



# Strategic China Panda Fund

November 2019 Fund Commentary



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PORTFOLIO MANAGER

In November, optimism on a partial trade deal between China and the US continued to build. The MSCI China Total Return index rose 1.8% whereas the CSI 300 index retreated by 1.5% during the month, this outperformance was aided by easing social tension in HK. The three-stage A share inclusion factor increase in MSCI indices, a key driver of the CSI 300 YTD outperformance over the MSCI China, was completed in November. Sector wise, property and technology continued to outperform while financials and healthcare underperformed.

The trade negotiations between China and the US were intensive, as both sides rushed to reach a consensus before the next round of tariff hikes on 15 Dec. The goodwill shown by China, through the resumed purchase of US soybeans and poultry, was a good sign.

The October macro data that was released pointed to further weakness in the economy as retail sales growth and PMI continued to slide. However, the CPI accelerated 3.8% on the back of soaring pork prices. It is expected that the CPI will keep trending higher into the Chinese New Year. The Investment Adviser is of the view that further stimulus would be unlikely though, as the economic slowdown is manageable so far. The Government is striving to strike a balance between growth and structural reform.

Investors have turned increasingly more positive on China property stocks. Firstly, November contract sales growth of most listed players was stronger than market expectations. Secondly, there are signs that the Government has turned more dovish on property policy amidst weak macro data. The local Government of Foshan recently removed the home purchase limit for talented individuals.

The Fund climbed 2.8%\*, outperforming the benchmark by 1%, during the month. The overweight in real estate, which was up 2.3%, was the biggest contributor to the outperformance. The outperformance was partially offset by being overweight in sportswear and Macau gaming which were both down 0.6%. The Investment Adviser increased weighting in the technology sector during the month.

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



**PERFORMANCE DATA** As at end of November 2019

**CUMULATIVE PERFORMANCE %**

	1M	3M	1Y	3Y	5Y	10Y	Fund Inception
USD	2.74	9.87	15.25	44.17	38.10	86.33	227.69
USD I	2.78	10.01	15.83	46.56	42.27	88.98	232.34
MSCI China NR USD	1.78	5.86	7.07	36.61	34.01	56.04	125.88

**CALENDAR YEAR PERFORMANCE %**

	YTD 2019	2018	2017	2016	2015	2014	Annualised Inception
USD	17.25	-21.37	62.99	-2.43	-1.49	-11.51	11.22
USD I	17.78	-20.97	64.04	-1.94	-0.67	-12.84	11.37
MSCI China NR USD	13.96	-18.88	54.07	0.90	-7.82	7.96	7.58

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 16/12/19 and are based on internal research and modelling.

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The Strategic China Panda Fund (USD I Class) received a 5-star Overall Morningstar Rating and a 5-star 10-year Morningstar Rating (USD I Class). Morningstar Ratings™ as of 30/11/2019.

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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 October 2019.

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