



E.I. Sturdza Strategic China Panda Fund

June 2019 Fund Commentary



Lilian Co
PORTFOLIO MANAGER

The MSCI China Index and CSI 300 Index staged a relief rally after the slide in May, gaining 8.0% and 5.4% respectively on the back of renewed hope of a possible Sino-US trade truce and rising expectations of interest rate cuts in the US, taking returns to 13% and 27% respectively in the first half of 2019.

According to the Investment Adviser, news regarding the US-China trade talk has become a swing factor again, dictating the stock market's direction. The Renminbi strengthened by slightly more than 1% against the US Dollar in June. During the month, sportswear, education and property stocks outperformed, while banking and healthcare stocks underperformed.

At the end of June, trade talks resumed after Trump and Xi met and struck a truce on the sidelines of the G20 meeting. As a gesture of goodwill, Trump held off imposing tariffs on an additional US\$300 billion worth of goods over the next few months. He also announced that US companies could resume business with Huawei, provided the products involved did not threaten national security, which is supportive for the technology supply chain.

According to the team, fundamentals with regards to sportswear companies continued to buck the trend in terms of economic slowdown. The leading domestic player, Li Ning, announced a positive profit alert, with Anta and Xtep also citing resilient Same-Store-Sales growth in the second quarter. The Investment Adviser remains bullish on the sustainable growth of the sportswear sector.

During the month, the policy overhang continued to haunt the healthcare sector, with the Ministry of Finance planning to conduct random inspections of pharmaceutical companies' accounts. This would allow the government to have a transparent view of the healthcare manufacturers' cost structure and pave the path for future price cuts. In Hong Kong, a number of large scale demonstrations against the controversial extradition bill sent the shares of HK retailers down following sinking retail sales.

The Fund gained 9% in June*, outperforming its benchmark by 1% and translating into a half-year return of 16.8% on an absolute basis, an excess return of 3.8%. The Fund's overweight to the property sector and stock selection within the sector, were the major contributors to the outperformance during the month. The Fund increased exposure to China property and Macau gaming stocks, while reducing exposure to packaging paper stocks in June.

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

E.I. Sturdza Strategic
Management Limited
+44 1481 722 322
info@ericsturdza.com
ericsturdza.com

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



PERFORMANCE DATA As at end of June 2019

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	3Y	5Y	10Y	Fund Inception
USD	9.00	-1.94	-5.01	61.99	33.54	136.43	226.32
MSCI China NR USD	8.03	-4.02	-6.73	49.47	42.72	81.87	123.91

CALENDAR YEAR PERFORMANCE %

	YTD 2019	2018	2017	2016	2015	2014	Annualised Inception
USD	16.76	-21.37	62.99	-2.43	-1.49	-11.51	11.64
MSCI China NR USD	12.97	-18.88	54.07	0.90	-7.82	7.96	7.80

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 09/07/19 and are based on internal research and modeling.

WARNING

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AWARDS DISCLAIMER

E.I. Sturdza Strategic China Panda Fund (USD I Class) received a 5-star Overall Morningstar Rating and a 5-star 10-year Morningstar Rating. Morningstar Ratings™ as of 30/06/2019.

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Source & Copyright: Citywire. Lilian Co is A rated by Citywire for her rolling 3 year risk-adjusted performance, for the period to 30th June 2019.

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