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Fund Information			
Investment	Pickers Capital Management		
Manager	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		

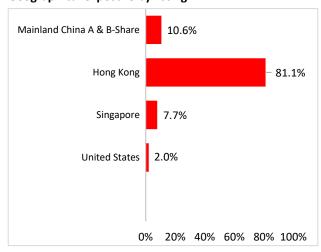
### **Portfolio Performance**



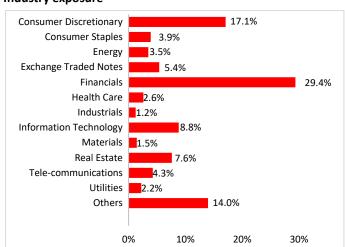
#### **Top 10 Stock Holdings**

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 derating 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	Pickers Capital Management	
Manager	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	

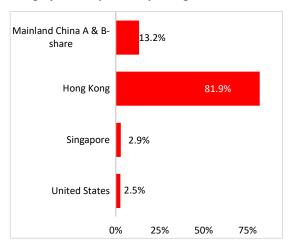
### **Portfolio Performance**



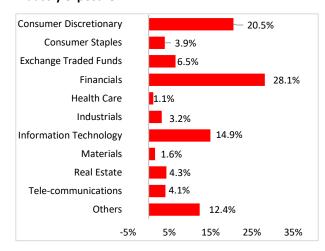
#### **Top 10 Stock Holdings**

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 Moutal (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	Pickers Capital Management	
Manager	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	

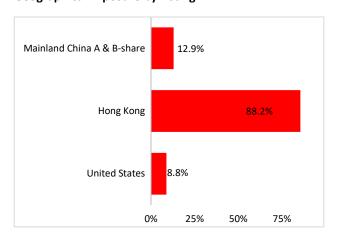
# **Portfolio Performance**



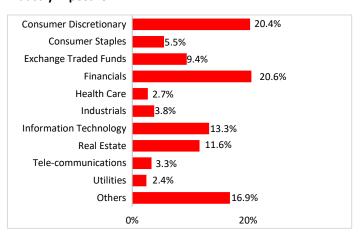
#### **Top 10 Stock Holdings**

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	Pickers Capital Management	
Manager	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	

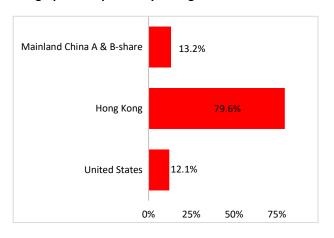
## **Portfolio Performance**



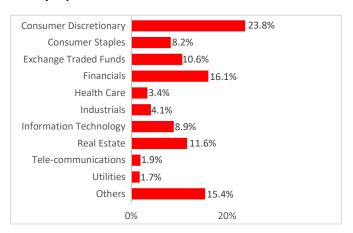
#### **Top 10 Stock Holdings**

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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Investment	Pickers Capital Management	
Manager	Limited	
Fund Size	HKD 326 million	
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Management fee	agement 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 104.4601	

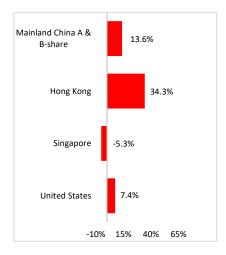
# **Portfolio Performance**



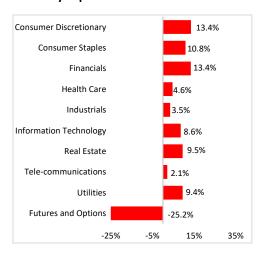
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5	Link REIT	4.04%
6	Tencent Holdings Ltd	3.99%
7	Hong Kong and China Gas Co. Ltd	3.97%
8	Brilliance China Automotive	3.68%
9	Alibaba Group Holding SPON ADR	3.56%
10	Sun Hung Kai Properties Ltd	3.50%

### **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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Fund Information		
Investment	Pickers Capital Management	
Manager	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	

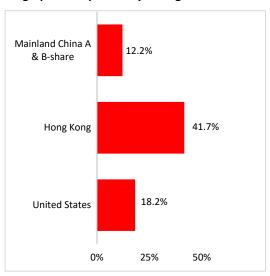
## **Portfolio Performance**



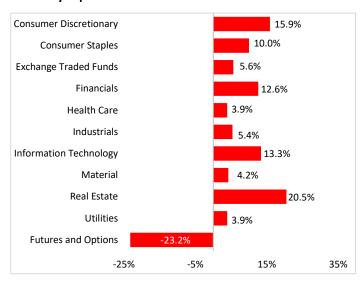
#### **Top 10 Stock Holdings**

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.



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Fund	d Information
Investment	Pickers Capital Management
Manager	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

	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%

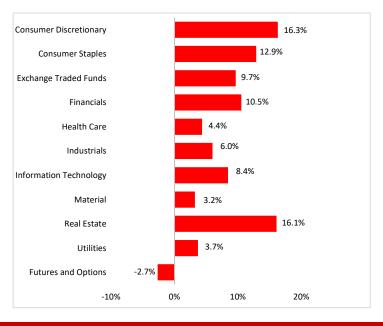




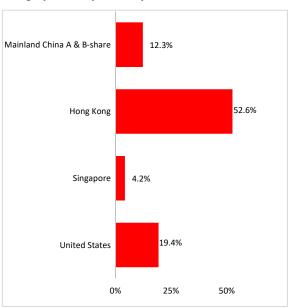
#### **Top 10 Stock Holdings**

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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Fund	d Information
Investment	Pickers Capital Management
Manager	Limited
Fund Size	HKD 325 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 104.1779

	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%

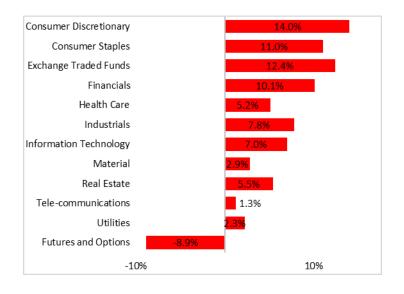




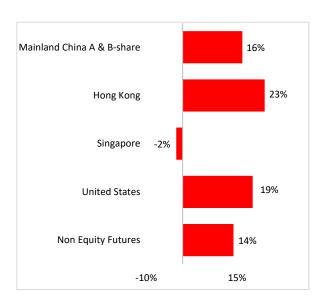
#### **Top 10 Stock Holdings**

Top 10	Stock Name	%
1	Kweichow Moutai (SSHK)	4.70%
2	SPDR GOLD SHARES	3.97%
3	Alibaba Group Holding SPON ADR	3.60%
4	AIA GROUP LTD	3.41%
5	Ping An Insurance Group Co Ltd-H	3.40%
6	Hong Kong Exchanges & Clear	3.30%
7	Sino Biopharmaceutical Ltd	3.13%
8	Anta Sports Products Ltd	3.02%
9	PROSHARES ULTRAPRO QQQ ETF	2.88%
10	Maanshan Iron & Steel-H	2.86%

#### **Industry Exposure**



#### **Geographical Exposure by Listing**



## **Fund Manager's Comment**

The Hang Seng Index fell 7.4% in August, as domestic politics and trade war drama continued to drag on Hong Kong equities. In numbers, tourist arrivals to Hong Kong dropped 40% while Chinese exports to the US fell 16%.

Earlier in the month, we reduced overall exposure and kept a balanced allocation in Hong Kong listed, mainland listed and US listed stocks, enabling the Fund to avoid sharp losses. As valuations became more attractive, we started to redeploy our cash in stages, adding to core positions in technology, financials, consumer and monopolies.

At the time of writing in September, and ahead of the 70th anniversary of the founding of the PRC, a confluence of "good news" pushed the Hang Seng Index back up above the 27,000 mark. Within a matter of days, there was a full withdrawal of the anti-extradition bill, resumption of Sino-US trade talks, and a cut in China's reserve requirement ratio. During the sharp rebound, we refrained from chasing stocks, and instead, covered a portion of our index futures hedges.

Key issues remain unresolved, but September could still be a period of relative calm, with sector rotation at play. The turning point, in our view, may come in October, when trade talks resume and the Brexit deadline hits.



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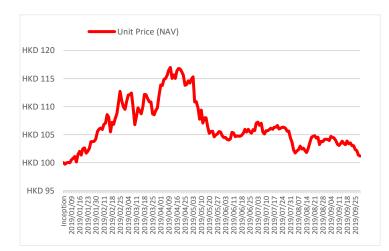
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Fu	nd Information
Investment	Pickers Capital Management Limited
Manager	Pickers Capital Management Limited
Fund Size	HKD 316 million
Subscription fee	Up to 5% of NAV
Management fee	1.50%
Performance fee	15% (High-water mark)
Redemption fee	Nil
Dealing day	Daily
Trustee	BOCI-Prudential Trustee Limited
Bloomberg Code	CFCHIEQ HK Equity
ISIN CODE	HK0000483724
NAV	HKD 101.1857

	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%				1.19%

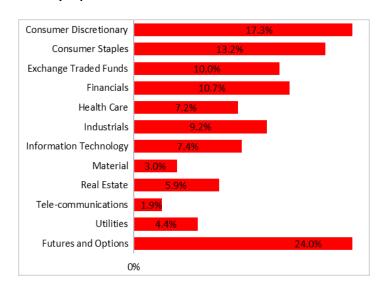




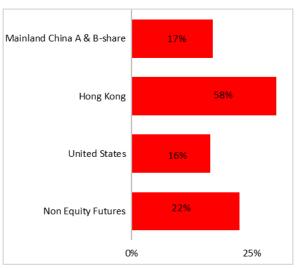
**Top 10 Stock Holdings** 

Top 10	Stock Name	%
1	Kweichow Moutai (SSHK)	4.91%
2	Ping An Insurance Group Co Ltd-H	4.03%
3	SPDR GOLD SHARES	4.00%
4	Alibaba Group Holding SPON ADR	3.56%
5	AIA GROUP LTD	3.43%
6	Hong Kong Exchanges & Clear	3.27%
7	Tencent Holdings Ltd	3.24%
8	Anta Sports Products Ltd	3.11%
9	PROSHARES ULTRAPRO QQQ ETF	3.03%
10	Maanshan Iron & Steel-H	2.97%

#### **Industry Exposure**



#### **Geographical Exposure by Listing**



## **Fund Manager's Comment**

September was a month of two halves for the Hong Kong market, recovering over 6% at one point on the back of a full withdrawal of the extradition bill and a resumption of Sino-US trade talks, only to give back most of those gains by month-end, as local unrest failed to abate.

Within China mainland-centric stocks, style rotation saw outperformance of cyclicals at the expense of quality defensives, negatively impacting the Fund's performance during the month. We did not participate in the rotation and actually introduced one more quality consumer name to our portfolio: Budweiser APAC.

Despite our positive view on the premiumization trend in China's beer industry and Budweiser's leading position the high-end segment, we did not subscribe during its first IPO attempt back in July. We took advantage of poor market sentiment and improved deal dynamics and participated in its second attempt at listing. What made us more positive? (1) After the sale of its mature Australian business to Asahi, the company's overall growth profile became clearer, with the bulk of earnings coming from China. (2) In July, there was no cornerstone and an estimated 70% of the investor base was hedge funds. This time, a much deeper-pocketed and longer-term-focused sovereign wealth fund GIC accounted for 23% of the base offering. (3) Finally, we believe the company's primary objective was no longer maximizing the listing price, but rather ensuring a successful listing – reminiscent of past cases like Link REIT, which turned out to be a good long-term investment.



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Fu	nd Information
Investment	Pickers Capital Management Limited
Manager	Fickers Capital Management Limited
Fund Size	HKD 334 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 106.1180

	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%			6.12%

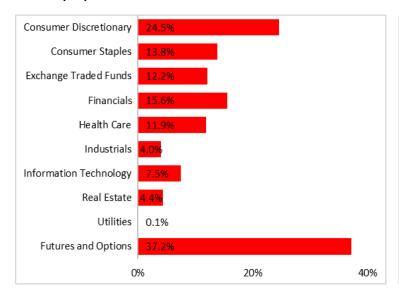




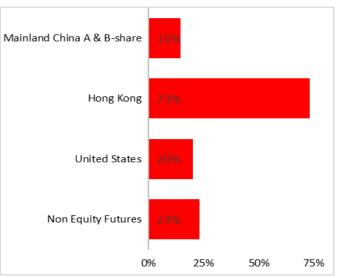
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4	Anta Sports Products Ltd	3.74%
5	Aliba ba Group Holding SPON ADR	3.55%
6	Meituan Dianping	3.46%
7	Hong Kong Exchanges & Clear	3.29%
8	Sino Biopharmaceutica l Ltd	3.28%
9	PROSHARES ULTRAPRO QQQ ETF	3.22%
10	Country Garden Services Holding	3.06%

#### **Industry Exposure**



#### **Geographical Exposure by Listing**



## **Fund Manager's Comment**

October saw the third US Fed rate cut this year to 1.50-1.75%. Although Powell signaled this may be the end of a series of "insurance cuts", the market is still expecting further rate cuts to come. The announced USD60 billion per month in T-bill purchases, which Powell insists is not QE, is a de-facto resumption of Fed balance sheet expansion, after attempting a period of normalization.

Monetary easing has become competitive. The zero-interest rate policy initially adopted by the EU to deter deflation and recession has morphed into negative interest rates, not only for bank reserves, but also for government bonds and some corporate bonds. While the effect of negative interest rates on reviving economies remains unclear, the unintended consequence has been a massive flow of money into debt markets, pushing bond prices up and yields down. By the end of October, global negative yielding assets have reached USD13.4 trillion, up 60% from the start of the year.

The global chase for yield has arguably contributed to yield curve inversion in the US, complicating its interpretation and lessening its signaling effect as a recession indicator. What we can agree on, however, is that ultra-low interest rates is an addiction that central banks today are in no better position to quit. Against this backdrop, we continue to like gold, despite its recent correction, not only as a hedge against bouts of risk aversion, but because gold's zero yield is no longer a disadvantage in an ultra-low opportunity cost world.



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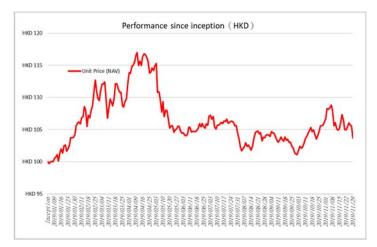
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Fund Information							
Investment	Pickers Capital Management Limited						
Manager	Tickers capital Management Limite						
Fund Size	HKD 326 million						
Subscription fee	Up to 5% of NAV						
Management fee	1.50%						
Performance fee	15% (High-water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

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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%

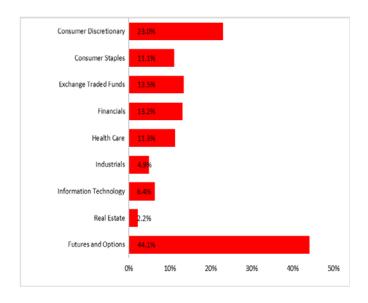




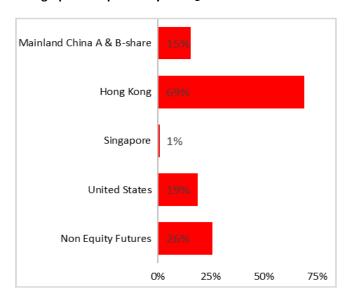
#### **Top 10 Stock Holdings**

Top 10	Stock Name	%
1	Kweichow Moutai (SSHK)	4.73%
2	Alibaba Group Holding SPON ADR	4.12%
3	AIA GROUP 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 cyclicals 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.



#### 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.
- 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.

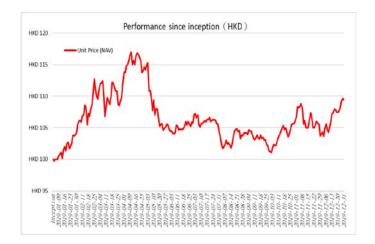
The Fund seeks to achieve its objective primarily through exposure to companies established in China or those which, whilst established outside China, derive a significant proportion of their revenue or profits from business related to China. The Fund makes investments into companies that, in the Manager's 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 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					
	A Units HKD (Acc ): CFCHIEQ HK Equity					
Bloomberg Codes	A Units HKD (Dist): CFCHEHI HK Equity					
	A Units RMB (Acc): CFCCECA HK Equity					
	A Units HKD (Acc ): HK0000483724					
ISIN CODES	A Units HKD (Dist): HK0000563889					
	A Units RMB (Acc): HK0000563897					
NAV	HKD 109.4271					

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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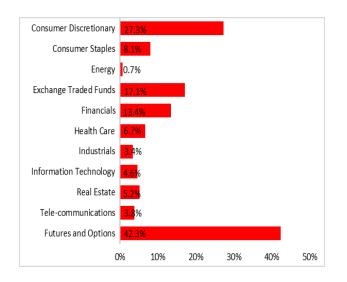


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6	Anta Sports Products Ltd	3.27%
7	Zhongsheng Group Holdings	3.25%
8	Sino Biopharmaceutical Ltd	2.94%
9	Country Garden Services Holding	2.90%
10	Gree Electric Appliances Inc-A (SZHK)	2.90%
* Alibaba Group Holding i	ncluded Hong Kong Stock & ADR	

#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.

