



Strategic China Panda Fund

January 2021 Fund Commentary



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Portfolio Manager

The China market had a strong start in January, with the MSCI China Total Return Index up 7.4%. Stock prices climbed following a substantial southbound inflow on the back of a strong pipeline of new fund launches in China. The inflow from mainland China totalled more than \$40bn in January, compared to \$7.7bn in December. The buying focused on new economy stocks such as New Energy Vehicles (NEV), Internet and Technology as well as Chinese companies sanctioned by the US. Tencent and Meituan, two index heavyweights eligible for the stock connect program, were among the targets of southbound buying. They both jumped an impressive 20.8% in one month. More ADRs, like Baidu and Bilibili, announcing dual listing plans in HK further lifted sentiment for the Internet Sector. Even the resurgence of COVID-19 cases in northern China did not deter investor optimism.

China's GDP growth accelerated to 6.5% in the fourth quarter, compared to 4.9% in the third quarter. Despite a free fall in the first quarter, China managed to achieve 2.3% GDP growth for the full year. This made China the first among the major economies to fully recover from the pandemic, with a positive GDP growth in 2020. We consider this remarkable as it was achieved without aggressive easing as seen in other major developed countries.

The Government released guidance on the Property Management Sector and the market responded positively. Details included endorsement of a market-oriented Property Management fee mechanism, encouragement of community value-added services and the formation of owners' committees. The market-oriented pricing mechanism is a big surprise as it implies the management fee cap set by local governments can be removed. This favours Property Management players that provide quality services as they have room to raise management fees in the long term.

The Strategic China Panda Fund was up 4.2%* in January. The underweight in the Internet Sector and the overweight in the Property Sector were the largest detractors to the overall performance. We took advantage of the rally in Property Management stocks to lock in some profit. We are positive with regard to the economic growth this year as vaccines are becoming more readily available. That being said, the stretched stock valuation is a short term risk. We will look to buy into weakness if there is a market correction.

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 Funds plc.

Registered in Ireland.

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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 January 2021

Annualised Returns % ¹

	1M	3M	1Y	3Y	5Y	10Y	Annualised Inception
A USD Class	4.16	13.78	39.76	5.72	18.46	8.18	13.17
B USD Class	4.18	13.92	40.47	6.25	19.08	8.40	13.35
Benchmark	7.36	13.39	46.04	7.37	19.91	8.43	10.44

Calendar Year Returns % ²

	YTD 2021	2020	2019	2018	2017	2016	Fund Inception
A USD Class	4.16	22.78	28.58	-21.37	62.99	-2.43	359.59
B USD Class	4.18	23.43	29.20	-20.97	64.04	-1.94	368.81
Benchmark	7.36	29.49	23.46	-18.88	54.07	0.90	240.21

Benchmark: MSCI China NR USD.

Source: Morningstar.

¹ Annualised Returns as of the date of the reporting over the defined period. Data less than 1 year is not annualised.

² Calendar Year Returns: Annual Performance for the stated calendar year.

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Ratings & Awards



Morningstar Sustainability Rating

Out of 1,722 Greater China Equity funds as of 31/12/2020. Based on 87.44% of AUM. Data is based on long positions only.

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 17/02/2021 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 3-star Overall Morningstar Rating and a 4-star 10-year Morningstar Rating (A USD Class). Morningstar Ratings™ as of 31/01/2021.

The Strategic China Panda Fund received a 5 Globe Morningstar Sustainability Award. Out of 1,722 Greater China Equity funds as of 31/12/2020. Based on 87.44% of AUM. Data is based on long positions only. Historical Sustainability Score as of 30/11/2020. Sustainability Rating as of 31/12/2020. Sustainability provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score.

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