

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

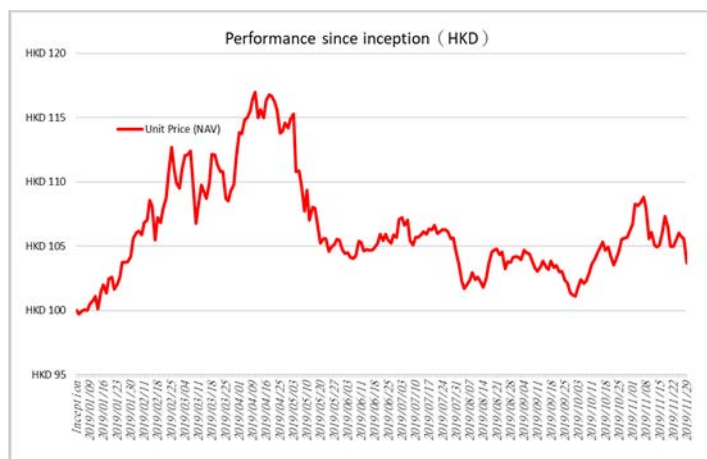
Investment Manager	Pickers Capital Management Limited
Fund Size	HKD 326 million
Subscription fee	Up to 5% of NAV
Management fee	1.50%
Performance fee	15% (High-water mark)
Redemption fee	Nil
Dealing day	Daily
Trustee	BOCI-Prudential Trustee Limited
Bloomberg Code	CFCHIEQ HK Equity
ISIN CODE	HK0000483724
NAV	HKD 103.6917

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%		3.69%



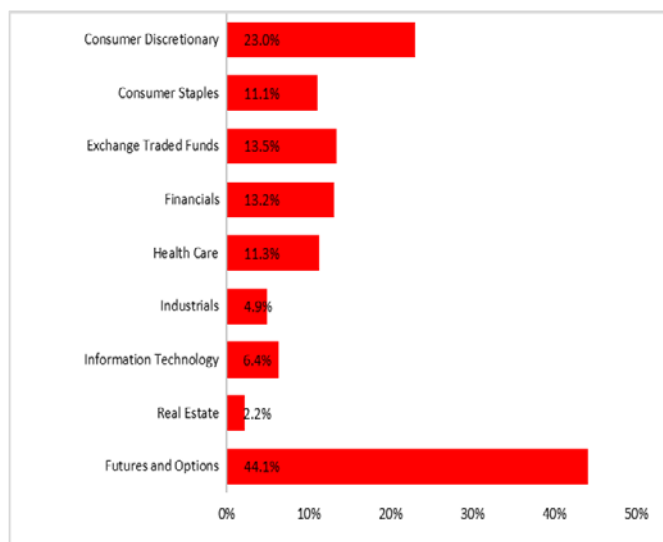
Performance Since Inception (HKD)



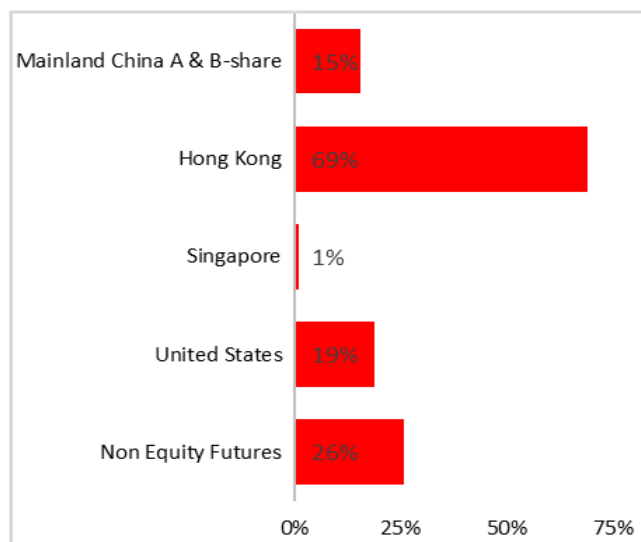
Top 10 Stock Holdings

Top 10	Stock Name	%
1	Kweichow Moutai (SSHK)	4.73%
2	Alibaba Group Holding SPON ADR	4.12%
3	AIAGROUP LTD	4.03%
4	Meituan Dianping	3.91%
5	Ping An Insurance Group Co Ltd-H	3.84%
6	PROSHARES ULTRAPRO QQQ ETF	3.70%
7	Anta Sports Products Ltd	3.67%
8	Zhongsheng Group Holdings	3.01%
9	Country Garden Services Holding	2.97%
10	Brilliance China Automotive	2.95%

Industry Exposure



Geographical Exposure by Listing



Fund Manager's Comment

China equities were weak in November. Macroeconomic data released during the month disappointed, with retail sales, industrial output and fixed asset investment all below expectations. Despite strained relations due to the passing of the Hong Kong Human Rights and Democracy Act, renewed hopes of a phase 1 US-China trade deal saw cyclical stocks like technology hardware outperform.

Pharmaceutical stocks, which surged in the runup to the National Drug Reimbursement List results, corrected at month-end, as the focus returned to worsening competitive dynamics under the centralized procurement program. We reduced our exposure to the sector, keeping those players that have a combination of strong product pipelines and healthy balance sheets to weather potential regulatory changes.

We are closely monitoring the mainland property sector for evidence of policy easing. At the local government level, there has been relaxation of some administrative measures, with the latest examples being in Foshan and Chengdu. At the central government level, the CSRC's approval of two property developers' share issuance is a much more telling signal. It is the first loosening of financing channels for the sector in this cycle and could be a sign of changing attitudes towards the use of stimulus at the broader market level.

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.

