



E.I. Sturdza Strategic China Panda Fund

April 2019 Fund Commentary



Lilian Co
PORTFOLIO MANAGER

In April, investors' risk appetite rose on hopes for an imminent trade deal and, alongside an improving macro environment, lifted Chinese shares further. The MSCI China Total Return Index and the CSI 300 Index rose 2.2% and 1.1% respectively, constituting their fourth consecutive up month. During the month, Chinese liquor and auto stocks outperformed, while brokerage and Chinese property stocks underperformed.

After the economic slowdown in the second half of 2018, March macro data pointed to a stabilising economic trend. Q1 GDP grew by 6.4% YoY, in line with the Q4 2018 growth rate. The PMI came in better than expected at 50.5, returning to an expansionary trend after three months of contraction, as indicated by a PMI lower than 50. In April, credit and trade growth positively surprised the market, with the economy starting to respond to the increased monetary and fiscal stimuli alongside easing trade war concerns.

Performance of Chinese liquor companies remained strong in April given solid first quarter results, with high-end liquor stocks having reported above 20% growth in revenue and profit. According to the Investment Adviser, the growth of the high-end liquor market remains



respectable following the consumption upgrade. This said, the team perceive rich stock valuations as a short-term risk.

The decline in auto sales slowed down in March, spurring expectations of the industry bottoming out. The Investment Adviser however thinks that it is too early to understand this as a turnaround.

Property stocks took a breather in April after a strong YTD performance.

Investors took the government's less dovish tone regarding the property sector as an excuse to take profit. During the month, share placement risk also acted as an overhang to the sector.

The Fund gained 0.5%* in April, taking its YTD performance to a strong 19.65%. The Fund's overweight to the property sector constituted the largest drag on performance (-1.7% contribution to return).

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 April 2019

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	3Y	5Y	10Y	Fund Inception
USD	0.49	9.60	-6.65	64.09	43.64	177.12	234.39
MSCI China NR USD	2.23	8.33	-4.12	59.69	64.14	136.42	138.47

CALENDAR YEAR PERFORMANCE %

	YTD 2019	2018	2017	2016	2015	2014	Annualised Inception
USD	19.65	-21.37	62.99	-2.43	-1.49	-11.51	12.10
MSCI China NR USD	20.31	-18.88	54.07	0.90	-7.82	7.96	8.57

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 15/05/19 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 5-star 10-year Morningstar Rating™ and a 4-star Overall Morningstar Rating™. Morningstar Ratings as of 30/04/2019.

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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 A rated by Citywire for her rolling 3 year risk-adjusted performance, for the period to 30th April 2019.

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