-Investment Director at Elliott Advisors (HK)
- Ex-Global Strategist at Goldman Sachs and UBS

- Chinese exports grew 18% yoy in Dec 2020, following 21% growth in Nov and beating expectations for 10 months in a row
- The country has gained global market share in a number of categories including medical supplies, electric equipment, electronic components, home appliance, other home products, and auto (EV) etc.
- China's share in global exports reached a record high of 17% in 2020
- China may recede the some export market share in 2021, yet we see continuing strong growth in certain products and industries



资料来源: WTO, 招商证券

Bull Case for Chinese Export Growth

- Dual Circulation Policy
 - China's strategy to use "internal circulation" (domestic demand) as the foundation to support "external circulation" (export sales), and vice versa
- Superior infrastructure
 - Nearly all 31 provinces have announced key infrastructure plans for the next 5-7 years, covering 24515 projects and totaling RMB 43 trillion, according to Finance Asia
 - New infrastructure: 5G, data centers, Internet of Things, AI and intercity high-speed rails etc.
- Labor cost advantage
 - Labor cost in certain parts of China is still competitive
 - Higher labor productivity in China: good value for the money
 - All-inclusive considerations of the labor cost
- China-EU Comprehensive Agreement on Investment (CAI)



- Moving target of demand recovery vs. local production ramp-up
- Currency risk: strong RMB
- China-US Trade War

US-China relations

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US blacklists Xiaomi and Cnooc in flurry of actions to counter China



Source:FT

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