



Strategic China Panda Fund

May 2021 Fund Commentary



Lilian Co
Portfolio Manager

The market has continued to consolidate, with attention shifting to the potential US tapering as their economy begins to normalise. A resurgence of new COVID-19 cases in regions such as India and Taiwan have also curbed risk appetite.

The MSCI China total return index was directionless in May, ending the month slightly up at 0.8%. The Renminbi to USD strength continued, peaking at 6.37 before returning to the level seen just before the start of US-China trade war back in June 2018. The strong economic recovery from the COVID-19 pandemic in China and a weak USD were the major drivers behind this. Soaring YTD commodity prices began to catch market attention on inflation risk, and possible earlier than expected US tapering. Recent reading of the US CPI indicates that the US has already exceeded the Fed's long term target of 2%. Industry wise, Sportswear and Biotech were clear outperformers while Internet, Property and Macau Gaming underperformed the market.

The Q1 results for Internet companies were reported during the month; the general trend was increased investment from the industry leaders. This was particularly the case for e-commerce players as they forayed into community group purchases. Incumbents, like Tencent and Alibaba even guided down their full year profit growth forecast. It seems the market has digested most of the uncertainty brought on by the antitrust crackdown as Internet stocks have now moved into a trading range from the earlier sell off. We believe this sector is near the end of the regulatory cycle.

Property stocks were under pressure again, as land prices continued to soar in recent centralised land auctions across a number of cities. This was disappointing to the markets expectation of lower land prices under the new land sale mechanism. Concern over further margin and cash flow pressures also weighed on the sector. In addition to this, high yield property bond prices suffered in the wake of a liquidity crunch affecting a few Chinese companies including Huarong Asset Management, Sichuan Languang Development and Huaxia Fortune Land. We are mindful of sector liquidity risk, and only invest in Property stocks with strong balance sheets.

The Fund was up 1.2%* in May, bringing the YTD outperformance to 5.8% against the MSCI China. Sportswear and Biotech exposure contributed the most to the gain, adding 1.3% and 0.6% to the portfolio respectively. The strong performance was partially offset by the drag in Media exposure which was down 0.9%. We trimmed weightings in Biotech and Property Management services stocks on the back of share price strength.

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.

Contact

E.I. Sturdza Strategic Management Limited

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

* B 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 May 2021

Annualised Returns % ¹

	1M	3M	1Y	3Y	5Y	10Y	Annualised Inception
B USD Class	1.22	4.63	45.75	9.09	19.01	8.29	13.26
Benchmark	0.77	-4.25	38.70	8.37	16.81	7.29	9.69

Calendar Year Returns % ²

	YTD 2021	2020	2019	2018	2017	2016	Fund Inception
B USD Class	7.49	23.43	29.20	-20.97	64.04	-1.94	383.69
Benchmark	1.73	29.49	23.46	-18.88	54.07	0.90	222.36

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.

Past performance is not an indicator of future performance.

Ratings & Awards



Morningstar Sustainability Rating

Out of 1,974 Greater China Equity funds as of 30/04/2021. Based on 94.75% 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 15/06/2021 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 4-star Overall Morningstar Rating and a 4-star 10-year Morningstar Rating (B USD Class). Morningstar Ratings™ as of 31/05/2021.

The Strategic China Panda Fund received a 5 Globe Morningstar Sustainability Award. Out of 1,974 Greater China Equity funds as of 30/04/2021. Based on 94.75% of AUM. Data is based on long positions only. Historical Sustainability Score as of 31/03/2021. Sustainability Rating as of 30/04/2021. Sustainability provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score.

Morningstar® Disclaimer - Morningstar is an independent provider of investment analysis. The Morningstar rating is a quantitative assessment of past performance that takes into account risk and inputted costs. It does not take into account qualitative elements and is calculated on the basis of a (mathematical) formula. The classes are categorised and compared with similar funds in the asset class, based on their score and they are awarded one to five stars. In each category the top 10% receive 5 stars, the next 22.5% 4 stars, the next 35% 3 stars, the next 22.5% 2 stars, and the last 10% 1 star. The rating is calculated monthly on the basis of historical performance over 3, 5 and 10 years and does not take into account the future performance. © 2021 Morningstar. All Rights Reserved. The information contained herein where relative to Morningstar: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Bloomberg Disclaimer - Data presented herein is obtained via Bloomberg PORT where stated. Any such data is subject to change from the date of production of this document. Such changes may impact upon comparative data between the investment and benchmark presented. Such information therefore is provided for reference purposes only, is subject to change and should not be relied upon for an investment decision.

Morgan Stanley Capital International Disclaimer - Copyright Morgan Stanley Capital International, Inc. 2021. All Rights Reserved. Unpublished. PROPRIETARY TO MORGAN STANLEY CAPITAL INTERNATIONAL INC.

General Disclaimer - This marketing communication relates to E.I. Sturdza Funds Plc (the "Company") and its sub-fund the Strategic China Panda Fund (the "Fund"), an open-ended umbrella investment company with variable capital and segregated liability between Funds incorporated with limited liability in Ireland under the Companies Act 2014 with registration number 461518 and established as an undertaking for collective investment in transferable securities (UCITS) pursuant to the European Directive no 2009/65/EC as amended (the "UCITS directive").

This communication is issued by E.I. Sturdza Funds plc, registered for distribution in: Austria, Finland, France, Germany, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Singapore, Spain, Sweden, Switzerland, the United Arab Emirates and the United Kingdom. The Fund has appointed E.I. Sturdza Strategic Management Limited, as the investment manager and global distributor and is regulated by the Guernsey Financial Services Commission and registered under Company Number: 35985. E.I. Sturdza Strategic Management Limited's registered office address is 3rd Floor, Frances House, Sir William Place, St Peter Port, Guernsey GY1 1GX. E.I. Sturdza Strategic Management Limited is part

of the Eric Sturdza Banking Group. E.I. Sturdza Strategic Management Limited has appointed E.I. Sturdza Investments Limited as sub-distributor. This document is approved for issue in the United Kingdom to professional investors only by E.I. Sturdza Investments Limited, Claridge House, 32 Davies Street, London, W1K 4ND which is an appointed representative of Mirabella Advisers LLP which is authorised and regulated by the Financial Conduct Authority. The information contained herein is estimated, unaudited and may be subject to change.

This document is not intended for US Persons pursuant to Regulation S of the Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended (<https://www.sec.gov>). The Fund presented in this document is not registered under United States federal securities laws or any other applicable law in the states, territories and possessions of the United States of America. Consequently, it cannot be marketed directly or indirectly in the United States (including its territories and possessions or areas subject to its jurisdiction) and to or for the benefit of U.S. Persons. This document is for information purposes only and does not constitute a recommendation to buy, sell or otherwise apply for shares in the Fund and any of the sub-funds, nor does it constitute investment, legal or tax advice. The information contained in this document reflects the opinion of E.I. Sturdza Strategic Management Limited and may change without notice. The Fund is subject to tax laws and regulations of Ireland. Depending on your home country of residence, this might have an impact on your investment. In general, the tax treatment depends on the individual circumstances of each potential investor and may be subject to change in the future. E.I. Sturdza Strategic Management Limited has not considered the suitability of investment against your individual needs and risk tolerance. Any potential investor should assess the suitability of this investment solution to his/her risk profile. Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment program, who understand the degree of risk involved (as detailed under the section headed "Risk Factors" in the Prospectus and Supplement), can tolerate a high level of volatility and believe that the investment is suitable based on the investment objectives and financial needs. Please consult your financial and tax adviser. Investing in the Fund and any other sub-funds involves risks including the possible loss of capital. There can be no assurance that a sub-fund's investment objective will be achieved or that there will be a return on capital. The value of an investment may go down as well as up and you may not get back the amount you originally invested. Past performance and forecasts are not reliable indicators of future results. Performance figures do not take into account commissions, costs incurred on the issue and redemption, nor local taxes. Please note that performance figures, reference benchmarks and asset allocation are provided for information purposes only. Before any investment decisions, you must read the Fund Prospectus, the relevant KIIDs, the articles of incorporation as well as the annual and semi-annual reports, to find out about the inherent risks, fees and conditions of the Fund. These documents are available free of charge at www.ericsturdza.com as well as share prices. Alternatively the Fund documents can be obtained by emailing info@ericsturdza.com. The latest Prospectus is available in English and the KIIDs are available in one of the local languages. KIIDs must be made available to the subscriber prior to subscription.

Switzerland - The Fund is registered with the FINMA for public distribution to Swiss non-qualified investors. The Swiss Representative and Swiss Paying Agent are Banque Eric Sturdza SA, Rue du Rhône 112, P.O.Box 3024, CH-1211 Geneva 3. Copies of the Swiss Prospectus, Swiss KIIDs, Swiss articles of association, Swiss annual and semi-annual reports may be obtained free of charge in English and French at the Swiss representative or at www.ericsturdza.com. Publication of subscription/redemption prices and NAV: www.fundinfo.com

United Kingdom - The Fund is a Recognised fund in the United Kingdom under the Financial Services and Markets Act 2000. This document is a financial promotion and has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000, by E.I. Sturdza Strategic Management Limited, which is an Authorised Schedule 5 entity. UK regulation for the protection of retail clients in the UK and the compensation available under the UK Financial Services Compensation scheme does not apply in respect of any investment or services provided by an overseas person. FE Fundinfo (UK) Ltd – Facilities Agent.