

FSSA China Growth Fund



- The Fund invests primarily in equity securities or equity-related securities issued by companies with either assets in, or revenues derived from China.
- The Fund invests in emerging markets which may have increased risks than developed markets including liquidity risk, currency risk/control, political and economic uncertainties, high degree of volatility, settlement risk and custody risk.
- Investing in securities of small /mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments.
- The Fund's investments may be concentrated in China and single sector which may have higher volatility or greater loss of capital than more diversified portfolios.
- The Fund may expose to China market risk including repatriation risk, uncertainties to PRC taxation policies and risks associated with StockConnects, QFI, the ChiNext market and/or the STAR board. The Fund may also expose to RMB currency and conversion risk.
- The Fund may use FDIs for hedging and efficient portfolio management purposes, which may subject the Fund to additional liquidity, valuation, counterparty and over the counter transaction risks.
- It is possible that a part or entire value of your investment could be lost. You should not base your investment decision solely on this document. Please read the offering document including risk factors for details.

Investment objective and strategy

The Fund aims to achieve long term capital appreciation and invests primarily in equity or equity-related securities issued by companies with either assets in, or revenues derived from the People's Republic of China that are listed, traded or dealt in on regulated markets in China, Hong Kong, Taiwan, the U.S. or in a member state of OECD.

Fund information

Fund size (US\$m)	2,443.2
Benchmark	MSCI China Net Index▲
Number of holdings	50

Available share classes

Share class [†]	Inception date	Nav/per share	Distribution frequency [‡]	ISIN code
Class I (USD - Acc)	17 August 1999	US\$172.49	N/A	IE0008368742
Class I Hedged N (CNH - Acc)	01 December 2022	¥86.44	N/A	IE000KX3CXG6

[†] Acc represents share class with dividends accumulated.

▲ The benchmark displayed is the MSCI Golden Dragon Index until 31 May 2002 and the MSCI China Index from 1 June 2002 onwards.

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.

Annual performance (% in USD) to 31 March 2025

	12 mths to 31/03/25	12 mths to 31/03/24	12 mths to 31/03/23	12 mths to 31/03/22	12 mths to 31/03/21
FSSA China Growth Fund Class I (USD - Acc)	12.6	-21.2	-3.3	-21.2	59.5
FSSA China Growth Fund Class II (USD - Acc)	12.6	-21.0	-2.9	-20.8	60.3
MSCI China Net Index	40.4	-17.1	-4.7	-32.5	43.6

Cumulative performance (% in USD) to 31 March 2025

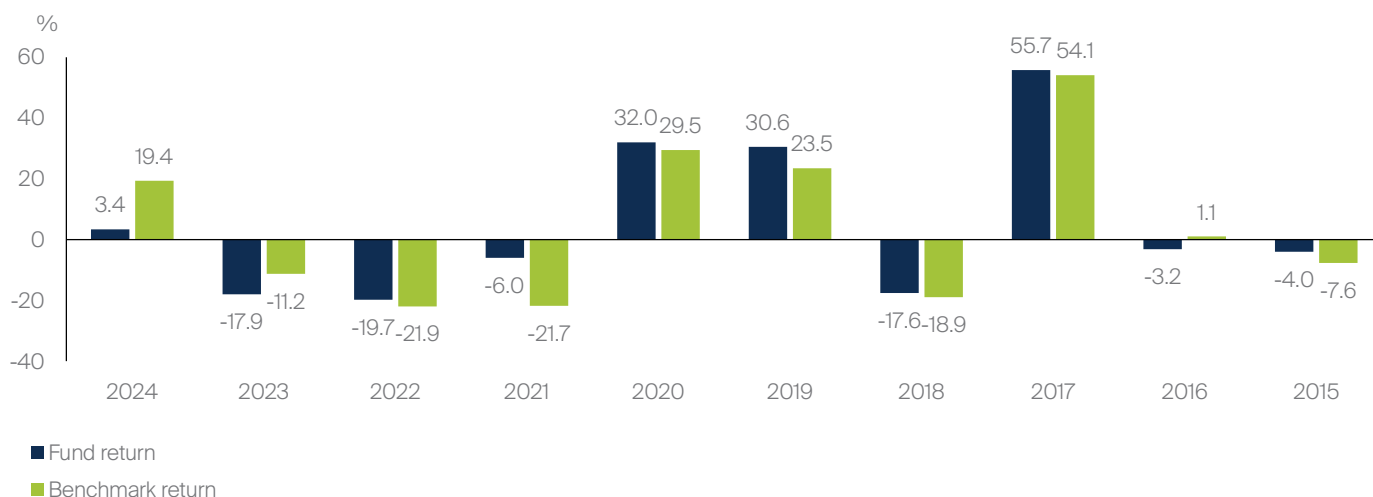
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA China Growth Fund Class I (USD - Acc)	1625.0	31.3	7.8	-14.2	12.6	6.4	-3.5	6.4
FSSA China Growth Fund Class II (USD - Acc)	2480.3	36.0	9.6	-13.6	12.6	6.4	-3.5	6.4
MSCI China Net Index	505.9	28.6	7.5	11.0	40.4	15.0	6.2	15.0

Performance review

Over the past 12 months, key contributors to performance included **Tencent**, as its rapid integration of the DeepSeek model into WeChat as well as various other business segments suggests that it should be able to continue to strengthen its ecosystem – and continue to enjoy the network effects – in the coming AI era. **Midea** added to performance after reporting steady results for FY2024 and a higher-than-expected payout ratio of 69.3% (vs. the market's expectations of 60%). The management also announced further plans to improve shareholder returns, including the addition of a semi-annual dividend in 2025-27 and the repurchase RMB 5-10bn of shares in 2025.

On the negative side, **Shenzhou International** declined, despite reporting robust earnings results, on concerns about US import tariffs and an escalating trade war. However, while China accounts for around 45% of its manufacturing capacity, 15% is exported to non-Europe and non-US regions, while the rest is consumed domestically. The US comprises only a small proportion of its revenue. **Shenzhen Mindray** also declined on concerns about US tariffs, even though there should be limited impact on its business (North America contributed around 6% of its revenue in 1H2024). Mindray currently has 13 overseas production facilities and could establish additional capacity overseas to offset the potentially higher tariffs.

Calendar year performance (% in USD) to 31 March 2025



Source: Lipper and First Sentier Investors, Nav-Nav (USD total return) data as at 31 March 2025. This Fund is a sub fund of Ireland domiciled First Sentier Investors Global Umbrella Fund Plc. Class I (USD-Acc) and Class II (USD-Acc) are the non-dividend distributing class of the fund, the performance quoted are based on USD total return (non-dividend distributing). Class II (USD-Acc) was launched on 20 May 1992 and has been closed for subscription. The benchmark displayed is the MSCI Golden Dragon Index until 31 May 2002 and the MSCI China Index from 1 June 2002 onwards. Gross of tax benchmark performance is shown before 1 July 2016 and net of tax benchmark performance is shown after the aforementioned date. Class I (USD - Acc) performance is shown in the above chart. Unless otherwise specified, all information contained in this document is as at 31 March 2025. Investment involves risks, past performance is not a guide to future performance. On 22 September 2020, First State China Growth Fund was rebranded as FSSA China Growth Fund.

Portfolio review

New purchases over the quarter included **PDD**, a leading e-commerce company in China on attractive valuations. Founded by Colin Huang – widely respected and recognised as a capable leader – the company is an innovator within China's e-commerce industry, having disrupted the seemingly mature market by bringing customers directly to farmers and manufacturers. Positioned as a "value-for-money" platform, it is a highly profitable and cash flow generative business, while being less capital intensive vs. peers. We believe it has good growth potential, with a franchise that continues to strengthen. We also bought **Full Truck Alliance (FTA)**, a leading digital freight platform in China with a strong competitive moat and a long growth runway. FTA should continue to strengthen with scale, as shippers move more of their business on to the platform, driven by cheaper prices, which then drives more truckers to the platform, and so on. The business is still in the early stages of monetisation (which implies room to grow), margins are expanding, and it is cash flow generative. Meanwhile, new growth opportunities, such as cargo pooling, could also open up once it reaches a minimum viable scale.

We sold **Sinbon Electronics** on strength and divested **Shanghai Hanbell** to consolidate the portfolio.

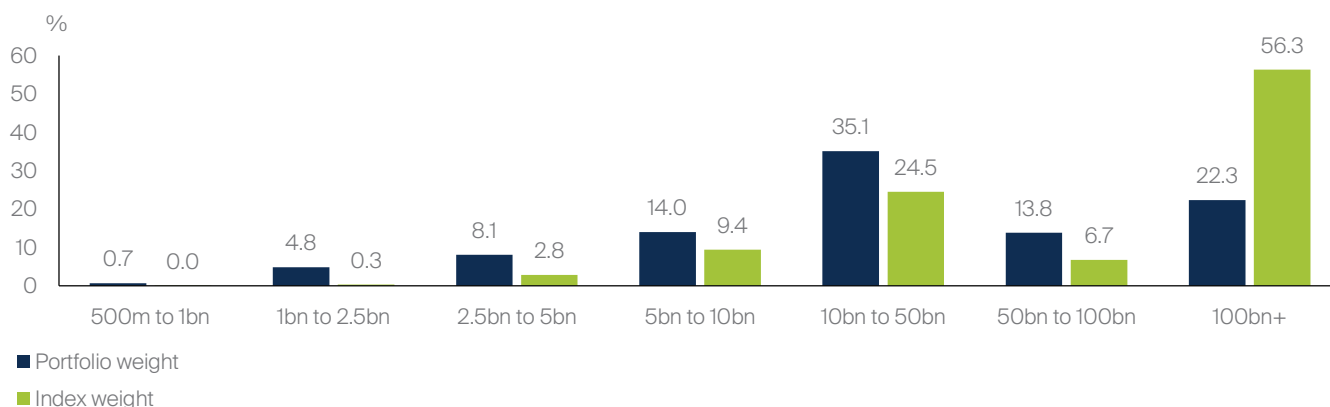
Stock spotlight

Meituan is the largest local services e-commerce platform in China, with more than 600 million users and nine million businesses across the country. As an O2O (online to offline) business, Meituan offers products and services that are transacted online, but consumed offline "in the real world". It is the leader in food delivery services and domestic hotel bookings, while in-store dining and travel services are major profit centres. Food delivery is a solid and cash-generative business for Meituan, with a dominant market share at around 70%, mid-teens revenue growth and sustained margin improvement. It's a strong engine for the business thanks to its dominant share and high delivery efficiency.

The problem was its recent foray into community group buying (CGB), a form of online shopping where residents in the same neighbourhood group together to buy products in bulk at a discount. As a business model, CGB has been loss-making and fraught with competition from Pinduoduo, Didi, JD.com and Alibaba. After recognising that the mounting losses from CGB were not sustainable, Meituan shifted its focus by shutting down unprofitable operations, streamlining logistics and reducing promotional activities. As a result, its CGB losses have narrowed. Peers appear to have retreated from CGB as well, which bodes well for Meituan's remaining CGB efforts.

Overall, we are pleased with the management's willingness to admit mistakes, the steps taken to rectify the losses and its more prudent capital allocation. We believe Meituan still has a long runway of growth ahead, as the market share leader and app traffic front-runner. The company has also been buying back shares to improve total shareholder returns.

Market capitalisation breakdown (USD)



Data source: First Sentier Investors. 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. 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. The index refers to MSCI China Net Index.

Outlook

After a challenging few years, we are starting to see pockets of healthy demand emerging in certain domestically focused sectors. The government is providing more support for businesses and consumers, perhaps in response to rising geopolitical tensions. And, through multi-year investments in R&D and supply chains, Chinese companies have become more competitive on the global stage. These are all reasons to be positive on the long-term outlook for China equities.

However, the recent news about US reciprocal tariffs have raised the uncertainty of the outlook, given the scale and breadth of the taxes. We don't pretend to know the end-result of the disruption to global trade nor are we trying to predict such outcomes. However, it is in times like this that the conservative approach with which we manage our portfolios comes to the fore.

As bottom-up investors, our focus remains on selecting well-run companies with capable leaders, strong franchises, attractive earnings growth and sound balance sheets. Our portfolio is aligned with the structural trends shaping China's economy: innovation, sustainability, and increasing shareholder returns. Overall, we believe our holdings in market-leading businesses, led by secular growth trends and underpinned by rising incomes, are likely to remain resilient through this period.

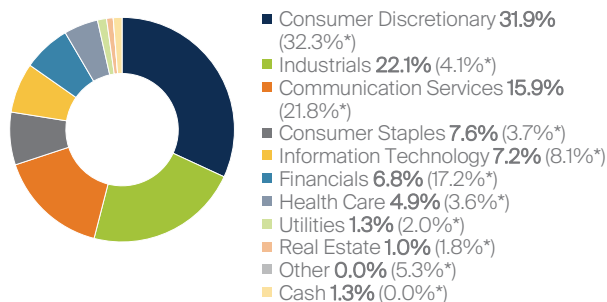
Our long-term investment themes:

- 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 March 2025

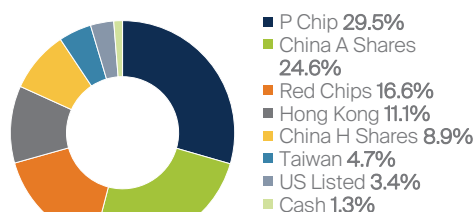
Stock name	Geography	Sector	Portfolio weight (%)
Tencent Holdings Ltd.	China	Communication Services	9.3
Netease Inc	China	Communication Services	5.4
Shenzhou International Group Holdings Limited	China	Consumer Discretionary	4.3
Midea Group	China	Consumer Discretionary	4.1
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	4.0
China Merchants Bank Co., Ltd. Class H	China	Financials	3.7
Meituan Class B	China	Consumer Discretionary	3.6
Shenzhen Mindray Bio-Medic-A	China	Health Care	3.6
ANTA Sports Products Ltd.	China	Consumer Discretionary	3.5
Huazhu Group Ltd USD0.00001	China	Consumer Discretionary	3.3

Sector breakdown



*Index weight

Share class breakdown



Sector and Share class 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%.

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.

The index refers to MSCI China Net Index.

Top 5 contributors to absolute performance

3 months to 31 March 2025

Stock name	Geography	Sector	Value added (bps*)
Tencent Holdings Ltd.	China	Communication Services	184
China Merchants Bank Co., Ltd. Class H	China	Financials	71
Netease Inc	China	Communication Services	69
Hongfa Technology Co., Ltd. Class A	China	Industrials	49
ACM Research, Inc. Class A	USA	Information Technology	46

12 months to 31 March 2025

Stock name	Geography	Sector	Value added (bps*)
Tencent Holdings Ltd.	China	Communication Services	529
China Merchants Bank Co., Ltd. Class H	China	Financials	236
Midea Group Co. Ltd. Class A	China	Consumer Discretionary	126
Ping An Insurance (Group) Company of China, Ltd. Class H	China	Financials	107
Hongfa Technology Co., Ltd. Class A	China	Industrials	88

Bottom 5 contributors to absolute performance

3 months to 31 March 2025

Stock name	Geography	Sector	Value added (bps*)
Shenzhou International Group Holdings Limited	China	Consumer Discretionary	-31
Shenzhen Mindray Bio-Medic-A	China	Health Care	-27
Haier Smart Home Co., Ltd. Class H	China	Consumer Discretionary	-27
Trip.com Group Ltd.	China	Consumer Discretionary	-21
Techtronic Industries Co., Ltd.	Hong Kong	Industrials	-17

12 months to 31 March 2025

Stock name	Geography	Sector	Value added (bps*)
Shenzhou International Group Holdings Limited	China	Consumer Discretionary	-82
CSPC Pharmaceutical Group Limited	China	Health Care	-67
Shenzhen Mindray Bio-Medic-A	China	Health Care	-56
Yifeng Pharmacy Chain Co Ltd Class A	China	Consumer Staples	-55
Airtac International Group	Taiwan	Industrials	-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.

Important information

Investment involves risks, past performance is not a guide to future performance. Refer to the offering documents of the respective funds for details, including risk factors. The information contained within this document has been obtained from sources that First Sentier Investors ("FSI") believes to be reliable and accurate at the time of issue but no representation or warranty, expressed or implied, is made as to the fairness, accuracy or completeness of the information. To the extent permitted by law, neither FSI, nor any of its associates, nor any director, officer or employee accepts any liability whatsoever for any loss arising directly or indirectly from any use of this. It does not constitute investment advice and should not be used as the basis of any investment decision, nor should it be treated as a recommendation for any investment.

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