



Strategic China Panda Fund

October 2020 Fund Commentary



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PORTFOLIO MANAGER

The Chinese stock market resumed its upward trend in October following the September profit taking with the MSCI China Total Return index gaining 5.3%. We believe the release of the new iPhone 12 contributed to the gains made by Technology stocks. Investors were not perturbed by any uncertainty in the run up to the US Presidential election or the global resurgence of a second wave of COVID-19. Consumption, Internet, Auto and Banking sectors outperformed the benchmark while Property and Property Management sectors underperformed.

The recovery of domestic consumption is on track but tourism and leisure, whilst recovering, are still trailing overall retail sales growth. During the October Golden Week holiday, the Ministry of Commerce reported that daily retail sales were up 4.9%. Domestic tourist traffic recovered to 80% of the pre-COVID level, while tourism revenue recovered to about 70% of last year's level. Macau gaming returns remain disappointing. Gaming revenue declined 76% YoY during the Golden Week, with visitation down approx. 85% YoY. The Chinese government concluded the fifth plenum, an important Chinese political meeting, to discuss the 14th, 5-year plan (2021-2025). Self-reliance of technology and the strengthening of the domestic market are the key themes in the next 5-year plan.

China consumption stocks performed well. Several sportswear brands announced Q3 sales data showing that recovery is on-track. Anta had low single digit retail sales growth and Li Ning recorded mid-single digit retail sales growth. Home appliance companies also reported better-than-expected Q3 results on the back of increased demand.

The Property Management sector sold off during the month. This was due to profit taking, as a long pipeline of competing IPOs nearing term reduced investor interest in existing stocks. We have spoken to the management teams of the Property Management stocks held in our portfolio, they all reaffirmed growth guidance. We see this as a buying opportunity post share price correction.

The Fund was up 1.4%* for October, compared to 5.3% for the benchmark. The Fund's overweight to property developers and property management services companies were the main reasons for the lag. Real estate and commercial & professional services (mainly property management services) returned -2.3% and -1.9% respectively.

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 October 2020

CUMULATIVE PERFORMANCE %

	1M	1Y	3Y	5Y	10Y	Fund Inception
A USD Class	1.36	26.64	16.94	79.27	97.32	303.94
B USD Class	1.40	27.27	18.76	84.43	101.02	311.52
MSCI China NR USD	5.29	35.19	27.10	82.04	91.11	200.02

CALENDAR YEAR PERFORMANCE %

	YTD 2020	2019	2018	2017	2016	2015	Annualised Inception
A USD Class	12.40	28.58	-21.37	62.99	-2.43	-1.49	12.25
B USD Class	12.88	29.20	-20.97	64.04	-1.94	-0.67	12.43
MSCI China NR USD	22.61	23.46	-18.88	54.07	0.90	-7.82	9.52

Past performance is not an indicator of future performance.

AWARDS



Morningstar Sustainability Rating as at 30/09/2020. Out of 1,654 Greater China Equity funds as of 30/09/2020. Based on 82.48% 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 15/11/2020 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 4-star 10-year Morningstar Rating (B USD Class). Morningstar Ratings™ as of 31/10/2020.

The Strategic China Panda fund received a 5 Globe Morningstar Sustainability Award. Out of 1,654 Greater China Equity funds as of 30/09/2020. Based on 82.48% of AUM. Data is based on long positions only. Historical Sustainability Score as of 31/08/2020. Sustainability Rating as of 30/09/2020. Sustainability provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score.

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