

East Capital receives CSSF approval to invest in A-shares through the Hong Kong – Shanghai Stock Connect Program

East Capital (Lux) - China Fund becomes first Luxembourg domiciled UCITS fund to announce it can invest as much as 100% of its portfolio in A-shares through this landmark program.

East Capital, a specialist in emerging and frontier markets, announces that it has received approval by the Commission de Surveillance du Sector Financier (CSSF) to invest in A-shares through the Hong Kong – Shanghai Stock Connect program. As a result, East Capital is now able to significantly increase its allocation to Chinese domestically listed stocks in its portfolio. The East Capital (Lux) - China Fund is the first Luxembourg domiciled fund to announce it can invest as much as 100% of its portfolio in A-shares through Stock Connect. The East Capital (Lux) - Emerging Asia Fund can invest up to 30% of its portfolio through the program.

A-shares are stocks listed on China's mainland stock exchanges in Shanghai and Shenzhen and denominated in Renminbi. The Stock Connect Program that was launched in November 2014 is a very significant step in the reform and opening-up process of the Chinese investment landscape. The scheme unfolds new investment opportunities on what today is the world's second largest market in terms of market capitalisation.

The Chinese domestic market has undergone a number of reforms, which bodes well for the future inclusion of A-shares into global benchmarks. This is expected to take place in the not too distant future, which due to the size of the market would have a major impact in terms of flows. In terms of valuations, and despite the strong rally at the end of 2014, the market still trades at P/E of 14 x, which is 20% below its 10 year historical average.

East Capital's Asian operations are managed out of Stockholm and Hong Kong, with Karine Hirn, Partner and Co-Founder of the company leading the operations since 2010 when the firm established an office in Shanghai.

As the first Nordic asset manager to get a QFII license, East Capital has been investing more than USD 100m on the A-shares market since the end of 2013. "We believe this market is fascinating for several reasons. There is a wide range of interesting and often

privately held and entrepreneur-driven companies in sectors such as healthcare, consumer goods, services and specific industries that are listed on the A-shares market. The Chinese companies listed in Hong Kong, so-called H shares, are more often larger companies, state owned enterprises and banks,” said Karine Hirn, Partner and Co-Founder of East Capital.

“We have well-defined investment criteria where we primarily select companies that exhibit solid growth figures, good corporate governance standards, low leverage and high dividend yield. Our investment team spends a lot of time visiting companies on the ground to identify good investments, and monitor holdings. This hands-on approach is key to minimizing the risks on this market that are still very high, notably in terms of quality of issuers and transparency,” she added.

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About East Capital

East Capital is a specialist in emerging and frontier markets. The company, founded in 1997, bases its investment strategy on thorough knowledge of the markets, fundamental analysis and frequent company visits by its investment teams. East Capital actively manages EUR 2.9 billion in public equity, private equity and real estate. It is headquartered in Stockholm, with offices in Hong Kong, Luxembourg, Moscow, Oslo, Paris and Tallinn www.eastcapital.com