



# Strategic China Panda Fund

April 2021 Fund Commentary



**Lilian Co**  
Portfolio Manager

The stock market stabilised in April, with the MSCI China Total Return Index up 1.4%, following the sharp downturn since February. The softening of US 10 year bond yield from the high level seen in March and the final verdict of the RMB 18.2bn fine on Alibaba announced by the government, cleared a significant market overhang. Sector wise, the suffering Internet sector had a mild recovery and the Sportswear and Shipping sectors also had a strong run during the month.

China's GDP growth rebounded by 18.3% in the first quarter of 2021, thanks to the low base experienced in the same period last year. Macro data for March pointed to a speedy recovery with PMI and retail sales growth reaching 51.9 and 34.2% respectively, the highest reading year-to-date, while inflation remained benign, with the CPI at 0.4%.

Investor concerns over internet policy risk abated following the RMB 18.2bn fine imposed on Alibaba by the government. This is equivalent to 4% of the company's 2019 sales and has set the benchmark for the sector. The share price of Alibaba jumped immediately on the back of the news as this major stock overhang disappeared. Market attention then shifted to Meituan which was also under investigation for abusing market dominance. In addition to these, 34 Internet companies were urged to conduct self-inspection and correct any anti-competition practices. We believe that the increased regulatory oversight should lead to healthy long term development within the Internet sector. We see the recent market dip as a good opportunity to accumulate quality names.

The Fund climbed 4.3%\* in April, outperforming the benchmark by 2.9%. Sportswear, Biotech and Shipping stocks were the biggest contributors to outperformance. We will look to buy into weakness among the leading Internet names as we believe the Internet sector is down but not out. The secular growth story remains intact.

## Performance Data As at end of April 2021

### Annualised Returns % <sup>1</sup>

	1M	3M	1Y	3Y	5Y	10Y	Annualised Inception
B USD Class	4.31	1.94	44.22	9.86	18.71	8.13	13.25
Benchmark	1.39	-5.97	36.96	8.75	16.46	7.24	9.69

### Calendar Year Returns % <sup>2</sup>

	YTD 2021	2020	2019	2018	2017	2016	Fund Inception
B USD Class	6.20	23.43	29.20	-20.97	64.04	-1.94	377.89
Benchmark	0.96	29.49	23.46	-18.88	54.07	0.90	219.90

Benchmark: MSCI China NR USD.

## Ratings & Awards



**Morningstar Sustainability Rating**  
Out of 1,979 Greater China Equity funds as of 31/03/2021. Based on 86.96% of AUM. Data is based on long positions only.

See Awards Disclaimer on last page.

## 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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Source: Morningstar.

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

<sup>2</sup> Calendar Year Returns: Annual Performance for the stated calendar year.

**Past performance is not an indicator of future performance.**

\* B USD Class.



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