

CFund – China Equity

Fund Monthly Report | September 2020

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 for the A Units HKD (Dist) class 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

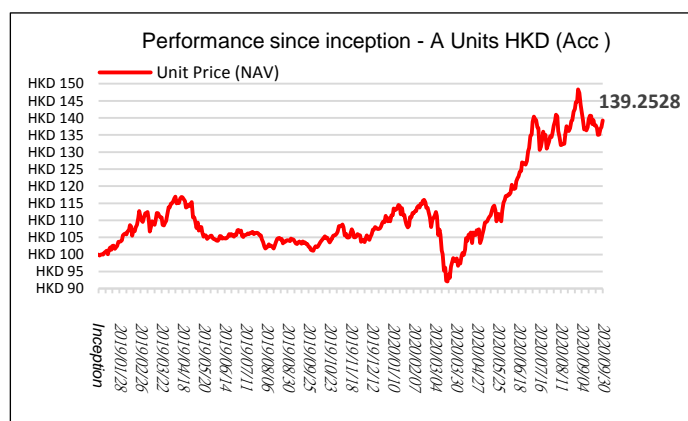
Investment Manager	Pickers Capital Management Limited	
Fund Size	HKD 400 million	
Subscription fee	Up to 5% of NAV	
Management fee	1.50%	
Performance fee	15% (High-water mark)	
Redemption fee	Nil	
Dealing day	Daily	
Trustee	BOCI-Prudential Trustee Limited	
Classes	Current NAV/Unit	Launch Date
A Units HKD (Acc)	HKD 139.2528	02/01/2019
A Units HKD (Dist)	HKD 112.2028	16/06/2020
A Units RMB (Acc)	RMB 100.0000	30/09/2020
Classes	Estimated Annualized Yield^A	Record Date
A Units HKD (Dist)	4.0%	30/09/2020
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	

Fund Performance (Class A HKD (Acc) Units)

	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%	12.93%	6.44%	6.80%	-3.79%				27.26%



Performance Since Inception (Class A HKD (Acc) Units)

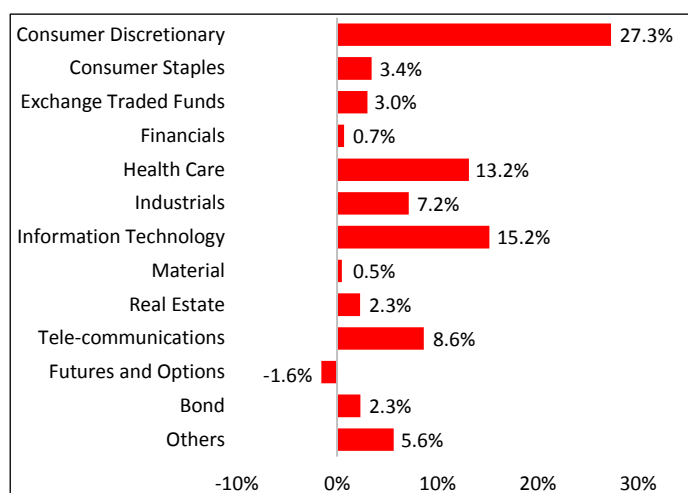


#Top 10 Stock Holdings

Top 10	Stock Name	%
1	Tencent Holdings Ltd	4.78%
2	ALIBABA GROUP HOLDING-SP ADR	4.78%
3	Meituan Dianping	4.55%
4	TESLA INC	4.28%
5	JD.COM ADR REP 2 CL A ORD	4.02%
6	WuXi Biologics (Cayman) Inc.	3.76%
7	S F Holding Co Ltd-A (SZHK)	3.15%
8	ZOOM VIDEO COMMUNICATIONS-A	2.97%
9	XIAOMI CORP-CLASS B	2.90%
10	NB: AMPEREX TECH (SZHK)	2.46%

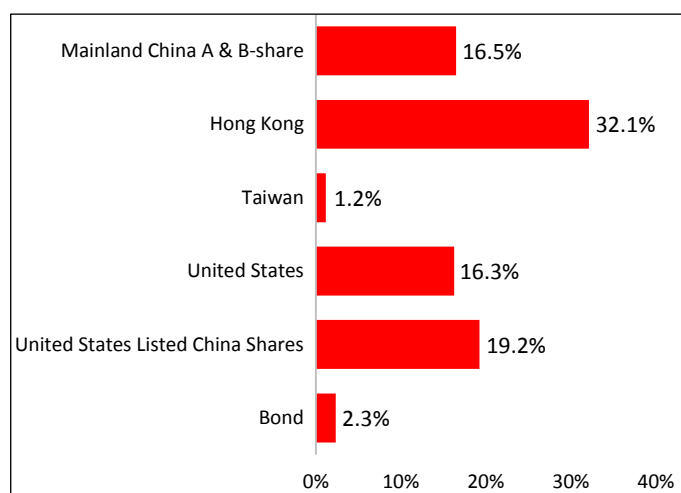
#Top 10 Holdings do not include ETF.

Industry Exposure¹



1. Industry Exposure excludes non-equity futures and options

Geographical Exposure by Listing²



2. Geographical Exposure excludes non-equity futures and options

Fund Manager's Comment

Global tech stocks corrected sharply in early September, on profit taking and risk-off sentiment as the US Congress was unable to reach a compromise on another stimulus package. Interestingly, the S&P volatility index, which usually moves inversely with US equities, surged in late August along with the tech rally due to increased demand for derivative products; rendering it a less reliable indicator of risk sentiment during the September correction. Gold also corrected on the back of USD strength.

We continued to cut equity exposure early on to a more conservative level, and started to redeploy cash as markets stabilized. Despite weakness in gold price, we chose to maintain our gold position as a long-term hedge.

We added to ESG related sectors, including renewable energy, which is supported by green policy globally; and consumer discretionary names that are later stage beneficiaries of economic recovery. Finally, in election news, while some market watchers believe a Biden victory is negative for stock markets; we believe a less contested election could actually be a positive. Nonetheless, October is likely to be a volatile month in the final runup to US elections.

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.

[^] Subject to the Manager's discretion, the dividends will be declared on a quarterly basis on such date which is the end of March, June, September and December of each year. Dividends can be paid out of capital or effectively out of capital of the relevant Class and may result in an immediate reduction of Net Asset Value per Unit of the Fund. There is no target level of dividend payout. Estimated annualized dividend (%) = (Dividend per unit x 4) / NAV on Record Date. The Dividends information is for reference only.

This material is issued by Pickers Capital Management Limited and has not been reviewed by the Securities and Futures Commission.



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