

FSSA Greater China Growth Fund (Irish VCC)

Investment objective and policy

The Fund aims to grow your investment. The Fund invests at least 70% of its assets in shares of companies which have the potential for long term growth and are based in, or are closely associated with, mainland China, Hong Kong and Taiwan. The Fund invests in companies that may be listed in mainland China, Hong Kong, Taiwan, the United States, Singapore, Korea, Thailand, Malaysia or a developed market around the world. The Fund may invest up to 100% of its assets in companies of any size or industry. The Fund will not invest more than 100% of its assets in China A Shares. The Fund may use derivatives with the aim of risk reduction or efficient management.

Fund information

Fund launch date	18 October 2002
Fund size (US\$m)	867.1
Benchmark	MSCI Golden Dragon Net Index*
Number of holdings	41
Fund manager(s)	Martin Lau/Helen Chen
Research rating ^	Morningstar@:Silver

* The benchmark of the Fund changed from MSCI Golden Dragon Gross to MSCI Golden Dragon Net with effect from 1 July 2016. This change has been reflected in the calculation of the benchmark performance.

^ This does not constitute an investment recommendation and is not indicative of future results. Methodology available on rating provider's website.

Risk factors

This document is a financial promotion for the FSSA Greater China Growth Fund in the EEA and elsewhere where lawful. Investing involves certain risks including:

- **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back substantially less than the original amount invested.**
- **Currency risk:** The Fund invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the Fund and could create losses. Currency control decisions made by governments could affect the value of the Fund's investments and could cause the Fund to defer or suspend redemptions of its shares.
- **Single country / specific region risk:** investing in a single country or specific region may be riskier than investing in a number of different countries or regions. Investing in a larger number of countries or regions helps spread risk.
- **China market risk:** Although China has seen rapid economic and structural development, investing there may still involve increased risks of political and governmental intervention, potentially limitations on the allocation of the Fund's capital, and legal, regulatory, economic and other risks including greater liquidity risk, restrictions on investment or transfer of assets, failed/delayed settlement and difficulties valuing securities.

Reference to specific securities (if any) is included for the purpose of illustration only and should not be construed as a recommendation to buy or sell. Reference to the names of any company is merely to explain the investment strategy and should not be construed as investment advice or a recommendation to invest in any of those companies.

For a full description of the terms of investment and the risks please see the Prospectus and Key Information Document.

If you are in any doubt as to the suitability of our funds for your investment needs, please seek investment advice. If you are unsure of the terminology used in this report, please seek independent financial advice.

Available share classes

Share class	Sedol	ISIN
FSSA Greater China Growth Fund USD Class I (Accumulation)	B233CW5	IE0031814852
FSSA Greater China Growth Fund EUR Class VI (Accumulation)	BYXW3F6	IE00BYXW3F60
FSSA Greater China Growth Fund USD Class III (Accumulation)	B972368	IE00B9723685
FSSA Greater China Growth Fund USD Class III (Distributing)	B96WWD9	IE00B96WWD96
FSSA Greater China Growth Fund USD Class I (Distributing)	B031J35	IE00B031J352
FSSA Greater China Growth Fund CNH Class I Hedged N (Accumulation)	BLGYK0	IE000YN11P12

About FSSA Investment Managers

FSSA Investment Managers is an autonomous investment management team within First Sentier Investors, with dedicated investment professionals based in Hong Kong and Singapore. We are specialists in Asia Pacific and Global Emerging Markets equity strategies, managing assets on behalf of clients globally.

We are bottom-up investors, using fundamental research and analysis to construct high-conviction portfolios. We conduct more than a thousand direct company meetings a year, seeking to identify high quality companies to invest in. We look for founders and management teams that act with integrity and risk awareness; and dominant franchises that have the ability to deliver sustainable and predictable returns over the long term. As responsible, long-term shareholders, we have integrated ESG analysis into our investment process and engage extensively on environmental, labour and governance issues.

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Annual performance in USD (%) to 31 December 2024

	12 mths to 31/12/24	12 mths to 31/12/23	12 mths to 31/12/22	12 mths to 31/12/21	12 mths to 31/12/20
FSSA Greater China Growth Fund	9.0	-9.3	-22.8	1.6	29.6
MSCI Golden Dragon Net Index	22.5	-0.9	-22.3	-9.5	28.2

Cumulative performance in USD (%) to 31 December 2024

	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Greater China Growth Fund	1101.3	63.3	0.4	-23.7	9.0	9.0	4.7	-6.6
MSCI Golden Dragon Net Index	540.3	62.7	9.4	-5.7	22.5	22.5	9.8	-4.0

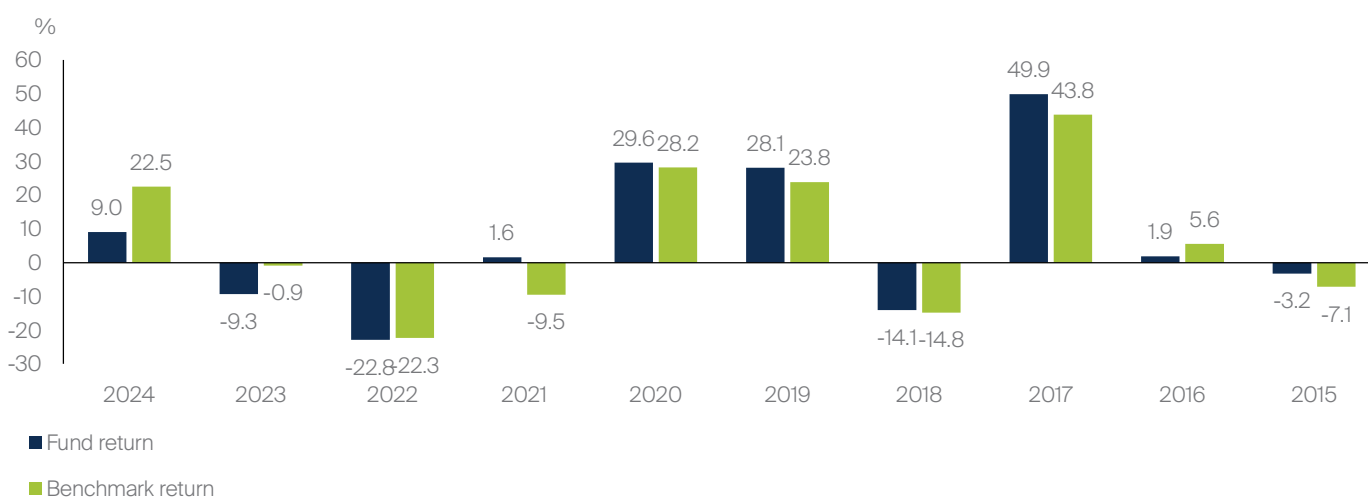
Performance review

Over the past 12 months, key contributors to performance included TSMC, as growth has remained strong at a time when demand is generally weak. Revenue and profits are expected to continue to grow this year, as management commented on the "extremely robust" AI demand. TSMC's smartphones and personal computing (PC) businesses are also expected to be resilient, as content per chip is rising due to the growing adoption of AI. Tencent also added to performance as it continued to develop new functions within WeChat (such as Video Accounts and Mini Shops) to slowly improve monetisation and enhance the quality of the franchise. Tencent has proven its ability to deliver decent growth despite the weak environment – for example, its Video Accounts grew by 60%

in 9M24 and contributed to a high double-digit percentage of its total advertisements' revenue.

On the negative side, CSPC reported weaker-than-expected sales, as legacy drugs were impacted by volume-based procurement (VBP) price cuts. The company also lowered its targets for new products, as the stringent regulatory environment may delay their adoption at hospitals. Silergy fell amid a challenging demand environment and increased competition from its Chinese peers. However, the business appears to be more robust compared to previous down cycles, and the management seemed confident about a recovery in sales and margins.

Calendar year performance (% in USD) to 31 December 2024



These figures refer to the past. Past performance is not a reliable indicator of future results. For investors based in countries with currencies other than USD, the return may increase or decrease as a result of currency fluctuations. Since inception performance figures have been calculated from 18 October 2002. All performance data for the FSSA Greater China Growth Fund Class I (Accumulation) USD as at 31 December 2024. Source for fund - Lipper IM / First Sentier Investors (UK) Funds Limited. Performance data is calculated on a net basis by deducting fees incurred at fund level (e.g. the management fee and other fund expenses), save that it does not take account of initial charges or switching fees (if any). Income reinvested is included on a net of tax basis. Source for benchmark - MSCI, income reinvested net of tax.

▲On 22 September 2020, First State Greater China Growth Fund was rebranded as FSSA Greater China Growth Fund.

Portfolio review

New purchases over the quarter included ZTO Express, the biggest parcel delivery company in China with around 23% market share by volume. We believe ZTO's industry leadership is likely to persist given its strong track record and management quality. Throughout its history, ZTO has always emphasised profitability and service quality, so we expect it to benefit from the ongoing consolidation among express delivery players. Meanwhile it has been reducing capital expenditures and raising dividends, backed by higher free cash-flow. Valuations are undemanding, and there is an attractive yield (as well as share buybacks), which we think translates into an attractive risk/return.

We sold Nien Made, the second-largest producer of window coverings in the US. Although it has room to gain market share, its valuations reached our fair value estimate and there are uncertainties around the US housing market.

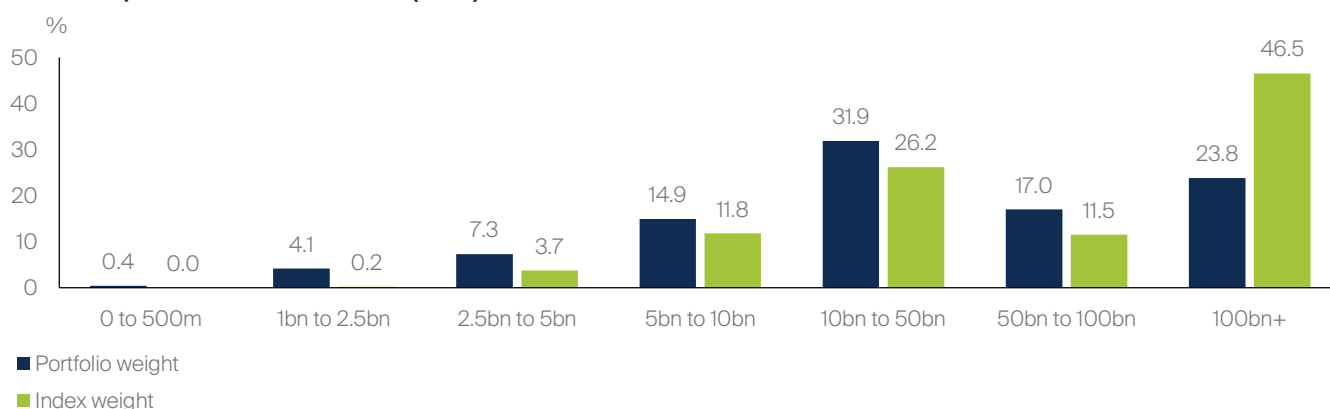
Stock spotlight

We have been shareholders of **Tencent** since 2005 and have consistently found the management to be effective, stable and down-to-earth. Tencent's focus on its users has built strong competitive moats in its business, particularly through its "super app" WeChat, which has become an integrated part of daily life for more than 1.2bn users.

Tencent took advantage of the tremendous network effects created by WeChat to develop new features designed to enhance its users' experience. Today WeChat not only facilitates messaging, it also has integrated social media, payments, ride hailing, e-commerce, and video streaming within its app, which together make up an ecosystem with high entry barriers. Tencent has also been successful with its capital allocation. With the growing dominance of WeChat, Tencent could spot new trends early and leverage this insight to fund the most promising operators. It made early and subsequently very profitable investments into companies like JD.com, Meituan, Pinduoduo and Kuaishou, a testament to its ability to recognise the likely winners. Tencent's profitability has improved, driven by the shift in its business mix. New businesses such as video account ads, e-commerce, mini-games, cloud software-as-a-service and non-payment fintech have higher gross margins than the group level and may continue to grow at over 15% per year.

In 2022 Tencent shifted its capital allocation focus to shareholder returns rather than growth. This has meant increased buybacks and dividends, fewer new investments and the divestiture of some portfolio companies.

Market capitalisation breakdown (USD)



Data source: For illustration purposes only. Portfolio weights may not add up to 100% as cash holdings are excluded and full coverage of stocks is not always available. This information is calculated by First Sentier Investors. Past performance is not indicative of future performance. Reference to specific securities (if any) is included for the purpose of illustration only and should not be construed as a recommendation to buy or sell the same. All securities mentioned herein may or may not form part of the holdings of First Sentier Investors' portfolios at a certain point in time, and the holdings may change over time. These figures refer to the past. Past performance is not a reliable indicator of future results. For investors based in countries with currencies other than USD, the return may increase or decrease as a result of currency fluctuations.

Outlook

The Chinese economy is undergoing difficulties, with ongoing deflationary pressure after the property market started correcting three years ago. Overall corporate earnings growth has been under pressure while domestic demand is likely to remain weak. Since September, China's central government has shown a major change in attitude, recognising the need to stimulate consumption and adopt more progressive fiscal and monetary policies. We think the change in policy stance is positive.

As bottom-up investors, we look for companies which we believe can grow earnings in a sluggish growth environment. Perhaps they are gaining market share, monetising existing businesses or simply have stronger pricing power in a more consolidated industry. We have also seen Chinese companies becoming more proactive in returning cash to shareholders, through increased dividends and buybacks. Meanwhile, even though overall demand is weak, there are still certain secular growth trends in China, such as travel. We believe if we stick to our investment philosophy, we can still find pockets of growth and deliver decent returns for our clients in the long run. We also believe well-managed business franchises will emerge stronger after going through a challenging period, as they adapt to the environment and take steps to strengthen their franchises.

Our long-term investment themes:

- Dominant consumer franchises which have an edge in brand, distribution and innovation.
- The rise in healthcare spending, due to increasing incomes and healthy consumer choices.
- Beneficiaries of a smarter, more connected world.
- An ageing population and the growing trend of automation.
- Globally competitive exporters with a growing international business.

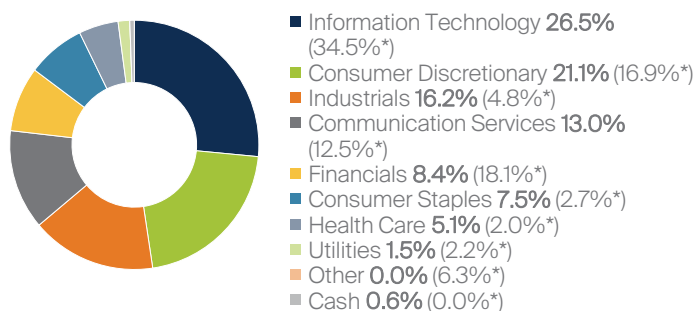
Ten largest company holdings as at 31 December 2024

Stock name	Country	Sector	Portfolio weight (%)
Tencent Holdings Ltd.	China	Communication Services	9.6
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	9.3
Midea Group	China	Consumer Discretionary	4.3
Shenzhou International Group Holdings Limited	China	Consumer Discretionary	3.9
MediaTek Inc	Taiwan	Information Technology	3.6
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	3.5
AIA Group Limited	Hong Kong	Financials	3.5
Techtronic Industries Co., Ltd.	Hong Kong	Industrials	3.5
China Merchants Bank Co., Ltd. Class H	China	Financials	3.4
ANTA Sports Products Ltd.	China	Consumer Discretionary	3.4

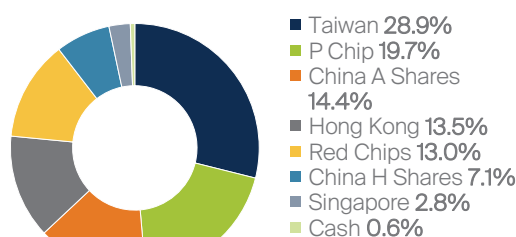
Sector and Country classifications provided by Factset and First Sentier Investors. The Fund may hold multiple equity securities in the same company, which have been combined to provide the Fund's total position in that company. Index weights, if any, typically include only the main domestic-listed security. The above Fund weightings may or may not include reference to multiple securities. Allocation percentage is rounded to the nearest one decimal place and the total allocation percentage may not add up to 100%.

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Sector breakdown



Share class breakdown



*Index weight

Top 5 contributors to absolute performance

3 months to 31 December 2024

Stock name	Country	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	67
MediaTek Inc	Taiwan	Information Technology	51
Accton Technology Corp.	Taiwan	Information Technology	42
Realtek Semiconductor Corp	Taiwan	Information Technology	40
Delta Electronics, Inc.	Taiwan	Information Technology	15

12 months to 31 December 2024

Stock name	Country	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	577
Tencent Holdings Ltd.	China	Communication Services	333
Midea Group Co. Ltd. Class A	China	Consumer Discretionary	178
China Merchants Bank Co., Ltd. Class H	China	Financials	170
MediaTek Inc	Taiwan	Information Technology	131

Bottom 5 contributors to absolute performance

3 months to 31 December 2024

Stock name	Country	Sector	Value added (bps*)
AIA Group Limited	Hong Kong	Financials	-73
ANTA Sports Products Ltd.	China	Consumer Discretionary	-71
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	-67
Shenzhen Mindray Bio-Medic-A	China	Health Care	-65
Tencent Holdings Ltd.	China	Communication Services	-54

12 months to 31 December 2024

Stock name	Country	Sector	Value added (bps*)
CSPC Pharmaceutical Group Limited	China	Health Care	-99
Shenzhou International Group Holdings Limited	China	Consumer Discretionary	-59
Silergy Corp.	Taiwan	Information Technology	-58
Airtac International Group	Taiwan	Industrials	-57
SINBON Electronics Co., Ltd.	Taiwan	Information Technology	-52

Stock contributions show the impact of the individual stock's performance to the total fund performance. These stock contributions show the top 5 and bottom 5 contributors to the fund and are not representative of the performance of the fund as a whole.

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This stock information does not constitute any offer or inducement to enter into investment activity.

Contributions are calculated at the investee company level before the deduction of any fees incurred at fund level (e.g. the management fee and other fund expenses) but after deduction of transactional costs. Stocks held/listed in non-index countries have economic activity > 50% from developing economies.

* A basis point is a unit of measure used in finance to describe the percentage change in value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form.

Data source: This information is calculated by First Sentier Investors.

Portfolio risk analysis - ex-post 3 years annualised to 31 December 2024

Risk measure	Value	Risk description
Beta	1.01	Beta is a measure of volatility relative to the market. A beta of 1 would indicate that the fund tended to move in line with the market; a beta greater than 1 would indicate that the fund has been more volatile than the market; whereas a beta less than 1 would indicate that the fund has been less volatile than the market.
Information Ratio	-1.06	The fund's excess return divided by its tracking error. It is designed to assess a portfolio's performance relative to its level of benchmark risk. The higher the fund's information ratio, the more excess return it generates for each unit of tracking error.
Portfolio Standard Deviation	26.61%	A measure of how much the returns of the fund vary relative to the arithmetical average. The higher the fund's standard deviation, the more its returns tend to deviate from the mean.
Benchmark Standard Deviation	25.88%	A measure of how much the returns of the index vary relative to the arithmetical average. The higher the index's standard deviation, the more its returns tend to deviate from the mean.
Tracking Error	5.02%	The standard deviation of the difference between the fund's returns and those of the index. The higher the fund's tracking error, the more its performance relative to the benchmark may vary.

Portfolio risk analysis - ex-ante at 31 December 2024

Risk measure	Value	Risk description
Dividend Yield (Fund)	2.79%	The annual dividend yield paid per share divided by the share price. This factor measures the value of company shares according to the stream of dividend income resulting from share ownership.
Dividend Yield (Index)	2.56%	The annual dividend yield paid per share divided by the share price. This factor measures the value of company shares according to the stream of dividend income resulting from share ownership.
Price to Book (Fund)	2.50	The ratio of the company's book value (the sum of shareholders' equity plus accumulated retained earnings from the P & L account) to its share price. This factor has been one of the most successful measures of the intrinsic value of company shares.
Price to Book (Index)	2.06	The ratio of the company's book value (the sum of shareholders' equity plus accumulated retained earnings from the P & L account) to its share price. This factor has been one of the most successful measures of the intrinsic value of company shares.
Price to Earnings (Fund)	16.77	Annual earnings (adjusted for amortizations of intangibles, extraordinary charges and credits) per share divided by the share price. This factor measures the worth of a company's ability to support each share with after tax earnings.
Price to Earnings (Index)	14.58	Annual earnings (adjusted for amortizations of intangibles, extraordinary charges and credits) per share divided by the share price. This factor measures the worth of a company's ability to support each share with after tax earnings.

Data source: Ex-post information is calculated by First Sentier Investors, ex-ante information is provided by FactSet.

Important information

This document has been prepared for informational purposes only and is only intended to provide a summary of the subject matter covered and does not purport to be comprehensive. The views expressed are the views of the writer at the time of issue and may change over time. It does not constitute investment advice and/or a recommendation and should not be used as the basis of any investment decision. This document is not an offer document and does not constitute an offer or invitation or investment recommendation to distribute or purchase securities, shares, units or other interests or to enter into an investment agreement. No person should rely on the content and/or act on the basis of any material contained in this document.

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References to "we" or "us" are references to First Sentier Investors.

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Certain funds referred to in this document are identified as sub-funds of First Sentier Investors Global Umbrella Fund plc, an umbrella investment company registered in Ireland ("VCC"). Further information is contained in the Prospectus and Key Information Documents of the VCC which are available free of charge by writing to: Client Services, First Sentier Investors, 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland or by telephoning +353 1 635 6798 between 9am and 5pm (Dublin time) Monday to Friday or by visiting www.firstsentierinvestors.com. Telephone calls may be recorded. The distribution or purchase of shares in the funds, or entering into an investment agreement with First Sentier Investors may be restricted in certain jurisdictions.

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