

Annual Review and Outlook by Xinwei Hu, PM of Value Creation Fund

From 2022 Annual Report

Looking ahead to 2023, we believe that the external environment faced by China's capital markets will somehow be better compared with that of 2022. On the one hand, with the optimization and adjustment of domestic COVID-19 epidemic prevention and control policies, the Chinese economy will show greater vitality, especially when the trend of domestic consumption recovery is rather clear. On the other hand, it is expected that the inflation in major overseas economies will gradually top out and interest rate increases will enter the later half of stage, thus the negative impact on global capital markets is marginally decreasing. In a longer time dimension, we believe that China's economy still has significant potential for growth, and there is still great room for structural transformation of the domestic economy. Therefore, we are relatively bullish on the performance of China's capital markets in 2023.

As always, with strong confidence and continuous patience, we will assume our diligent responsibility, and focus on "value-creating" companies with excellent business models, clear competitive advantages, entrepreneurial management members and strong execution. On a longer cycle scale, we believe that these companies will surely create value for shareholders and bring better profits in the future.