

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. Past performance is not indicative of future performance. 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

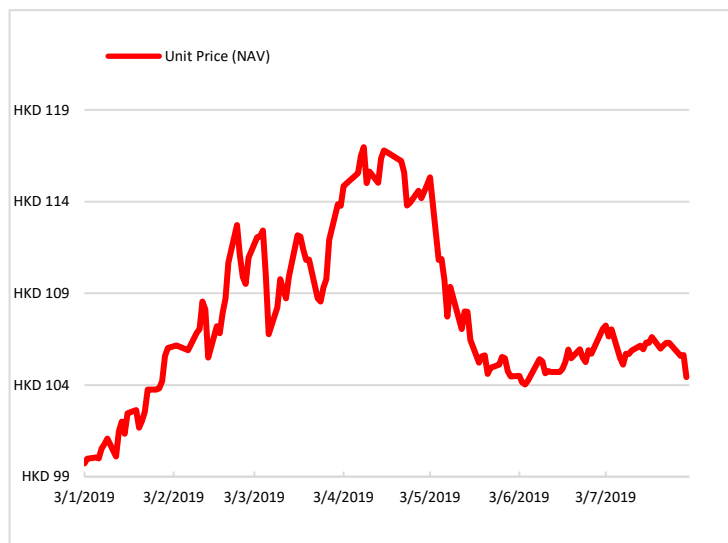
Investment Manager	Pickers Capital Management Limited
Fund Size	HKD 326 million
Subscription fee	Up to 5% of NAV
Management fee	1.50%
Performance fee	15% (High-water mark)
Redemption fee	Nil
Dealing day	Daily
Trustee	BOCI-Prudential Trustee Limited
Bloomberg Code	CFCHIEQ HK Equity
ISIN CODE	HK0000483724
NAV	HKD 104.4313

Portfolio Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	5.58%	3.72%	2.20%	2.03%	-8.52%	1.20%	-1.21%						4.43%



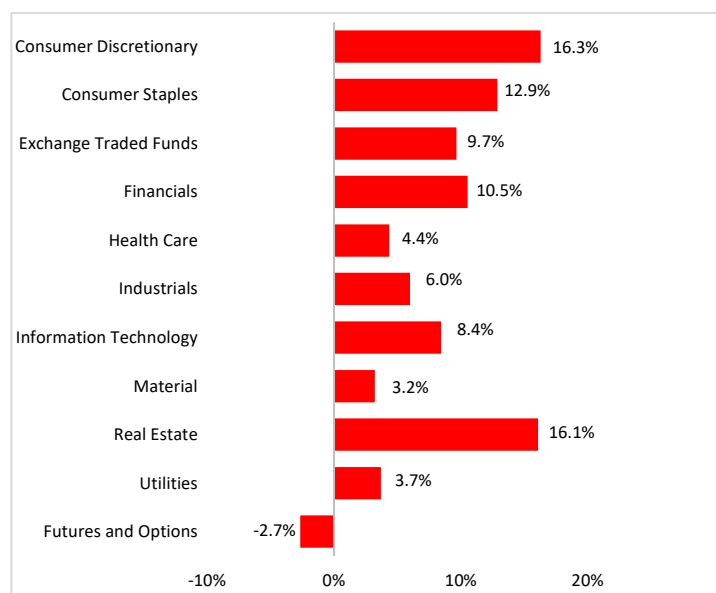
Performance Since Inception (HKD)



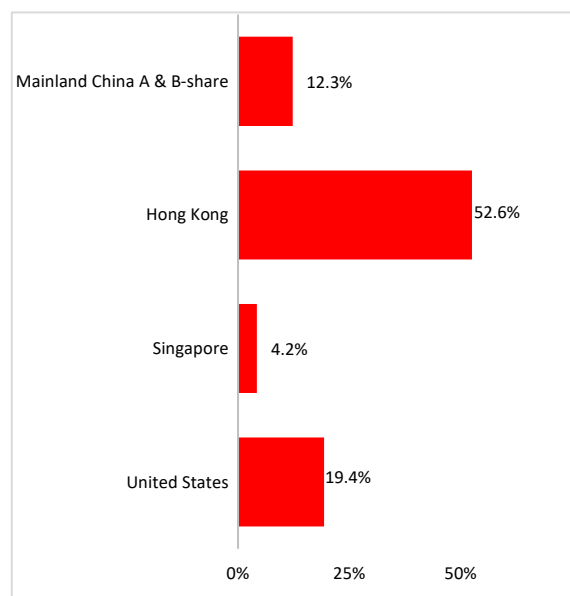
Top 10 Stock Holdings

Top 10	Stock Name	%
1	Kweichow Moutai (SSHK)	4.59%
2	Alibaba Group Holding SPON ADR	4.16%
3	Sino Biopharmaceutical Ltd	3.89%
4	Tencent Holdings Ltd	3.71%
5	Link REIT	3.70%
6	AIA GROUP LTD	3.56%
7	Ping An Insurance Group Co Ltd-H	3.51%
8	SPDR GOLD TRUST	3.49%
9	Hong Kong and China Gas Co. Ltd	3.47%
10	Hong Kong Exchanges & Clear	3.46%

Industry Exposure



Geographical Exposure by Listing



Fund Manager's Comment

Hong Kong equities retreated 2.7% in July as the local political situation deteriorated and as market expectations regarding the magnitude of the July Fed rate cut moderated. Post G20 trade talks between China and the US failed to achieve any concrete results.

As Hong Kong's anti-extradition bill protests continue to escalate and make global headlines, the domestic economy and investor confidence have taken a hit. Short term earnings impact is certain, but how the conflict is eventually resolved is more relevant to valuations.

At the time of writing, the Sino-US trade drama continues, with Donald Trump's announcement of tariffs on the remaining US\$300bn of imports from China marking yet another breakdown in trade negotiations and sparking renewed tit-for-tat tactics between the two nations, including the US officially labelling China a currency manipulator (an assertion that is not supported by the IMF).

While the subsequent move to delay tariffs on some items to December 15th offer some breathing space for both sides, Trump's recent comments linking trade talks with Hong Kong further complicates analysis. Elsewhere in Asia and further afield, political risks are also rising.

Against this backdrop, we reduced the Fund's exposure and risk profile significantly at the start of August while capturing some special situation opportunities, which have less correlation with the overall market. We have already started to redeploy our cash in stages as valuations become more attractive after the sharp correction.

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.



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