



E.I. Sturdza Strategic China Panda Fund

February 2019 Fund Commentary



Lilian Co

PORTFOLIO MANAGER

During the month, optimism regarding Chinese stocks continued to build. Investor risk appetite returned following the trade truce between the US and China and increased stimulus measures by the Chinese government.

The MSCI China Index rose 3.5% in February, whilst the CSI 300 Index finally played catch up, surging 14.6% and delivering the best monthly performance in nearly 4 years. The catalysts understood to be President Xi's speech, which stressed the importance of the capital market alongside the anticipated increased weighting of A shares in the MSCI indices. Sector wise, technology, insurance and brokers outperformed, while banks and telcos underperformed.

In February, US President Trump tweeted that the US had made substantial progress in trade talks with China and would delay imposing additional tariffs that were originally scheduled to come into effect on the 1st March. A meeting between the two Presidents was also suggested for the near future. Based on this pace, a trade deal is just a matter of time in the Investment Adviser's opinion.



Trade and credit growth was much better than expected in January. Chinese banks granted Rmb 3.2 trillion in new loans, whilst total social financing reached a record high of Rmb 4.6 trillion. In the Investment Adviser's view, it is clear that deleveraging is no longer on the government's agenda. The technology sector had a strong comeback despite profit warnings from names such as AAC Technology and Sunny Optical. The release of foldable phones and 5G models by major brands sparked excitement in the market. The government announced new regulations against underground banks to block loopholes which allow capital outflows, which took effect in February and negatively impact the VIP segment of Macau gaming.

The Fund gained 3.1% in February, with the Fund's overweight in insurance adding value, whilst the Fund's overweight to property, which underperformed, constituted a drag on performance. Exposure to the insurance sector added 1.4% to the Fund's NAV, whereas exposure to the property sector detracted 0.6% from the Fund's performance. The team reduced the Fund's exposure to the property sector after having taken profit following the strong outperformance since last November.

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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* For detailed performance information based on complete 12-month periods since inception, please refer to page 2.



PERFORMANCE DATA As at end of February 2019

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	3Y	5Y	10Y	Fund Inception
USD	3.10	10.63	-16.18	65.58	22.81	180.21	214.56
MSCI China NR USD	3.45	7.94	-11.47	70.31	50.59	186.23	127.73

CALENDAR YEAR PERFORMANCE %

	YTD 2019	2018	2017	2016	2015	2014	Annualised Inception
USD	12.55	-21.37	62.99	-2.43	-1.49	-11.51	11.64
MSCI China NR USD	14.89	-18.88	54.07	0.90	-7.82	7.96	8.23

Past performance is not an indicator of future performance.

AWARDS



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 18/03/19 and are based on internal research and modeling.

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

E.I. Sturdza Strategic China Panda Fund (USD Class) received a 4-star 3-year and 10-year Morningstar Rating™ and a 3-star Overall Morningstar Rating™. Morningstar Ratings as of 28/02/2019.

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Source & Copyright: Citywire. E.I. Sturdza Investment Funds are Platinum and Bronze rated in the Equity Europe Sector and Equity Global Sector respectively by Citywire for their rolling risk adjusted performance, across the sector, over the period 31/12/11 to 31/12/18. Lilian Co is PLUS rated by Citywire for her rolling 3 year risk-adjusted performance, for the period to 28th February 2019.

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