The market resumed its downward trend in September, with the MSCI China total return index declining 5%. In addition to lingering regulatory concerns, investors are beginning to dwell on the possibility of contagion risk from the Evergrande situation as more developers reportedly run into a liquidity crunch. Anticipation of earlier than expected US tapering also unnerved the market with US government bond yields trending higher. Power shortages and the repeated resurgence of COVID-19 delta variant cases across a number of provinces, particularly in Fujian, further dampened market sentiment. Sector wise, Renewable Energy and Biotech stocks outperformed, while Macau Gaming and Sportswear stocks underperformed the market.

The regulatory crackdown has continued to spread across industries and markets. Macau Gaming and the HK Property sector were the latest casualties last month. The Macau government released a public gaming consultation regarding the tightening of gaming laws, whilst news reported that HK Property companies were asked by Beijing to resolve the housing supply shortage in HK.

The Property market in China is not in a good place. Nationwide property sales in September dropped over 30% YoY. It was the third consecutive month to record a YoY decline and it continues to widen month by month. Evergrande’s woes are evolving into systemic risk as more developers begin to experience a liquidity crisis. A frozen offshore bond market has made it very difficult for developers to refinance, further reinforcing a vicious cycle. As much as the sector is heading into the biggest crisis of all time, we are finally seeing early signs of easing from the government. The PBOC (The People’s Bank of China) sent a positive signal to the market by injecting liquidity into the financial system and changing its policy tone to support healthy development of the Property market. We expect a relaxation of property measures to follow in the near future.

August macro data remained weak. The PMI was reported at 50.1, barely above the expansion threshold of 50, while retail sales growth saw a sharp deceleration to 2.5% from 8.5% in July. CPI and export growth were the only positive readings from the data. Inflation remained in check with the CPI trending down further to 0.8%, while export growth re-accelerated to 15.7%. Since August, local governments hasten to meet their energy intensity reduction targets by year end by implementing power rationing in multiple provinces. This is likely to add further pressure to industrial activities in the near term, let alone the impact on the economy brought by regulatory crackdowns and repeated resurgence of COVID-19 waves.

The Fund returned -5.5% in September. We topped up the weighting of market leaders with strong balance sheets in the Property sector as they remain confident of achieving positive earnings growth in the next two years whilst trading at distressed valuations. We are of the view that they are well positioned to ride through this cycle and emerge as long-term winners. Potential policy easing should serve as a re-rating catalyst in the near future.
Performance Data As at end of September 2021

**Annualised Returns %**

<table>
<thead>
<tr>
<th></th>
<th>1M</th>
<th>3M</th>
<th>1Y</th>
<th>3Y</th>
<th>5Y</th>
<th>10Y</th>
<th>Annualised Inception</th>
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<tbody>
<tr>
<td>B USD Class</td>
<td>-5.51</td>
<td>-21.80</td>
<td>-0.82</td>
<td>10.07</td>
<td>11.89</td>
<td>8.88</td>
<td>11.31</td>
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<tr>
<td>Benchmark</td>
<td>-5.02</td>
<td>-18.17</td>
<td>-7.33</td>
<td>5.95</td>
<td>9.12</td>
<td>8.68</td>
<td>7.76</td>
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**Calendar Year Returns %**

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<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>B USD Class</td>
<td>-10.55</td>
<td>23.43</td>
<td>29.20</td>
<td>-20.97</td>
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**12 Month Returns %**

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<tr>
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<th>01/10/2020 - 30/09/2021</th>
<th>01/10/2019 - 30/09/2020</th>
<th>01/10/2018 - 30/09/2019</th>
<th>01/10/2017 - 30/09/2018</th>
<th>01/10/2016 - 30/09/2017</th>
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<tr>
<td>B USD Class</td>
<td>-0.82</td>
<td>33.87</td>
<td>0.43</td>
<td>-12.11</td>
<td>49.61</td>
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<tr>
<td>Benchmark</td>
<td>-7.33</td>
<td>33.58</td>
<td>-3.93</td>
<td>-2.20</td>
<td>33.04</td>
</tr>
</tbody>
</table>

**Source of graphs and tables: Morningstar.**

Past performance may not be a reliable guide to future performance. Returns could be reduced, or losses incurred, due to currency fluctuations.

The performances presented are shown after deduction of ongoing charges and performance fees. Any entry or exit fees are excluded from this calculation. Dividends reinvested. Benchmark: MSCI China NR USD. Same reference period as for the class: Net Return, dividend reinvested. The reference benchmark of this class is used for performance comparison purposes only. The performance of the benchmark is not indicative of past or future performance of the Fund. Reference periods:

- Annualised Returns as of the date of the reporting over the defined period. Data less than 1 year is not annualised.
- Calendar Year Returns: Annual Performance for the stated calendar year.
- 12 Month Returns: performance for the stated time frame.

When the currency presented differs from yours, there is a currency risk. Class currency hedging is used on non base currency classes aiming to reduce the impact of currency risk. The performance and NAVs of all classes may be obtained at ericsturdza.com. Please refer to the glossary at ericsturdza.com/glossary for further explanation on specific terminologies.

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**Ratings & Awards**

**Awards Disclaimer** - The Strategic China Panda Fund (A USD Class) received a 3-star Overall Morningstar Rating and a 3-star 10-year Morningstar Rating (A USD Class). Morningstar Ratings™ as of 30/09/2021.

The Strategic China Panda Fund received a 5 Globe Morningstar Sustainability Award. Out of 2,043 Greater China Equity funds as of 31/08/2021. Based on 89.68% of AUM. Data is based on long positions only. Historical Sustainability Score as of 31/07/2021. Sustainability Rating as of 31/08/2021. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score.

**Citywire Rating:** The rating is based on the Fund Manager’s three-year risk-adjusted performance at 30/09/2021.

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**Risk & Reward Indicator (“SRRI”) & Inherent Risks**

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<td>3</td>
<td>4</td>
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<td>6</td>
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</tbody>
</table>

**< Lower Risk**

Potentially lower rewards

**Higher Risk >**

Potentially higher rewards

The risk indicator is based on historical data and may not be a reliable indicator of the future risk profile of the Fund, is not guaranteed and may change over time. The lowest category does not mean risk free.

The risk indicator for the Fund is set as 6, which reflects the historic price behaviour of the Fund. The sub-fund may be subject to high volatility.

Factors that affect the indicator include: Investments in equity securities are subject to fluctuations in value dependent on market conditions which will directly affect the value of investments. The Fund invests with a focus on Europe which may increase the risk of investing when compared to a fund that invests in a globally diversified range of countries. The Fund invests in a concentrated portfolio that may potentially focus on one or more sectors or industries. The range of investments may increase the risk profile of the Fund compared to a more diversified portfolio across sectors and industries. Additional Risks: Currency, Custody and Settlement, Financial Derivatives, Liquidity, Operational and Taxation risks.

For more information about potential risks, please refer to the Key Investor Information Document (KIID), the Prospectus and Supplement available at www.ericsturdza.com/literature/.

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Please see important information at the end of this document.
Important Information - The views and statements contained herein are those of LBN Advisers Limited in their capacity as Investment Adviser to the Fund as of 15/10/2021 and are based on internal research and modelling.

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