

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

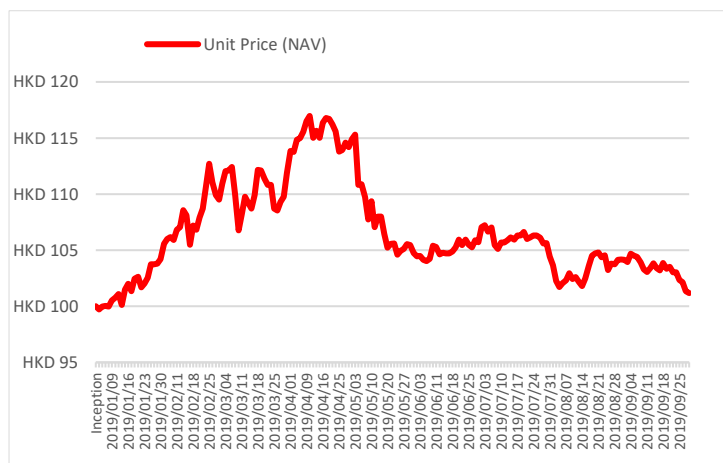
Investment Manager	Pickers Capital Management Limited
Fund Size	HKD 316 million
Subscription fee	Up to 5% of NAV
Management fee	1.50%
Performance fee	15% (High-water mark)
Redemption fee	Nil
Dealing day	Daily
Trustee	BOCI-Prudential Trustee Limited
Bloomberg Code	CFCHIEQ HK Equity
ISIN CODE	HK0000483724
NAV	HKD 101.1857

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%	-0.24%	-2.87%				1.19%



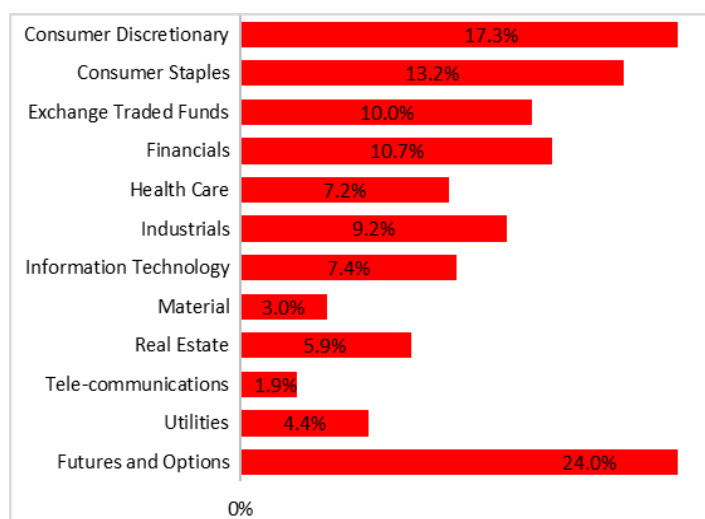
Performance Since Inception (HKD)



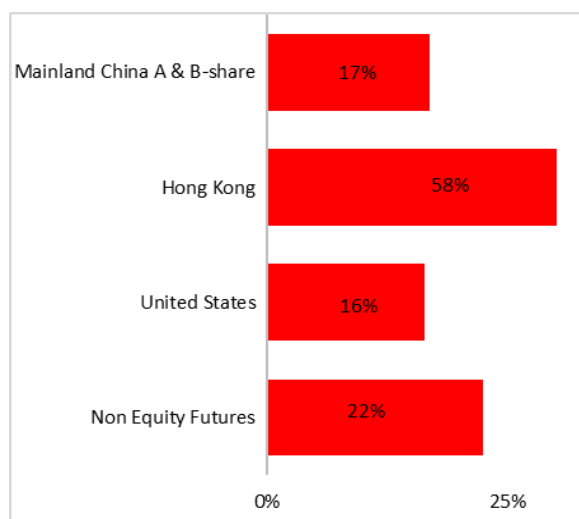
Top 10 Stock Holdings

Top 10	Stock Name	%
1	Kweichow Moutai (SSHK)	4.91%
2	Ping An Insurance Group Co Ltd-H	4.03%
3	SPDR GOLD SHARES	4.00%
4	Alibaba Group Holding SPON ADR	3.56%
5	AIA GROUP LTD	3.43%
6	Hong Kong Exchanges & Clear	3.27%
7	Tencent Holdings Ltd	3.24%
8	Anta Sports Products Ltd	3.11%
9	PROSHARES ULTRAPRO QQQ ETF	3.03%
10	Maanshan Iron & Steel-H	2.97%

Industry Exposure



Geographical Exposure by Listing



Fund Manager's Comment

September was a month of two halves for the Hong Kong market, recovering over 6% at one point on the back of a full withdrawal of the extradition bill and a resumption of Sino-US trade talks, only to give back most of those gains by month-end, as local unrest failed to abate.

Within China mainland-centric stocks, style rotation saw outperformance of cyclicals at the expense of quality defensives, negatively impacting the Fund's performance during the month. We did not participate in the rotation and actually introduced one more quality consumer name to our portfolio: Budweiser APAC.

Despite our positive view on the premiumization trend in China's beer industry and Budweiser's leading position the high-end segment, we did not subscribe during its first IPO attempt back in July. We took advantage of poor market sentiment and improved deal dynamics and participated in its second attempt at listing. What made us more positive? (1) After the sale of its mature Australian business to Asahi, the company's overall growth profile became clearer, with the bulk of earnings coming from China. (2) In July, there was no cornerstone and an estimated 70% of the investor base was hedge funds. This time, a much deeper-pocketed and longer-term-focused sovereign wealth fund GIC accounted for 23% of the base offering. (3) Finally, we believe the company's primary objective was no longer maximizing the listing price, but rather ensuring a successful listing – reminiscent of past cases like Link REIT, which turned out to be a good long-term investment.

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.

