

CESC Index Report for July 2019



China Exchanges Services Company Limited

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Highlights

- The launch of SSE's new Sci-Tech Innovation Board (STAR Market) drove up share prices of semiconductor-related companies. CESCSC Index edged up 6.1 per cent
- China's faster pace of new drug approval and listing procedures drove up CES Innovative Pharmaceuticals Index of 5.3 per cent
- The average daily turnover of Hong Kong stocks market tumbled. CES SCHK100 Index dropped 1.7 per cent
- CESREIT Index fell 3.4 per cent on continuous weakening performance of Hong Kong property stocks
- Hong Kong and Mainland exchanges have agreed Stock Connect inclusion arrangements for A+H companies listed on STAR Market
- HKEX launched the first Inline Warrants in Asia
- Asset and wealth management business in Hong Kong attracted \$783 billion of net inflows last year

I. Performance of CESC indices

Due to uncertainties in global economic and political outlook, broad-based China and Hong Kong stock indices were sluggish while individual consumer indices performed well.

Shanghai Stock Exchange's STAR Market started trading on 22 July. The first batch of 25 listed companies consisting mainly of semiconductor-related companies all recorded gains in July, with the top performer making a four-fold leap.

CES China Semiconductor Index (CESCSC) edged up 6.1 per cent.

	Index Point	Monthly Return	Volatility	Risk-adjusted Return
CES China Semiconductor	4,234.16	6.1%	9.9%	0.62
CES Innovative Pharma	8,443.81	5.3%	6.3%	0.85
CES G10	5,203.27	5.0%	8.2%	0.61
CES HK Biotech	6,059.23	5.0%	4.7%	1.07
CES SCHK Moat	3,494.06	1.6%	5.8%	0.28
CES SCA Industry Top	4,198.01	1.4%	4.9%	0.28
CES SCHK E&L	3,658.24	1.3%	6.3%	0.21
CES Foreign A-Shares Choice	2,669.87	0.4%	5.7%	0.08
CES SCHK Growth	5,265.40	0.3%	5.1%	0.06
CES Greater Bay Area Select	2,255.17	0.2%	4.5%	0.04
CES A80	7,894.95	0.1%	4.6%	0.03
CES P Elite	5,522.11	-0.1%	4.3%	-0.01
CES 280	5,791.38	-0.2%	4.2%	-0.05
CES 120	6,748.84	-0.4%	3.8%	-0.11
CES 300	4,537.56	-0.7%	3.5%	-0.20
CES OBOR	1,608.15	-1.0%	4.5%	-0.22
CES SCHK 100	5,562.40	-1.7%	3.8%	-0.46
CES HKMI	7,493.42	-1.8%	3.8%	-0.47
CES SCHK Value	4,510.45	-1.9%	4.4%	-0.44
CES SCHK 50	3,037.60	-2.6%	3.5%	-0.74
CES SCHK HYLTV	3,027.47	-3.1%	2.8%	-1.11
CES REIT	3,819.41	-3.4%	3.2%	-1.08
CES High Yield	3,786.81	-4.2%	3.9%	-1.07

Source: CESC and Wind; data as of 31 Jul 2019

China accelerated the pace of new drug approval and listing procedures and several leading pharmaceutical companies have been granted the drug registration permits by the National Medical Products Administration. **CES Innovative Pharmaceuticals Index surged 5.3 per cent.**

While investors stayed on the sidelines for Fed’s rate cut move, the average daily turnover of Hong Kong stocks decreased from \$82.4 billion in June to \$68.6 billion in July, down 16.7 per cent month-on-month. **CES Stock Connect Hong Kong Select 100 Index (CES SCHK100) fell 1.7 per cent.**

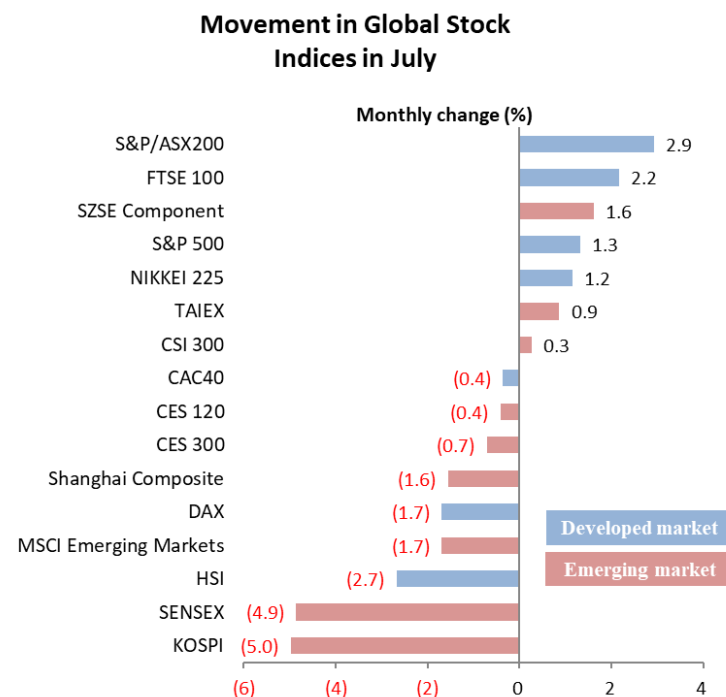
The gloomy prospect of the retail industry made investors cautious and put pressure to bear on real estate investment trusts stocks which closely linked to retail business. **CES Real Estate Investment Trust Index (CESREIT) fell 3.4 per cent.**

II. Other stock indices

Other stock indices diverged in performance -- the S&P/ASX200 index of Australia went up 2.9 per cent while KOSPI of South Korea dropped 5 per cent.

On 23 July 2019, Boris Johnson, the former foreign minister of the United Kingdom, was elected as the next Conservative Party leader and UK’s new prime minister.

Johnson pledged to deliver his Brexit promise on 31 October, hinting the possibility of a no-deal Brexit. Financial Times Stock Exchange 100 Index rose 2.2 per cent.



Source: CESC and Bloomberg, as of 31 July 2019

III. China-related investment activities offshore

Hong Kong and Mainland Exchanges have Agreed Stock Connect Inclusion Arrangements for A+H Companies Listed on STAR Market

The Stock Exchange of Hong Kong (SEHK), Shanghai Stock Exchange (SSE), and Shenzhen Stock Exchange (SZSE) announced that Stock Connect inclusion arrangements

for companies with A-shares listed on the STAR Market, and H-shares listed in Hong Kong, have been agreed. Currently, A+H companies listed on the SEHK and SSE or SZSE are eligible for trading via Stock Connect. This arrangement will be extended to A+H companies that are listed on Shanghai's STAR Market. A date for inclusion is to be confirmed.

HKEX launched the first Inline Warrants in Asia

HKEX rolled out the first Inline Warrants in Asia on 18 July. Six brokers participated in the first phase. The launch marks a major new milestone in the development of Hong Kong's structured products market, further enhancing Hong Kong's structured product offerings.

Asset and wealth management business in Hong Kong attracted \$783 billion of net inflows last year

The Securities and Futures Commission (SFC) released a report on its annual Asset and Wealth Management Activities Survey (AWMAS), which found that the assets under management (AUM) of the asset and wealth management business amounted to \$23.96 trillion and net fund inflows amounted to \$783 billion as at the end of 2018.

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