



Strategic China Panda Fund

September 2019 Fund Commentary



Lilian Co
PORTFOLIO MANAGER

In September, trade news and escalating protests in HK remained the swaying factors of the stock market. The MSCI China Index was flat, while the CSI 300 Index gained 0.4% in September. Onshore China stocks (A and B shares) continued to outperform HK-listed stocks as the protracted social unrest in HK led to further fund outflows from HK to China, with the technology sector outperforming, while the healthcare sector underperformed.

Market concerns regarding trade war issues were eased somewhat as China and the US agreed to resume talks in Washington in October, which was followed by the US delaying a further 5% punitive import tariff on US\$250 billion worth of Chinese goods from 1st October to 15th October. Meanwhile, China's central bank cut the required reserve ratio for all commercial banks to free up long-term funding of around Rmb900 billion as a way to shore up liquidity. The subsequent stock market rally was however short-lived and entirely wiped out by the end of the month as investors were not convinced of a possible trade deal. News of the US government looking into limiting US investment in Chinese equities, especially Chinese ADRs, led to panic-selling of Chinese ADRs like Alibaba and JD.

In September, handset component and semi-conductor stocks spiked on better than expected global sales of the new iPhone model and a positive 5G outlook. During the month, the healthcare sector underperformed due to the higher-than-expected price cut of around 25% in the latest round of centralised procurement. HK retail sales dipped further as increasingly violent protests kept consumers away.

The Fund gained 0.3% during the month, outperforming its benchmark by 0.3%. Exposure to the real estate sector, which gained after the sell-off in August, was increased, constituting the largest monthly contributor to the Fund's outperformance (0.54%). The team also further increased the portfolio's exposure to auto stocks given the current market weakness.

INVESTMENT APPROACH

Access to the Chinese growth story through one of the leading Portfolio Managers in the region. Stock selection and net exposure are adjusted to take advantage of an insider's view of the Chinese business cycle. Invested predominantly in China stocks listed in major markets like HK, China (A/B shares) and U.S. (ADRs), offering investors greater liquidity and transparency over other forms of investments in China.

INVESTMENT OBJECTIVE

To achieve long-term capital appreciation in the value of the assets by investing in China-related securities listed in, but not limited to the Greater China region.

A sub-fund of E.I. Sturdza plc.
Registered in Ireland.

CONTACT

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* For detailed performance information based on complete 12-month periods since inception, please refer to page 2.

PERFORMANCE DATA As at end of September 2019

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	3Y	5Y	10Y	Fund Inception
USD	0.30	-8.32	-0.07	29.91	24.37	91.83	199.17
MSCI China NR USD	-0.03	-4.73	-3.93	25.00	34.07	60.71	113.32

CALENDAR YEAR PERFORMANCE %

	YTD 2019	2018	2017	2016	2015	2014	Annualised Inception
USD	7.04	-21.37	62.99	-2.43	-1.49	-11.51	10.49
MSCI China NR USD	7.62	-18.88	54.07	0.90	-7.82	7.96	7.14

Past performance is not an indicator of future performance.

AWARDS



See Awards Disclaimer on last page.



IMPORTANT INFORMATION

The views and statements contained herein are those of LBN Advisers Limited in their capacity as Investment Adviser to the Fund as of 16/10/19 and are based on internal research and modeling.

WARNING

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AWARDS DISCLAIMER

The Strategic China Panda Fund (USD I Class) received a 4-star Overall Morningstar Rating and a 5-star 10-year Morningstar Rating (USD I Class). Morningstar Ratings™ as of 30/09/2019.

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Source & Copyright: Citywire. Lilian Co is Plus rated by Citywire for her rolling 3 year risk-adjusted performance, for the period to 31st August 2019.

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