

CFund – China Equity

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Investment Objective and Strategy

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Fund Information

Investment Manager	Pickers Capital Management Limited
Fund Size	HKD 263 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	105.581

Portfolio Performance

As per regulatory requirement, historical performance of the fund will be disclosed only after six months from its launch. To find out the latest fund price, please go to our website: www.pickerscapital.com

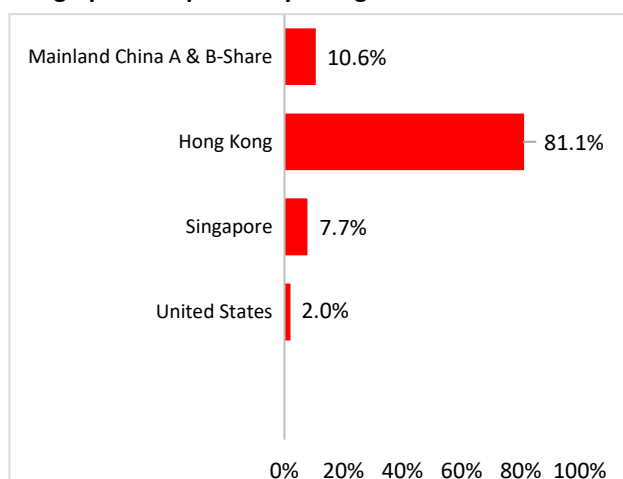


Portfolio Statistics

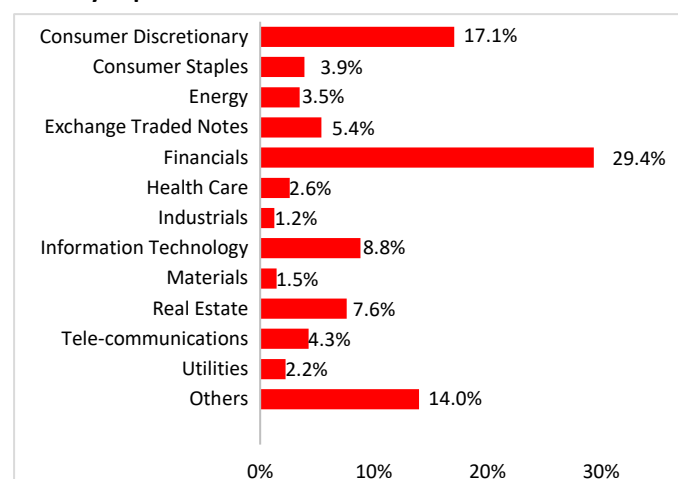
Top 10 Stock Holdings

Top 10	Stock Name	%
1	Ping An Insurance Group Co Ltd-H	4.79%
2	SPDR GOLD SHARES	4.25%
3	Brilliance China Automotive	4.04%
4	Country Garden Holdings Co. Ltd	3.96%
5	Tencent Holdings Ltd	3.53%
6	AIA GROUP LTD	3.33%
7	Gree Electric Appliances Inc-A (SZHK)	3.01%
8	China Construction Bank-H	2.94%
9	CITIC Securities Co Ltd-H	2.87%
10	Hong Kong Exchanges & Clear	2.86%

Geographical exposure by listing



Industry exposure



Fund Manager's Comment

Global equity markets rebounded strongly in January, on the back of a more dovish Fed and optimism surrounding Sino-US trade talks. Our call for China's economy bottoming in the first quarter is playing out, with signs of liquidity improvement finally emerging after the government's change in stance from tightening to easing. In particular, property developers have been able to refinance their debt at much lower rates compared to the mid double-digit levels seen in October/November last year. Our fund has benefited from its early positioning in easing/stimulus plays.

The fund's top contributor for the month is Brilliance China, BMW's JV partner in China. The entire auto sector saw a sharp de-rating last year, with slowing car sales and looming foreign competition. Brilliance traded below the RMB29 billion offered by BMW for its 25% stake in the JV, essentially pricing its remaining 25% stake in the JV at less than zero – a classic value case. Stake sale proceeds will be distributed to shareholders as a special dividend. More importantly, we believe a more committed major shareholder, BMW, is positive for the JV's longer-term profitability. As part of the stake sale deal, the life of the JV will be extended from 2028 to 2040 and new models including the X5 and new energy vehicles will be added to the JV for localization. Brilliance is one of our top holdings.

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Fund Information

Investment Manager	Pickers Capital Management Limited
Fund Size	HKD 302.7 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	109.5089

Portfolio Performance

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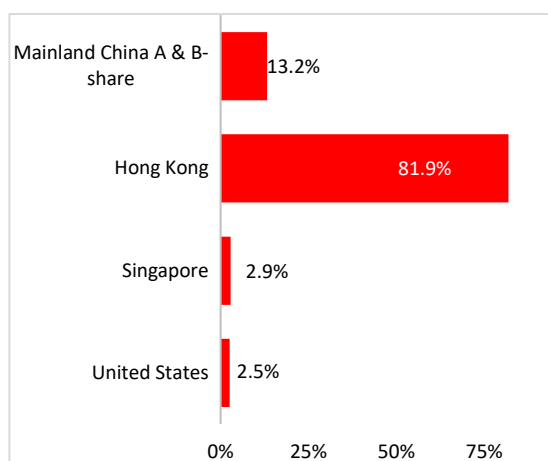


Portfolio Statistics

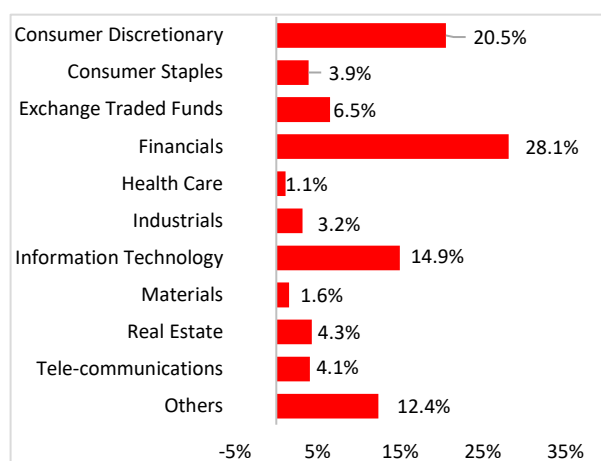
Top 10 Stock Holdings

Top 10	Stock Name	%
1	AIA GROUP LTD	4.79%
2	Ping An Insurance Group Co Ltd-H	4.65%
3	Hong Kong Exchanges & Clear	4.10%
4	Brilliance China Automotive	4.01%
5	CITIC Securities Co Ltd-H	3.76%
6	ChinaAMC CSI 300 Index ETF	3.76%
7	Tencent Holdings Ltd	3.44%
8	Kweichow Moutai (SSHK)	3.42%
9	Gree Electric Appliances Inc-A (SZHK)	3.07%
10	SPDR GOLD SHARES	2.73%

Geographical exposure by listing



Industry exposure



Fund Manager's Comment

February saw A-share markets take off, hugely outperforming Hong Kong and global markets. China's easing policies, trade war related optimism, improved onshore liquidity and expectations of increased MSCI A-share weighting all played a role, unleashing strong sentiment reversal onshore.

Foreign inflow into China recovered strongly, ahead of MSCI changes and on relaxation of foreign ownership limits. January and February combined net foreign inflow into the mainland stock market exceeded RMB100bn compared to RMB300bn in all of 2018. In February, inflow into China A-shares accounted for three quarters of all emerging market fund flow.

Despite lowered economic growth expectations, January foreign direct investment into China surprised positively, up 4.8% yoy, with foreign investment into the high technology sector growing 40.9% and investment from the US surging 124.6%.

While China has been preparing to gradually increase market access to foreigners, the trade war has created greater urgency, as slower exports will erode China's current account surplus. In short, China wants foreign capital.

AIA, one of our top holdings, is a beneficiary of this trend. Historically, AIA has been limited to operating in 5 areas in China. Recent approval to expand into Tianjin and Shijiazhuang increases its addressable market in China by 20%. But more importantly, the move signals China is making good on its promise to open up the insurance sector to greater foreign participation. Other foreign insurers have started to apply for stake increases in their respective China JVs, but AIA, with its grandfathered 100% foreign ownership, has a clear head start.

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Fund Information

Investment Manager	Pickers Capital Management Limited
Fund Size	HKD 319 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 111.917

Portfolio Performance

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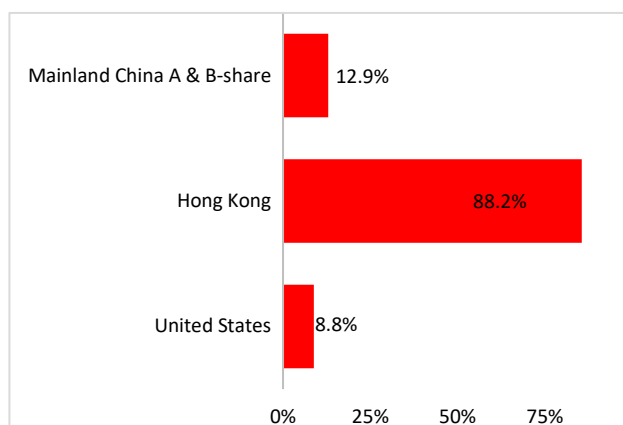


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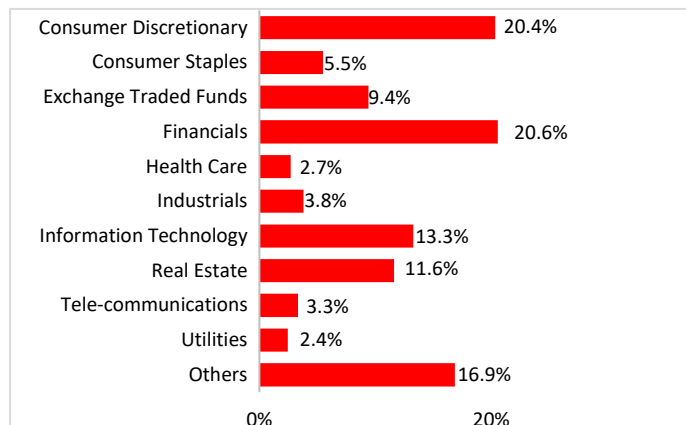
Top 10 Stock Holdings

Top 10	Stock Name	%
1	Ping An Insurance Group Co Ltd-H	5.02%
2	ChinaAMC CSI 300 Index ETF	4.72%
3	Hong Kong Exchanges & Clear	4.51%
4	AIA GROUP LTD	4.50%
5	Tencent Holdings Ltd	4.39%
6	Alibaba Group Holding SPON ADR	3.84%
7	Brilliance China Automotive	3.83%
8	Kweichow Moutai (SSHK)	3.65%
9	CITIC Securities Co Ltd-H	3.42%
10	Sunac China Holdings Ltd	3.06%

Geographical Exposure by Listing



Industry Exposure



Fund Manager's Comment

Markets took a breather in March, after a strong start to the year. January and February saw lower quality names outperform, as the "hope" trade was driven by optimism around a Sino-US trade truce and China's stimulus measures. In March, market focus returned to fundamentals, with earnings results taking center stage. In general, corporates cite the worse has passed, but have limited conviction in guiding forward demand outlook.

Until earnings recovery becomes more visible, policy will continue to have an outsized impact on share prices. We highlight two policy trends. Trend (1): On top of outright subsidies, tax cuts and transaction cost reductions give room for corporates, especially in the consumer sector, to lower selling price to stimulate demand. Trend (2): Deleveraging is still affecting state-owned enterprises, with dividend payout ratios constrained by highly levered balance sheets.

A case in point is China Resources Power versus Guangdong Investment, both utilities which saw earnings decline in 2018, partly due to one-off factors. Contrary to market expectations, CRP cut dividends, citing the government's deleveraging directive and upcoming capital expenditure. GDI, on the other hand, raised dividend per share on the back of a strong net cash balance sheet. At the time of writing, post results share price performance is -17% for CRP versus -3% for GDI. Investors seeking dividend sustainability should consider both earnings defensiveness and net gearing levels.

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Fund Information

Investment Manager	Pickers Capital Management Limited
Fund Size	HKD 355 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 114.1913

Portfolio Performance

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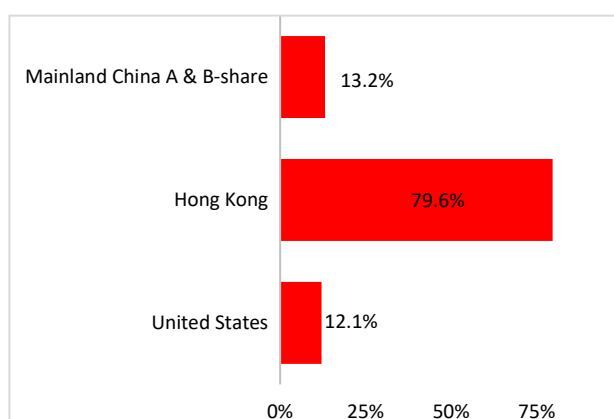


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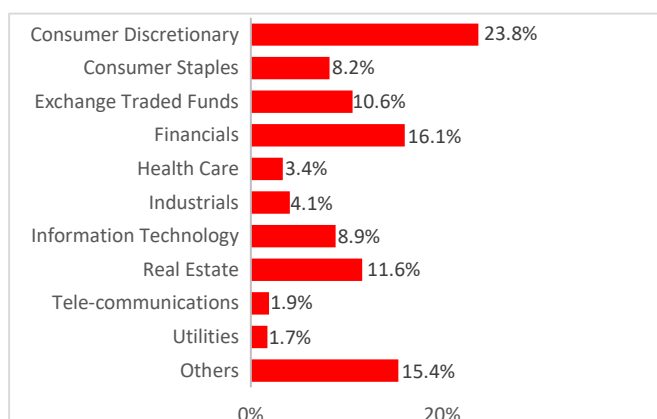
Top 10 Stock Holdings

Top 10	Stock Name	%
1	Ping An Insurance Group Co Ltd-H	4.85%
2	Tencent Holdings Ltd	4.83%
3	Kweichow Moutai-A (SSHK)	4.24%
4	AIA GROUP LTD	4.14%
5	Hong Kong Exchanges & Clear	4.08%
6	Alibaba Group Holding SPON ADR	4.03%
7	Brilliance China Automotive	3.65%
8	Gree Electric Appliances Inc-A (SZHK)	3.46%
9	Country Garden Holdings Co. Ltd	3.01%
10	Anta Sports Products Ltd	2.97%

Geographical Exposure by Listing



Industry Exposure



Fund Manager's Comment

In line with our commentary last month, after a strong start to the year, near term market moves would be dictated by policy shifts. Fiscal easing, trade tensions easing and consumer confidence normalization drove China's stock market recovery. Better than expected first quarter economic data confirmed the worst had passed, but by mid-April, markets started to turn jittery on concerns that policy makers may take a wait and see attitude with respect to further stimulus measures. A subsequent shift in Fed policy stance in the US only added to the confusion.

On the earnings front, quarterly reporting season was mixed. On the positive side, insurers' premium growth recovery continued; sportswear maintained topline growth momentum; and consumer staples benefited from lower input costs and product mix improvement. Auto sales, however, recorded declines while technology companies showed a mixed picture.

At the time of writing, progress made on the Sino-US trade negotiations appears to have been reversed, with tit for tat tariffs back on. We have accordingly reduced portfolio exposure in view of increased uncertainty, but remain nimble as events and policy response unfold.

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Trustee	BOCI-Prudential Trustee Limited
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NAV	HKD 104.4601

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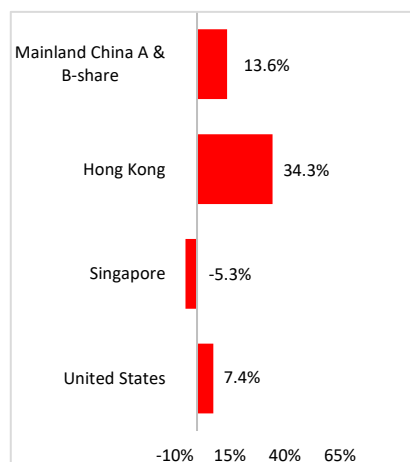


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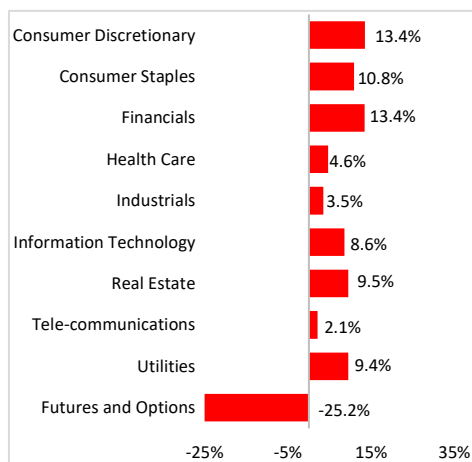
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5	Link REIT	4.04%
6	Tencent Holdings Ltd	3.99%
7	Hong Kong and China Gas Co. Ltd	3.97%
8	Brilliance China Automotive	3.68%
9	Alibaba Group Holding SPON ADR	3.56%
10	Sun Hung Kai Properties Ltd	3.50%

Geographical Exposure by Listing



Industry Exposure



Fund Manager's Comment

May marked a turning point for global markets. Hopes of a trade resolution between China and the US dimmed, as the US raised tariffs on Chinese imports ahead of final stage negotiations and blacklisted Huawei from acquiring components and technology from US firms. A potential Trump-Xi meeting at the G20 will be closely watched, but expectations are low given hardened rhetoric from both sides and tensions expanding beyond trade.

Risks have increased in the real economy. Macroeconomic releases so far in the second quarter point to slower industrial production growth in China and weaker than expected employment in the US. Perversely, should the situation deteriorate, the silver lining may come in the form of rate cuts in the US and more stimulus in China. Already the Fed has signaled willingness to act pre-emptively and China has stepped up infrastructure financing.

With increased volatility ahead of June, we reduced the Fund's exposure in May. While we are cognizant of potential relief rallies, we have chosen to protect profits and remain defensive until a clearer path to mitigate economic slowdown emerges. At the stock level, we take a barbell approach, favoring companies that have low earnings cyclicality and/or face limited competition, as well as companies that are less predictable but have unique growth prospects.

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Investment Objective and Strategy

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Fund Information

Investment Manager	Pickers Capital Management Limited
Fund Size	HKD 330 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 105.709

Portfolio Performance

As per regulatory requirement, historical performance of the fund will be disclosed only after six months from its launch. To find out the latest fund price, please go to our website: www.pickerscapital.com

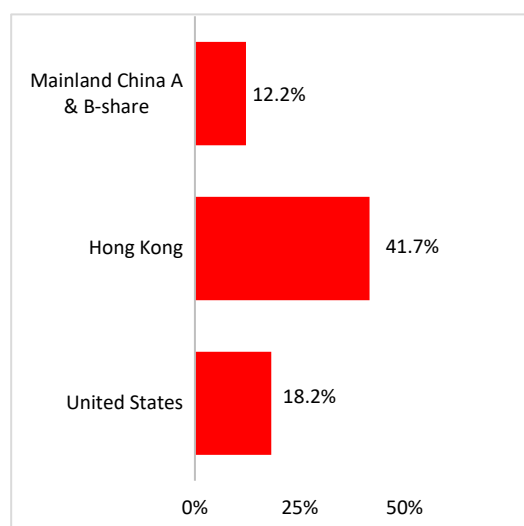


Portfolio Statistics

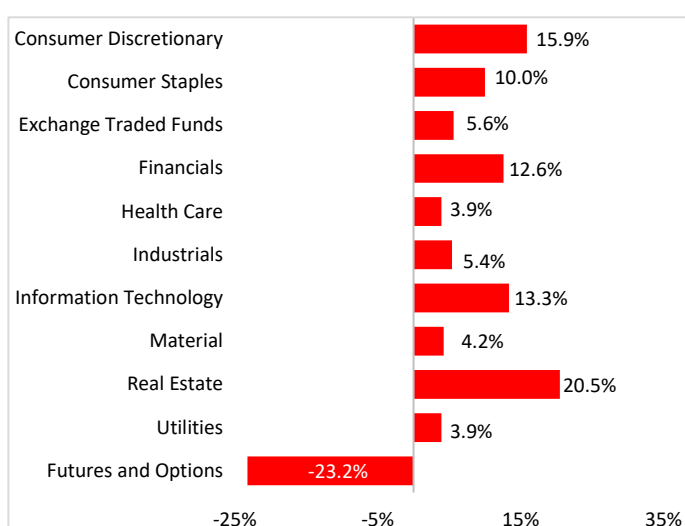
Top 10 Stock Holdings

Top 10	Stock Name	%
1	Alibaba Group Holding SPON ADR	4.93%
2	Kweichow Moutai (SSHK)	4.88%
3	Link REIT	4.50%
4	AIA GROUP LTD	4.30%
5	Hong Kong Exchanges & Clear	4.16%
6	Tencent Holdings Ltd	4.15%
7	Ping An Insurance Group Co Ltd-H	4.11%
8	Sun Hung Kai Properties Ltd	4.04%
9	Henderson Land Development Ltd	3.92%
10	Hong Kong and China Gas Co. Ltd	3.92%

Geographical Exposure by Listing



Industry Exposure



Fund Manager's Comment

Global markets rebounded strongly in June, as investors cheered dovish comments from both the ECB and the US Fed, boosting hopes of a return to interest rate cuts and quantitative easing. Hong Kong-listed equities, despite massive protests and political uncertainty, managed to deliver strong returns for the month. China A-shares also saw capital inflows resume, following outflows in May.

The post-G20 pause in Sino-US trade conflict and subsequent tariff threats from the US against the EU, Japan, India and Vietnam were met with relatively muted market response. Investor fatigue towards trade-related news flow will likely continue until concrete progress on a workable deal (or another collapse) emerges.

Upcoming interim reporting season should shift the spotlight back on corporate earnings. Consumer sector margins will be scrutinized to gauge the impact of premiumization versus competition, while industrial and technology hardware results need to be viewed in the context of slower Q2 economic growth and supply chains in adjustment.

In terms of portfolio construction, we maintain a barbell approach, balancing earnings stability with earnings growth. During the month, we increased the Fund's gold exposure, which should benefit in a QE4 scenario and as a hedge against economic and geopolitical uncertainty.

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.



CFund – China Equity

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Fund Information

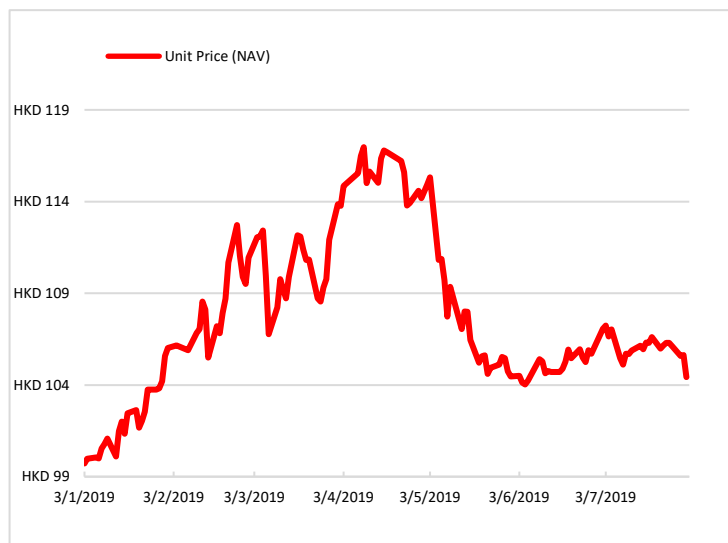
Investment Manager	Pickers Capital Management Limited
Fund Size	HKD 326 million
Subscription fee	Up to 5% of NAV
Management fee	1.50%
Performance fee	15% (High-water mark)
Redemption fee	Nil
Dealing day	Daily
Trustee	BOCI-Prudential Trustee Limited
Bloomberg Code	CFCHIEQ HK Equity
ISIN CODE	HK0000483724
NAV	HKD 104.4313

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%						4.43%



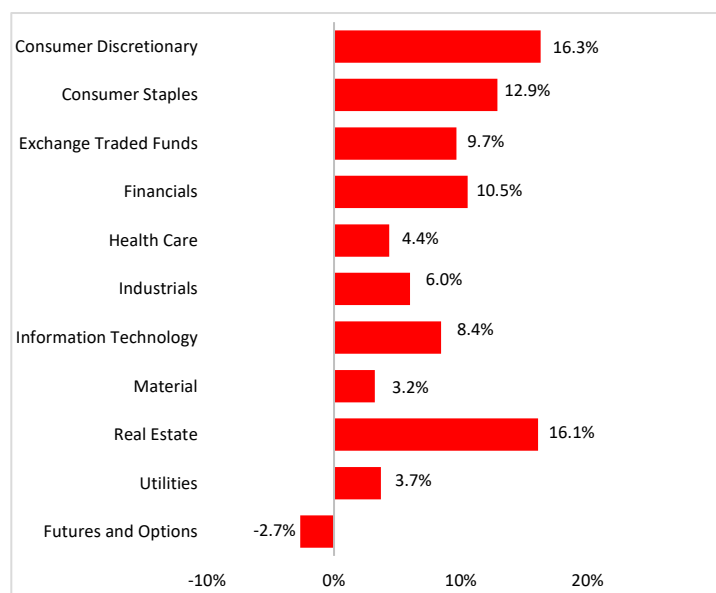
Performance Since Inception (HKD)



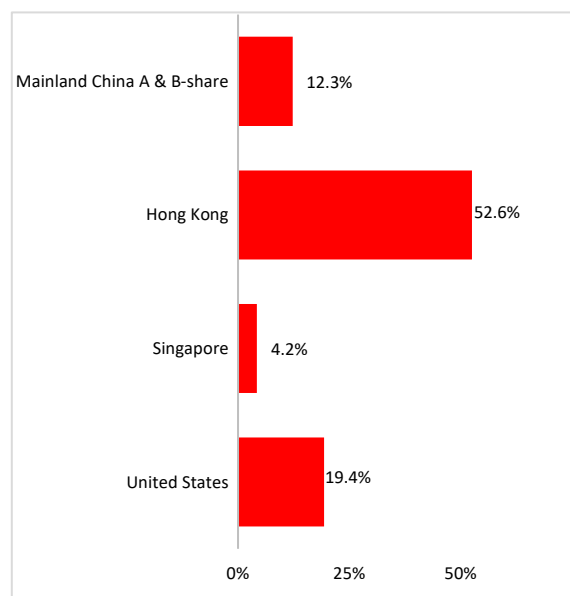
Top 10 Stock Holdings

Top 10	Stock Name	%
1	Kweichow Moutai (SSHK)	4.59%
2	Alibaba Group Holding SPON ADR	4.16%
3	Sino Biopharmaceutical Ltd	3.89%
4	Tencent Holdings Ltd	3.71%
5	Link REIT	3.70%
6	AIA GROUP LTD	3.56%
7	Ping An Insurance Group Co Ltd-H	3.51%
8	SPDR GOLD TRUST	3.49%
9	Hong Kong and China Gas Co. Ltd	3.47%
10	Hong Kong Exchanges & Clear	3.46%

Industry Exposure



Geographical Exposure by Listing



Fund Manager's Comment

Hong Kong equities retreated 2.7% in July as the local political situation deteriorated and as market expectations regarding the magnitude of the July Fed rate cut moderated. Post G20 trade talks between China and the US failed to achieve any concrete results.

As Hong Kong's anti-extradition bill protests continue to escalate and make global headlines, the domestic economy and investor confidence have taken a hit. Short term earnings impact is certain, but how the conflict is eventually resolved is more relevant to valuations.

At the time of writing, the Sino-US trade drama continues, with Donald Trump's announcement of tariffs on the remaining US\$300bn of imports from China marking yet another breakdown in trade negotiations and sparking renewed tit-for-tat tactics between the two nations, including the US officially labelling China a currency manipulator (an assertion that is not supported by the IMF).

While the subsequent move to delay tariffs on some items to December 15th offer some breathing space for both sides, Trump's recent comments linking trade talks with Hong Kong further complicates analysis. Elsewhere in Asia and further afield, political risks are also rising.

Against this backdrop, we reduced the Fund's exposure and risk profile significantly at the start of August while capturing some special situation opportunities, which have less correlation with the overall market. We have already started to redeploy our cash in stages as valuations become more attractive after the sharp correction.

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Pickers Capital Management Limited
Unit 1301, Ovest, 77 Wing Lok Street, Sheung Wan, Hong Kong
Tel: 852 2989 1083 Email: info@pickerscapital.com

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Fund Information

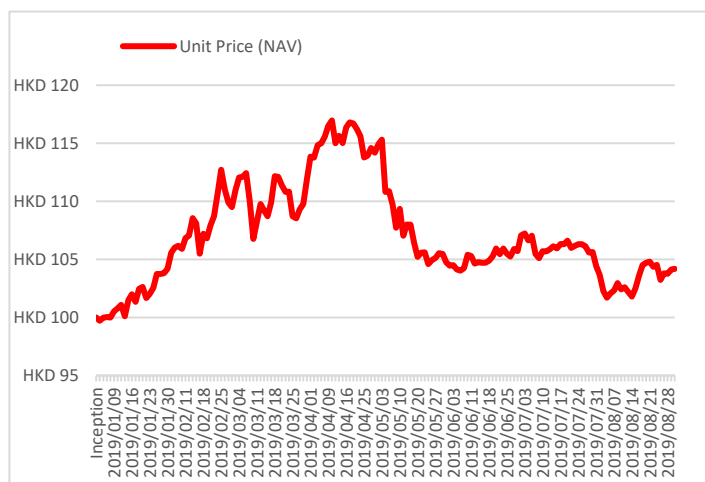
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Management fee	1.50%
Performance fee	15% (High-water mark)
Redemption fee	Nil
Dealing day	Daily
Trustee	BOCI-Prudential Trustee Limited
Bloomberg Code	CFCHIEQ HK Equity
ISIN CODE	HK0000483724
NAV	HKD 104.1779

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%					4.18%



Performance Since Inception (HKD)

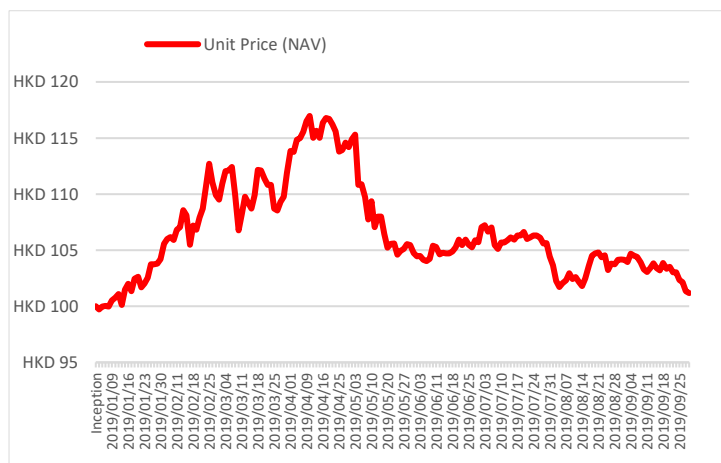


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8. The Manager currently intends to make quarterly dividend distribution at its discretion. Dividends may be paid out of capital or effectively out of capital of the relevant Class and may result in an immediate reduction of the Net Asset Value per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

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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

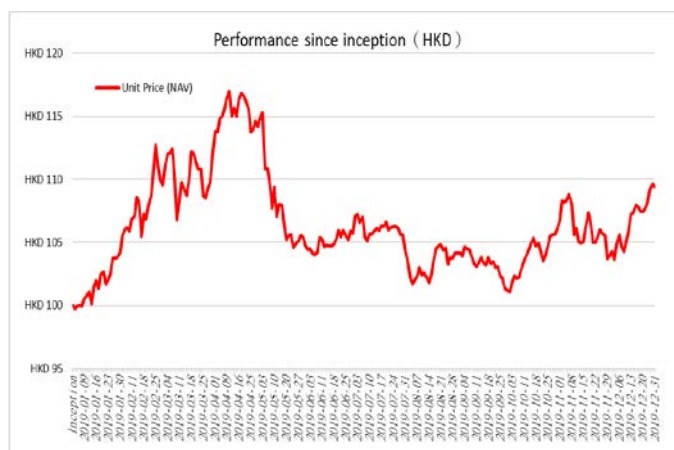
Investment Manager	Pickers Capital Management Limited
Fund Size	HKD 342 million
Subscription fee	Up to 5% of NAV
Management fee	1.50%
Performance fee	15% (High-water mark)
Redemption fee	Nil
Dealing day	Daily
Trustee	BOCI-Prudential Trustee Limited
Bloomberg Codes	A Units HKD (Acc): CFCHEQ HK Equity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



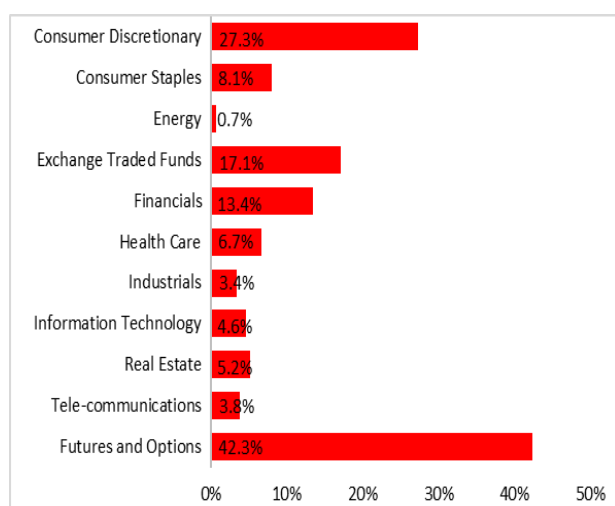
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3	AIA GROUP LTD	4.19%
4	Ping An Insurance Group Co Ltd-H	3.99%
5	Meituan Dianping	3.68%
6	Anta Sports Products Ltd	3.27%
7	Zhongsheng Group Holdings	3.25%
8	Sino Biopharmaceutical Ltd	2.94%
9	Country Garden Services Holding	2.90%
10	Gree Electric Appliances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

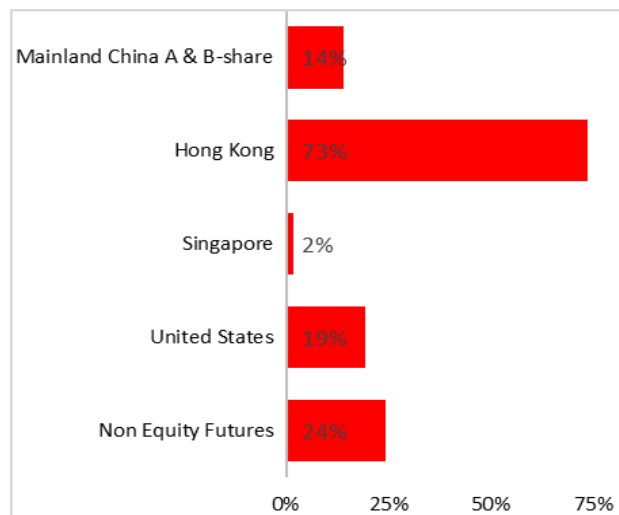
* Alibaba Group Holding included Hong Kong Stock & ADR

#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.

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