CFund – China Equity

Important Note:

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 351 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): CFCHIEQ HK Equity A Units HKD (Dist): CFCHEHI 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 112.7494

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%
2020	-1.33%	0.02%	-8.48%	8.68%	4.97%								3.04%

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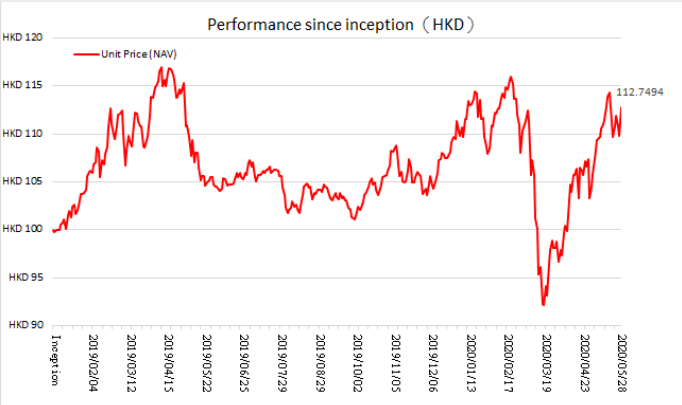
Performance Since Inception（HKD）

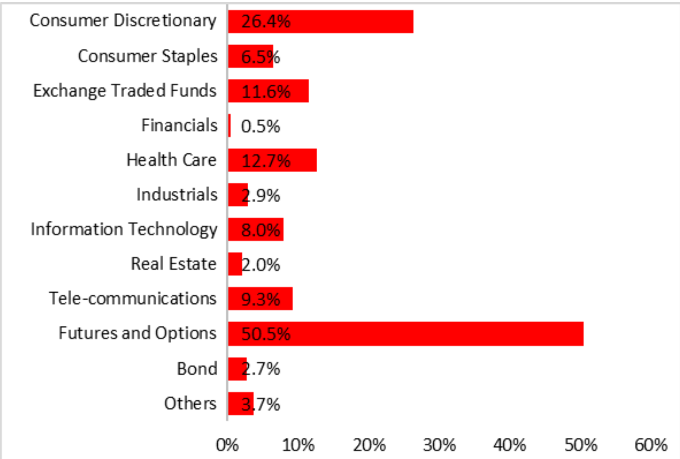


#Top 10 Stock Holdings

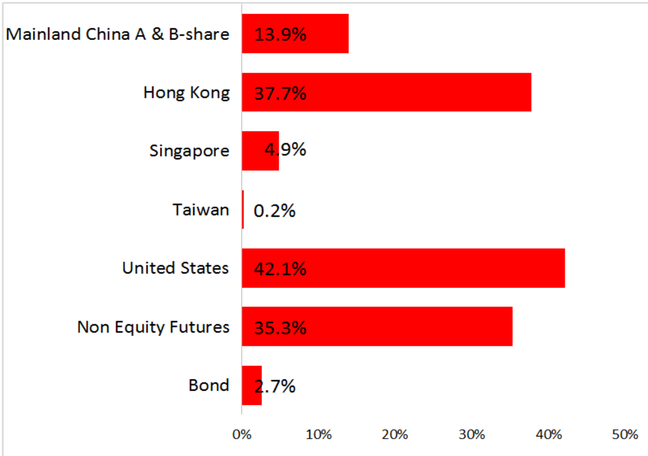
Top 10	Stock Name	%
1	JD.COM ADR REP 2 CL A ORD	5.67%
2	Alibaba Group Holding SPON ADR	5.52%
3	Tencent Holdings Ltd	5.17%
4	Meituan Dianping	5.03%
5	Kweichow Moutai (SSHK)	3.47%
6	TESLA INC	3.09%
7	MICROSOFT ORD	2.98%
8	AMAZON.COM INC	2.86%
9	BILIBILI INC-SPONSORED ADR	2.25%
10	ZOOM VIDEO COMMUNICATIONS-A	2.12%

#Top 10 Holdings do not include ETF.

Industry Exposure



Geographical Exposure by Listing



Fund Manager's Comment

May was a month of divergence for Hong Kong versus global equity markets. Hong Kong corrected sharply on fears over the national security law while global markets continued to rebound on hopes of economies gradually reopening. We held the view that the prospect of global economic recovery outweighed the uncertainty posed by Hong Kong politics, and that any sanctions by the US would be gradual rather than abrupt, as the US adjusts to protect its interests before taking more drastic measures. There were also no clear signs of massive capital outflow from Hong Kong, with the HKD at the strong end of its band, buoyed by carry trades arbitraging the HK-US interest rate differential and short-term impact from a heavy IPO pipeline.

As a result, we took a contrarian view and maintained our high exposure despite the sharp correction in the Hang Seng Index. We took advantage of the correction in Hong Kong centric names to pick up Hong Kong Exchange & Clearing, which is a beneficiary of the return of Chinese ADR's to Hong Kong for secondary listing and increasing cross-border flows. The potential for greater contribution from new derivative products, in our view, will be much further out, as it takes a long time to build scale and change institutional habits.

At the time of writing, our view has been vindicated. With no major actions declared by the US, a strong HKD, and re-opening of major economies on track, the Hong Kong market quickly rebounded in relief. As the market continues to grind higher, we are seeing rotation out of quality secular outperformers into cyclical names that have underperformed. While we are cognizant the move is driven by underlying economic recovery, we are reluctant to switch out of our core holdings merely due to relative underperformance. In fact, we are taking the opportunity to further refine our portfolio, increasing concentration in conviction names in consumption, technology and healthcare.

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