

CFund – China Equity

Fund Monthly Report | September 2021

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 896 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 | ISIN CODES | Bloomberg Codes | | Launch Date |
| A Units HKD (Acc) | HKD 137.6150 | HK0000483724 | CFCHIEQ HK Equity | | 02/01/2019 |
| A Units HKD (Dist) | HKD 105.7085 | HK0000563889 | CFCHEHI HK Equity | | 16/06/2020 |
| A Units RMB (Acc) | RMB 92.7380 | HK0000563897 | CFCCECA HK Equity | | 30/09/2020 |
| Classes | Estimated Annualized Yield^ | Record Date | | | |
| A Units HKD (Dist) | 4.0% | 30/09/2021 | | | |



Each Fund Class Unit Performance

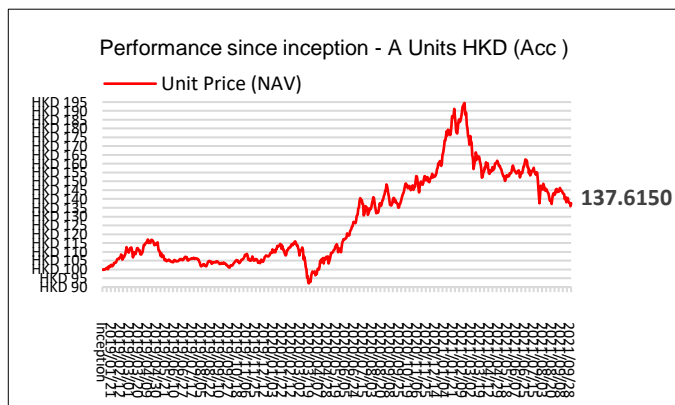
| | A Units HKD (Acc) | A Units HKD (Dist) | A Units RMB (Acc) |
|---------------------------|-------------------|--------------------|-------------------|
| Year-to-date | -17.15% | -18.91% | -18.91% |
| One month | -5.54% | -5.45% | -5.72% |
| Three months | -14.85% | -14.66% | -15.34% |
| One year | -1.18% | -3.80% | -7.26% |
| Total return since launch | +37.62% | +7.94% | -7.26% |

Fund performance is calculated on NAV to NAV basis in denominated currency of the respective share class with gross dividends re-invested. The Fund's cumulative return includes dividends distributed out during the period.

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% | 4.21% | 3.40% | 10.70% | 51.80% |
| 2021 | 6.61% | -3.53% | -7.80% | 1.30% | -1.20% | 2.51% | -9.22% | -0.70% | -5.54% | | | | -17.15% |

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

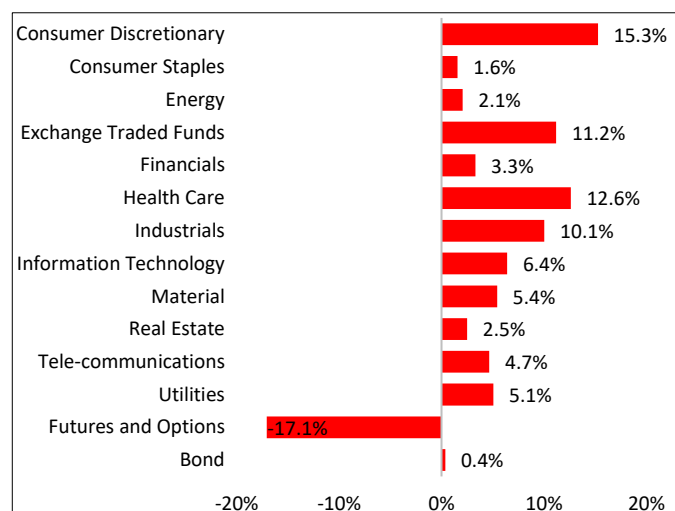


#Top 10 Stock Holdings

| Top 10 | Stock Name | % |
|--------|--------------------------------------|-------|
| 1 | WUXI BIOLOGICS CAYMAN INC | 3.70% |
| 2 | TESLA INC | 3.70% |
| 3 | NB: AMPEREX TECH (SZHK) | 3.44% |
| 4 | CHINA RESOURCES POWER HOLDING CO LTD | 3.26% |
| 5 | LI NING CO LTD | 3.23% |
| 6 | SUNGROW POWER (SZHK) | 3.09% |
| 7 | HSBC HOLDINGS PLC | 2.81% |
| 8 | ANTA SPORTS PRODUCTS LTD | 2.63% |
| 9 | COUNTRY GARDEN SERVICES HOLD | 2.49% |
| 10 | TENCENT HOLDINGS LTD | 2.49% |

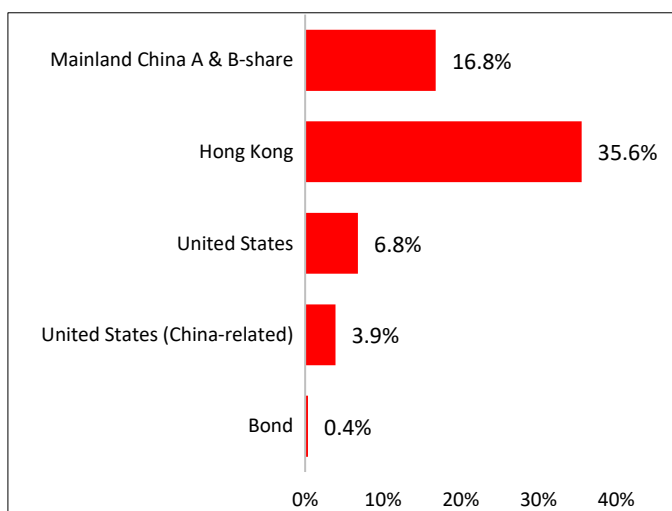
#Top 10 Holdings do not include ETF.

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

All eyes were on China's credit market in September, as concerns over an Evergrande default weighed not only on high yield bonds, but also on China's overall liquidity and economic outlook. This, together with ongoing policy risk in the tech space, saw both old economy and new economy sectors correct during the month. The common prosperity theme continued to play out and migrated offshore to Hong Kong and Macau, dragging property developers and gaming stocks. Onshore A-shares, in contrast, fared relatively better. We observe selective easing has already begun, with signs of policy support in the battered property sector.

Globally, the debate on peak growth and potential stagflation appeared again as energy prices continued to rise and tapering expectations firmed up. At the time of writing, markets are grappling with unexpected power rationing in China and its impact on industrial production. On the ground, companies expect the impact to be short-lived, but we continue to closely monitor the situation, given implications on global supply chains, economic growth and inflation levels. Continued uncertainty in traditional power supply could encourage companies to consider investing in alternative/green energy sources.

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.

Top 10 Stock Holding, Industry Exposure and Geographical Exposure by Listing are calculated by NAV after performance fee accruals.

Futures and Equity swaps in Industry Exposure and Geographical Exposure are calculated by Notional Exposure.

^ 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.

