



Strategic China Panda Fund

April 2020 Fund Commentary



Lilian Co
PORTFOLIO MANAGER

The stock market rebound which started in late March extended into April. Investor anxiety calmed due to the unprecedented stimulus measures introduced by central banks and talks of the re-opening of major economies. Both the MSCI China Total Return Index and the CSI 300 index climbed during the month, by 6.3% and 6.1% respectively. Wuhan, the epicentre of COVID-19 and the last remaining Chinese city under lockdown, also re-opened. In the western world, more countries including the US were planning to relax containment measures in May.

First quarter GDP in China contracted by 6.8%, which was no surprise to the market given the countrywide lockdown. The Investment Adviser believes that the economy should have reached the bottom in February and slowly recover over the next few quarters now that economic activities are picking up with the removal of lockdowns which commenced in March. The extent of the recovery in the second half will however depend on the speed at which economies in Europe and the US re-open. All economic data in March has pointed to a marked recovery compared to the levels seen in February.

The high-end spirits sector recorded impressive low-teen sales growth in the first quarter, proving that demand was resilient regardless of the adverse economic conditions. Macau casino operators are optimistic about the relaxation of travel restriction from China to Macau as early as mid May, as the number of new coronavirus cases has come down dramatically. The HK government has also announced a series of relief measures (including salary subsidies to corporates, rent subsidies to retailers and \$10,000 cash to each HK citizen) to ease short term economic pain.

The Fund returned 8.6% in April, outperforming the benchmark by 1.9%. The portfolio's real estate, Macau gaming and sportswear exposures were the major contributors to the outperformance. The Team expects consolidation after the recent market rally as benefits from stimulus measures have yet to be passed through to the real economy, while corporate earnings in the second quarter will remain depressed.

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

**E.I. Sturdza Strategic
Management Limited**

+44 1481 722 322
info@ericsturdza.com
ericsturdza.com

PERFORMANCE DATA As at end of April 2020

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	3Y	5Y	10Y	Fund Inception
USD	8.54	-0.84	-2.48	22.50	18.47	70.66	226.08
USD I	8.58	-0.71	-2.02	24.46	22.04	73.42	231.36
MSCI China NR USD	6.64	0.58	-1.75	27.43	8.92	64.27	134.29

CALENDAR YEAR PERFORMANCE %

	YTD 2020	2019	2018	2017	2016	2015	Annualised Inception
USD	-9.26	28.58	-21.37	62.99	-2.43	-1.49	10.76
USD I	-9.11	29.20	-20.97	64.04	-1.94	-0.67	10.91
MSCI China NR USD	-4.25	23.46	-18.88	54.07	0.90	-7.82	7.64

Past performance is not an indicator of future performance.

AWARDS



Morningstar Sustainability Rating as at 31/03/2020. Out of 1,579 Greater China Equity funds as of 31/01/20. Based on 86% of AUM.



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 13/05/2020 and are based on internal research and modelling.

WARNING

The contents of this document have neither been reviewed nor endorsed by the Central Bank of Ireland or any other regulatory authority. If you are in any doubt about any of the content of this document you should obtain independent professional advice.

AWARDS DISCLAIMER

The Strategic China Panda Fund (USD I Class) received a 4-star Overall Morningstar Rating and a 4-star 10-year Morningstar Rating (USD Class). Morningstar Ratings™ as of 30/04/2020.

The Strategic China Panda fund received a 5 Globe Morningstar Sustainability Award. Out of 1,5797 Greater China Equity funds as of 31/01/2020. Based on 86% of AUM. Data is based on long positions only.

Historical Sustainability Score as of 31/03/2020. Sustainability Rating as of 31/03/2020. Sustainalytics provides company-level analysis

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Source & Copyright: Citywire. Lilian Co is A rated by Citywire for her rolling 3 year risk-adjusted performance, for the period to 31/03/2020.

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