



Strategic China Panda Fund

September 2020 Fund Commentary



Lilian Co
PORTFOLIO MANAGER

Following 3 months of compelling performance, the market took a breather during September. The MSCI China total return index retreated 2.7%. The sell off of tech stocks in the US triggered profit taking in China, particularly within the Internet sector. Investor sentiment has become more cautious in the run up to the US Presidential Election. Sector wise, Interactive Media, Diversified Banks, Technology and Pharmaceuticals underperformed the market while Automobiles, Internet and Sportswear outperformed.

According to the latest macro data, the economy has largely recovered to near pre COVID-19 levels. Retail sales growth was back to black in August, up 0.5% YoY, the first positive monthly growth this year. Manufacturing activity expanded in August with the PMI coming in at 51 while the CPI was steady at +2.4%. Export growth also increased further to 11.6% YoY from 10.4% YoY in July.

SMIC, the technology supply chain, followed Huawei as the next Chinese company to be added to the US government's black list, and sold off as a result. The Chinese Property sector came under further pressure following news of China Evergrande's financial difficulties, which raised concerns in the market and had a knock-on effect on the sector as a whole. In addition, more cities are reintroducing home purchase restrictions in an attempt to curb rising property prices.

The Fund declined 3.8%* in September. Our overweight in the Real Estate and Technology Sectors were the main detractors from alpha, returning -1.0% and -0.7% for the month respectively. We used this dip in the market to top up Internet and Property Management stocks as their secular growth prospects look promising.

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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* A USD Class. For detailed performance information based on complete 12-month periods since inception, please refer to page 2. Past performance is not an indicator of future performance.

PERFORMANCE DATA As at end of September 2020

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	3Y	5Y	10Y	Fund Inception
A USD Class	-3.75	11.61	33.21	16.52	93.61	102.53	298.50
B USD Class	-3.72	11.76	33.87	18.16	99.21	106.25	305.83
MSCI China NR USD	-2.73	12.50	33.58	25.51	88.60	88.58	184.95

CALENDAR YEAR PERFORMANCE %

	YTD 2020	2019	2018	2017	2016	2015	Annualised Inception
A USD Class	10.89	28.58	-21.37	62.99	-2.43	-1.49	12.22
B USD Class	11.31	29.20	-20.97	64.04	-1.94	-0.67	12.39
MSCI China NR USD	16.45	23.46	-18.88	54.07	0.90	-7.82	9.12

Past performance is not an indicator of future performance.

AWARDS



Morningstar Sustainability Rating as at 31/08/2020. Out of 1,595 Greater China Equity funds as of 31/08/2020. Based on 84.50% of AUM.



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 14/10/2020 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 (B USD Class) received a 4-star Overall Morningstar Rating and a 5-star 10-year Morningstar Rating (A USD Class). Morningstar Ratings™ as of 30/09/2020.

The Strategic China Panda fund received a 5 Globe Morningstar Sustainability Award. Out of 1,595 Greater China Equity funds as of 31/08/2020. Based on 84.50% of AUM. Data is based on long positions only. Historical Sustainability Score as of 31/07/2020. Sustainability Rating as of 31/08/2020. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score.

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Source & Copyright: Citywire. Lilian Co is + rated by Citywire for her rolling 3 year risk-adjusted performance, for the period to 30/06/2020.

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