

CFund – China Equity

Disclaimer:

1. CFund - China Equity (the "Fund") invests in (a) stocks listed in China (including Hong Kong, Shanghai and/or Shenzhen) or (b) equity securities listed in Hong Kong of companies established in China or its principal business is located in China or its current majority of income or earnings derived from China. This may result in a higher volatility than a broad-based fund.
2. The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting Hong Kong and China markets.
3. The Fund may invest in derivatives. The use of derivatives exposes the Fund to additional risks, including volatility risk, liquidity risk and counterparty/credit risk and credit risk regarding access product issuer.
4. The Fund may invest into other funds. There will be additional costs involved.
5. The Fund can invest in China A-shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect programme. These programmes are subject to regulatory risks and other risks such as quota limits, volatility risks and settlements risks.
6. The Fund does not apply any equalisation in the calculation of performance fee, therefore there may be circumstances where an investor may either be advantaged or disadvantaged as a result of the performance fee calculation methodology. Specifically, in the event of the Fund's outperformance, an investor may be subject to a performance fee regardless of whether a loss in investment capital has been suffered by the investor.
7. Investments involve risks. The Fund, like most funds, does not provide any guarantees. You have the opportunity to lose some or all of your investment. Investment decisions should not be made solely on the basis of this promotional material. Please refer to the explanatory memorandum for information before investing to understand the risk factors and other information. If you have any questions, please contact your financial advisor and seek professional advice.

Investment Objective and Strategy

The investment objective of the Fund is to provide long-term capital appreciation by primarily investing in listed equities with a China focus. There can be no assurance that the Fund will achieve its investment objective.

The Fund seeks to achieve its objective primarily through exposure to companies established in China or those which, whilst established outside China, derive a significant proportion of their revenue or profits from business related to China. The Fund makes investments into companies that, in the Manager's opinion, have been undervalued by the market. There is no restriction on market capitalizations or industries in relation to the equity securities in which the Fund may invest.

The Fund primarily invests in stocks listed in Hong Kong, Shanghai and/or Shenzhen. Generally, the asset allocation strategy is that at least 70% of the Fund's non cash assets will be invested in stocks listed in Hong Kong of companies established in China or those which, whilst established outside China, derive a significant proportion of their revenue or profits from business related to China, and 0% to 20% of the Fund's non cash assets will be invested in stocks listed in Shanghai and/or Shenzhen (including stocks in the ChiNext market and/or stocks listed on the Small and Medium Enterprise Board ("SME Board")).

Fund Information

Investment Manager	Pickers Capital Management Limited
Fund Size	HKD 319 million
Subscription fee	Up to 5% of NAV
Management fee	1.50%
Performance fee	15% (High-water mark)
Redemption fee	Nil
Dealing day	Daily
Trustee	BOCI-Prudential Trustee Limited
Bloomberg Code	CFCHIEQ HK Equity
ISIN CODE	HK0000483724
NAV	HKD 111.917

Portfolio Performance

As per regulatory requirement, historical performance of the fund will be disclosed only after six months from its launch. To find out the latest fund price, please go to our website: www.pickerscapital.com

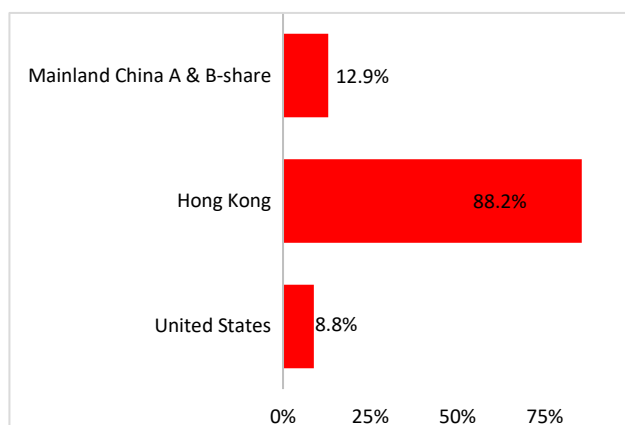


Portfolio Statistics

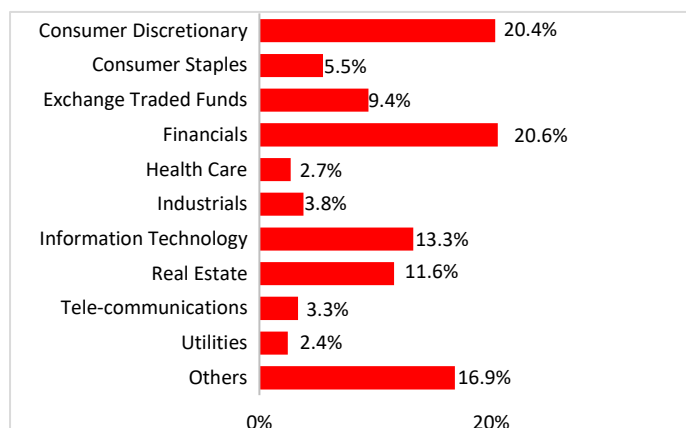
Top 10 Stock Holdings

Top 10	Stock Name	%
1	Ping An Insurance Group Co Ltd-H	5.02%
2	ChinaAMC CSI 300 Index ETF	4.72%
3	Hong Kong Exchanges & Clear	4.51%
4	AIA GROUP LTD	4.50%
5	Tencent Holdings Ltd	4.39%
6	Alibaba Group Holding SPON ADR	3.84%
7	Brilliance China Automotive	3.83%
8	Kweichow Moutai (SSHK)	3.65%
9	CITIC Securities Co Ltd-H	3.42%
10	Sunac China Holdings Ltd	3.06%

Geographical Exposure by Listing



Industry Exposure



Fund Manager's Comment

Markets took a breather in March, after a strong start to the year. January and February saw lower quality names outperform, as the "hope" trade was driven by optimism around a Sino-US trade truce and China's stimulus measures. In March, market focus returned to fundamentals, with earnings results taking center stage. In general, corporates cite the worse has passed, but have limited conviction in guiding forward demand outlook.

Until earnings recovery becomes more visible, policy will continue to have an outsized impact on share prices. We highlight two policy trends. Trend (1): On top of outright subsidies, tax cuts and transaction cost reductions give room for corporates, especially in the consumer sector, to lower selling price to stimulate demand. Trend (2): Deleveraging is still affecting state-owned enterprises, with dividend payout ratios constrained by highly levered balance sheets.

A case in point is China Resources Power versus Guangdong Investment, both utilities which saw earnings decline in 2018, partly due to one-off factors. Contrary to market expectations, CRP cut dividends, citing the government's deleveraging directive and upcoming capital expenditure. GDI, on the other hand, raised dividend per share on the back of a strong net cash balance sheet. At the time of writing, post results share price performance is -17% for CRP versus -3% for GDI. Investors seeking dividend sustainability should consider both earnings defensiveness and net gearing levels.

All comments, opinions or estimates contained in this Fund Manager's Comment are entirely fund manager's judgement as of the date of this report and are subject to change without notice. This material is issued by Pickers Capital Management Limited.



C 基金 - 中國股票

重要事項：

1. C 基金-中國股票(「本基金」) 投資於(a)在中國(包括香港、上海及/或深圳)買賣的或(b)在中國成立的機構或其主要業務位於中國或其目前重大部分收入或盈利源自中國的機構且在香港上市所發行的股本證券。這可能導致其波動性高於包含廣泛的全球投資的組合。
2. 本基金的價值可能會更容易受到影響中國及香港市場本身的不利的經濟、政治、政策、外匯、流動性、稅務、法律或規管活動影響。
3. 本基金可使用衍生工具和連接產品，該等工具可能涉及額外風險，其中包含較高的波動性和流動性風險以及承受有關連接產品發行人的信貸風險。
4. 本基金也可投資於其他基金，投資於這些基礎基金可能涉及額外成本。
5. 本基金可通過滬港通及深港通機制投資於中國 A 股。此等機制須承受監管風險及其他風險如額度限制、波動風險及結算風險等。
6. 計算表現費的方法會產生風險，導致即使進行贖回的單位持有人的投資資本已蒙受虧損，該單位持有人仍有可能須就有關單位承受表現費。投資者應注意，概不就個別單位 持有人進行平衡信貸或平衡虧損的調整。
7. 投資基金涉及風險，本基金與大部分基金一樣，並不提供任何保證。閣下有機會損失部分或全部的投資。不應單靠此宣傳資料而作出投資決定，投資前請參閱基金說明書，了解風險因素等資料。若閣下如有疑問，謹請與閣下的財務顧問聯絡及諮詢專業意見。

投資目標及策略

本基金的投資目標是主要透過投資於聚焦中國的上市股票，以提供長期資本增值。不能保證本基金能實現其投資目標。

本基金主要透過投資於設於中國的公司或雖然設於中國境外但其相當比例的收入或利潤來自中國業務的公司，以達到其目標。本基金所投資的公司是經理人認為市場估值一直偏低的公司。本基金可投資的股本證券，就市值或行業而言均不設定限制。

本基金主要投資於在香港、上海及/或深圳上市的股票。一般而言，資產配置策略是本基金至少 70% 的非現金資產將投資於設於中國的公司或雖然設於中國境外但其相當比例的收入或利潤來自中國業務的公司在香港上市的股票，而本基金 0% 至 20% 的非現金資產將投資於在上海及/或深圳(包括在創業板市場的股票及/或在中小企業板(「中小企業板」)上市)的股票)。

基金摘要

投資經理	鵬格斯資產管理有限公司
基金資產淨值	319 百萬港元
首次認購費	最高為認購額的 5%
管理費	每年 1.5%
表現費	15% (高水位)
贖回費用	不適用
交易日	每日
信託人	中銀國際英國保誠信託有限公司
彭博編號	CFCHIEQ HK Equity
國際證券識別碼	HK0000483724
資產淨值	港元 111.917

表現分析

根據監管規定，以上資料須於投資基金成立滿六個月後方予提供。

要了解最新的基金價格，歡迎瀏覽我們的網站：www.pickerscapital.com

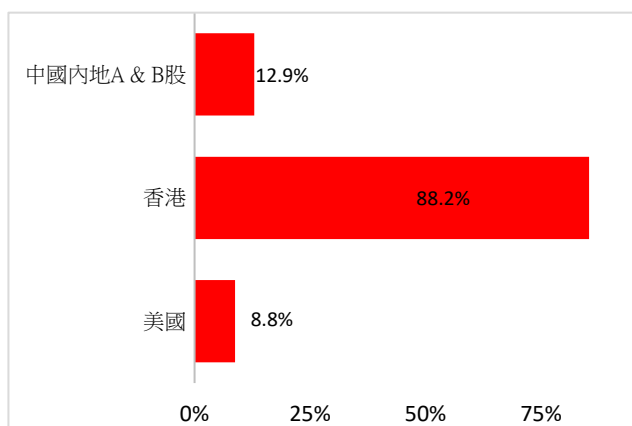
基金分佈數據



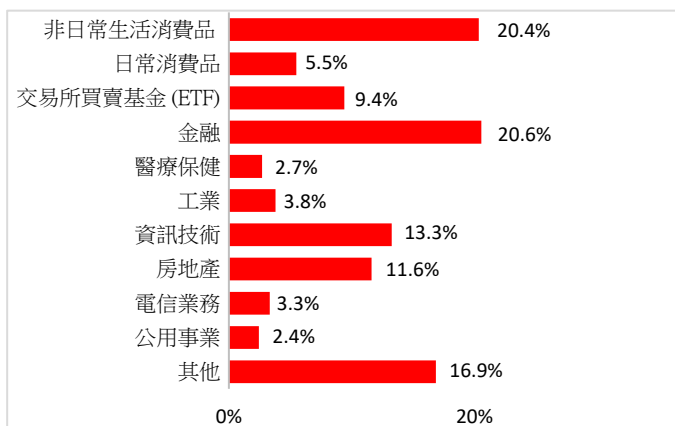
十大持股

十大持股	股票名稱	%
1	中國平安 'H'	5.02%
2	華夏基金 ETF 系列－華夏滬深 300	4.72%
3	香港交易所	4.51%
4	友邦保險	4.50%
5	騰訊控股	4.39%
6	阿里巴巴集團	3.84%
7	華晨中國汽車	3.83%
8	貴州茅台 'A' (SSHK)	3.65%
9	中信証券 'H'	3.42%
10	融創中國控股	3.06%

組合地區分佈



組合行業分佈



基金經理人評論

在今年頭兩個月強勁的開局後，港股於三月份表現波動，給予市場短暫的喘息空間。由於中美貿易戰逐漸明朗化以及內地刺激經濟的政策不斷出台，在一二月時帶起了投資者的樂觀情緒，導致部份低質量的股票表現都優於大市。而三月份踏入了去年度的業績發佈期，市場焦點回歸於公司的基本面。整體來說，大部份公司管理層都稱市場已渡過了最差的日子，但很少能夠給予一個明確的未來業績指引。

相信直至第一季業績出現更明顯的盈利增長前，市場會繼續被內地政策影響股價走勢。我們強調兩個政策趨勢：(1) 除了補貼外，降稅及交易成本減少將給予企業空間調整產品價格，尤其在消費領域，產品銷售價格下降將會刺激消費需求；(2) 去槓桿化仍然影響著國有企業，股息支付率將持續受高槓桿的資產負債表所限制。

其中一個典型的對比就是華潤電力和粵海投資。這兩家公用事業 2018 年盈利都出現了下滑，部分是因為一次性因素。與市場預期相反，華潤電力削減了股息，其給出的理由是政府的去槓桿化方向和即將到來的資本支出。另一方面，粵海投資在淨現金資產表的支持下提高了每股股息。在撰寫本評論時，華潤電力財報發布後股價下滑 17%，而粵海投資下降 3%。如果投資者追求持續性的股息收入，需要分析公司的盈利防守性以及淨資產負債水平。

以上基金經理人評論中刊發的評論、意見或預測是鵬格斯資產管理有限公司截至這個日期的判斷，如有更改恕不另行通知。本文件由鵬格斯資產管理有限公司刊發。

