



Strategic China Panda Fund

July 2019 Fund Commentary



Lilian Co
PORTFOLIO MANAGER

After the rally in June, the market moved without clear direction in July. The MSCI China Index declined -0.5% during the month, while the CSI 300 index gained 0.3%. On a stock-level, sportswear, healthcare and technology stocks outperformed, while REITs, Hong Kong retail and property (including Chinese property) stocks underperformed.

GDP growth slowed from 6.4% in Q1 to 6.2% in Q2 against the impact of the protracted trade war. According to the Investment Adviser, this figure was generally expected by the market. In China, YoY retail sales grew by 9.8% in June, up from 7.2% and 8.6% YoY growth in April and May respectively, indicating resilient domestic consumption despite a slowing economy. The latest Politburo meeting reiterated the Government's proactive fiscal policy and prudent monetary policy stance, in-line with the previous policy.

During the month, Hong Kong retail and property stocks underperformed, as did REITs. Hong Kong's protests, which have been ongoing since June and recently been subject to escalating violence, have started to hurt retail sales, which were down 6.7% YoY in July, with retail companies also reporting declining sales growth in June. The Investment Adviser expects the protests to continue for another month or two, but believes that they are likely to gradually die down, referring to the last big scale protest as a guide, which took place in 2014 and lasted for 79 days.

For the first time, the Chinese government explicitly stated that China would not use the property market as a short-term measure to stimulate the economy. Against this background and coupled with the tightening of property trust financing, investors sold Chinese property stocks, despite healthy monthly property sales growth.

The Fund* declined -0.4% in July, outperforming its benchmark by 0.1%. During the month, exposure to sportswear stocks contributed most significantly to return, having gained 1.3%. On the other side of the spectrum, the real estate sector dragged on performance, with a -0.9% 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 July 2019

CUMULATIVE PERFORMANCE %

	1M	3M	1Y	3Y	5Y	10Y	Fund Inception
USD	-0.41	-2.81	-0.62	52.63	30.65	108.84	224.99
MSCI China NR USD	-0.54	-6.62	-4.86	43.65	31.33	63.20	122.69

CALENDAR YEAR PERFORMANCE %

	YTD 2019	2018	2017	2016	2015	2014	Annualised Inception
USD	16.29	-21.37	62.99	-2.43	-1.49	-11.51	11.51
MSCI China NR USD	12.35	-18.88	54.07	0.90	-7.82	7.96	7.68

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 14/08/19 and are based on internal research and modeling.

WARNING

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Strategic China Panda Fund (USD I Class) received a 5-star Overall Morningstar Rating and a 5-star 10-year Morningstar Rating (USD Class). Morningstar Ratings™ as of 31/07/2019.

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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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