

CFund – China Equity

Fund Monthly Report | December 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 860 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 131.7297	HK0000483724	CFCHIEQ HK Equity	02/01/2019	
A Units HKD (Dist)	HKD 100.1600	HK0000563889	CFCHEHI HK Equity	16/06/2020	
A Units RMB (Acc)	RMB 87.4872	HK0000563897	CFCCECA HK Equity	30/09/2020	
Classes	Estimated Annualized Yield^	Record Date			
A Units HKD (Dist)	4.0%	31/12/2021			



Each Fund Class Unit Performance

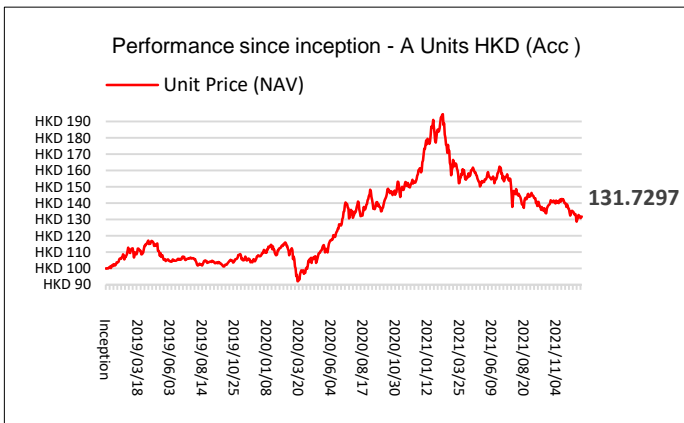
	A Units HKD (Acc)	A Units HKD (Dist)	A Units RMB (Acc)
Year-to-date	-20.70%	-22.45%	-23.51%
One month	-4.76%	-4.64%	-4.79%
Three months	-4.28%	-4.37%	-5.66%
One year	-20.70%	-22.45%	-23.51%
Total return since launch	31.73%	3.23%	-12.51%

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%	2.92%	-2.34%	-4.76%	-20.70%

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

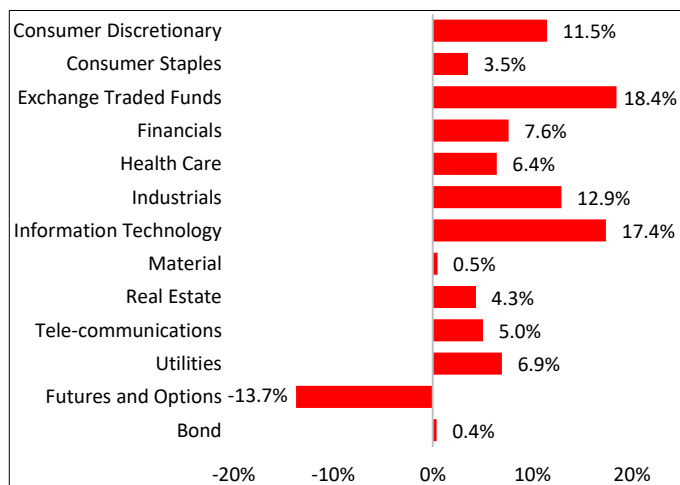


#Top 10 Stock Holdings

Top 10	Stock Name	%
1	TESLA INC	5.11%
2	CHINA RESOURCES POWER HOLDING CO LTD	4.90%
3	TENCENT HOLDINGS LTD	4.05%
4	HSBC HOLDINGS PLC	3.92%
5	NB: AMPEREX TECH (SZHK)	3.61%
6	LI NING CO LTD	3.17%
7	KWEICHOW MOUTAI CO LTD-A	2.54%
8	PIENTZEHUANG-A	2.42%
9	PING AN INSURANCE GROUP CO LTD-H	2.38%
10	GOERTEK ORD -A (SZHK)	2.20%

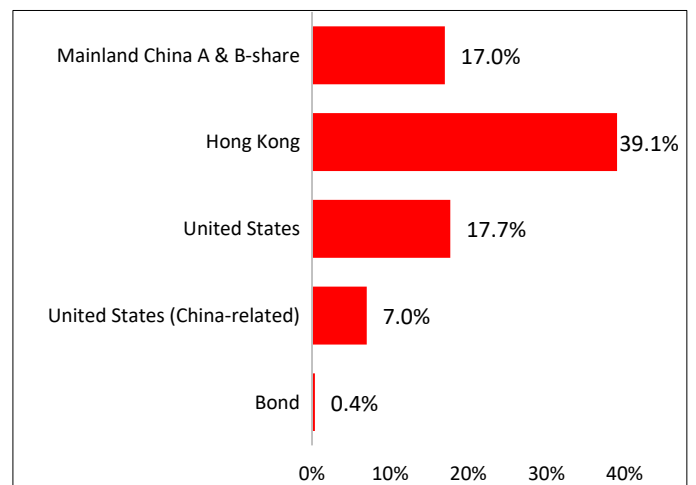
#Top 10 Holdings do not include ETF.

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

After a strong start to the year, offshore China equities took a turn for the worse and became one of the worst performing markets globally in 2021. Overtightening in the important property sector and a series of regulatory blow-ups in the private sector hit investor confidence in China's economic outlook. Fortunately, exports remained resilient during this time, even as China-US relations remained contentious under Biden, keeping the RMB strong.

With less scope for export buffer in the new year, we expect to see an inflection point in policy direction to support economic growth. We have already seen selective easing in the property sector and increased infrastructure spending, and could potentially see further rate cuts, tax cuts and policies aimed at stimulating consumption in the coming months. The timing and magnitude of these measures will be crucial to whether China can achieve a soft landing.

2022 will likely be a choppy ride, as the US tightens while China eases (albeit only moderately). In terms of portfolio positioning, we have not yet returned to being fully invested on the back of likely weaker near-term economic growth in China and accelerated tapering in the US in the first quarter, but look to gradually increase exposure as policy momentum picks up. In addition to cyclical value plays, we like longer term beneficiaries of the data era, green energy, industrial upgrade and rising brand power.

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.

