

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.
8. The Manager currently intends to make quarterly dividend distribution at its discretion. Dividends may be paid out of capital or effectively out of capital of the relevant Class and may result in an immediate reduction of the Net Asset Value per Unit of the Fund.

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.

Under normal circumstances, the asset allocation strategy is that at least 70% of the Fund's Net Asset Value will be invested in stocks 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 (including but not limited to investment in depositary receipts such as American Depositary Receipts), and, subject to an overall upper limit on onshore PRC exposure of 20% of the Fund's Net Asset Value, up to 20% of the Fund's Net Asset Value will be invested directly or indirectly in stocks listed in Shanghai (including stocks listed on the Sci-Tech Innovation Board (the "STAR Board")) and/or Shenzhen (including stocks in the ChiNext market and/or stocks listed on the Small and Medium Enterprise Board (the "SME Board")).

Fund Information

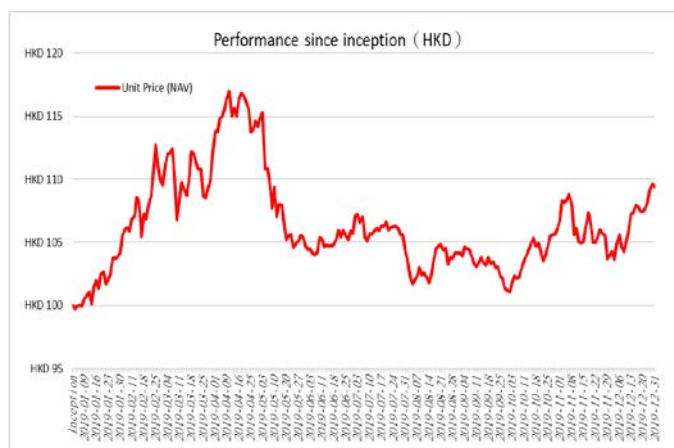
Investment Manager	Pickers Capital Management Limited
Fund Size	HKD 342 million
Subscription fee	Up to 5% of NAV
Management fee	1.50%
Performance fee	15% (High-water mark)
Redemption fee	Nil
Dealing day	Daily
Trustee	BOCI-Prudential Trustee Limited
Bloomberg Codes	A Units HKD (Acc): CFCHEQ HK Equity A Units HKD (Dist): CFCHEH HK Equity A Units RMB (Acc): CFCCECA HK Equity
ISIN CODES	A Units HKD (Acc): HK0000483724 A Units HKD (Dist): HK0000563889 A Units RMB (Acc): HK0000563897
NAV	HKD 109.4271

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%	4.87%	-2.29%	5.53%	9.43%



Performance Since Inception (HKD)



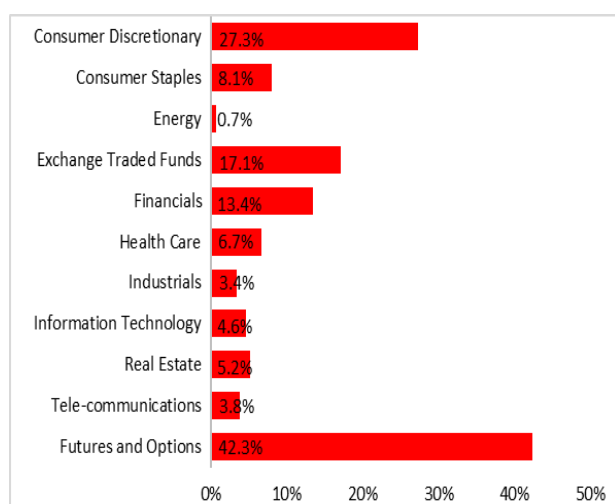
#Top 10 Stock Holdings

Top 10	Stock Name	%
1	* Alibaba Group Holding	5.94%
2	Kweichow Moutai (SSHK)	4.69%
3	AIA GROUP LTD	4.19%
4	Ping An Insurance Group Co Ltd-H	3.99%
5	Meituan Dianping	3.68%
6	Anta Sports Products Ltd	3.27%
7	Zhongsheng Group Holdings	3.25%
8	Sino Biopharmaceutical Ltd	2.94%
9	Country Garden Services Holding	2.90%
10	Gree Electric Appliances Inc-A (SZHK)	2.90%

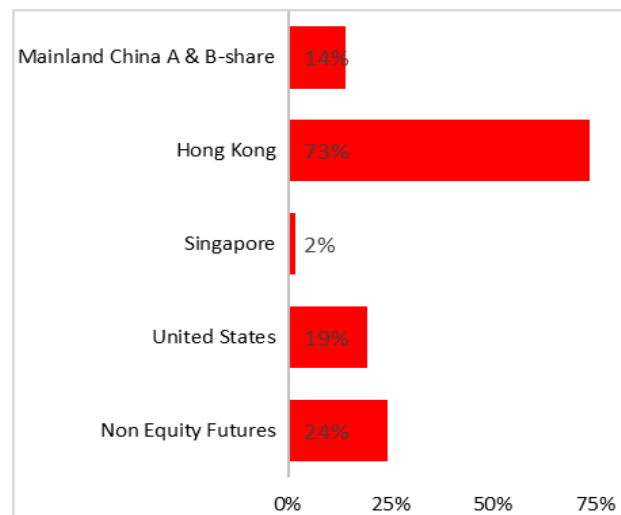
* Alibaba Group Holding included Hong Kong Stock & ADR

#Top 10 Holdings do not include ETF.

Industry Exposure



Geographical Exposure by Listing



Fund Manager's Comment

CFund – China Equity finished its inaugural year up 9.43% (after fees) amid a tumultuous backdrop. 2019 saw Hong Kong political unrest making international news headlines, competing with drama from around the world including the trade war, Brexit and Trump's impeachment. The Hang Seng Index understandably was a roller coaster ride through the year.

Heading into 2020, the Fund is fully invested. We continue to favor structural ideas in the consumer sector, where we have a preference for brands, services and new distribution channels. In the more volatile technology sector, we have selectively added names that benefit from product upgrade and localization. We maintain our gold exposure as a hedge against potential political surprises in a US election year and given our view that major central banks are not yet ready to exit the low interest rate era.

In terms of stock picks, we highlight Chinese sportswear brand, Anta. Despite falling out of favor in Nov/Dec due to concerns over a warm winter and growth sustainability, Anta remains our core holding. Over the years, Anta has proven itself as a skilled operator with above peer store productivity and working capital metrics and a good M&A track record. We like its multi-brand strategy, which attempts to capture demand at different price points and functionalities, and view its recent acquisition of Amer Sports as a logical step to further expand its brand portfolio and bring the company to its next stage of growth.

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.

