

# FSSA Greater China Growth Fund

- The Fund invests primarily in equity or equity-related securities of the companies with either assets in, or revenues derived from China, Hong Kong and Taiwan.
- 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 small /mid-capitalisation securities may have lower liquidity and their prices are more volatile to adverse economic developments.
- The Fund's investments may be concentrated in a single sector, country, specific region or small numbers of companies/countries 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, Hong Kong, and Taiwan and which are listed, traded or dealt in on regulated markets in the People's Republic of China, Hong Kong, Taiwan, the U.S., Singapore, Korea, Thailand and Malaysia or in a member state of the OECD.

## Fund information

Fund size (US\$m)	822.1
Benchmark	MSCI Golden Dragon Net Index
Number of holdings	38

## Available share classes

Share class <sup>†</sup>	Inception date	Nav/per share	Distribution frequency <sup>‡</sup>	ISIN code
Class I (USD - Acc)	18 October 2002	US\$122.65	N/A	IE0031814852
Class I Hedged N (CNH - Acc)	18 January 2023	¥86.24	N/A	IE000YN11P12

<sup>†</sup> Acc represents share class with dividends accumulated.

## 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 Greater China Growth Fund Class I (USD - Acc)	10.6	-12.6	-6.9	-15.2	62.6
MSCI Golden Dragon Net Index	24.7	-5.2	-7.6	-21.4	52.0

### Cumulative performance (% in USD) to 31 March 2025

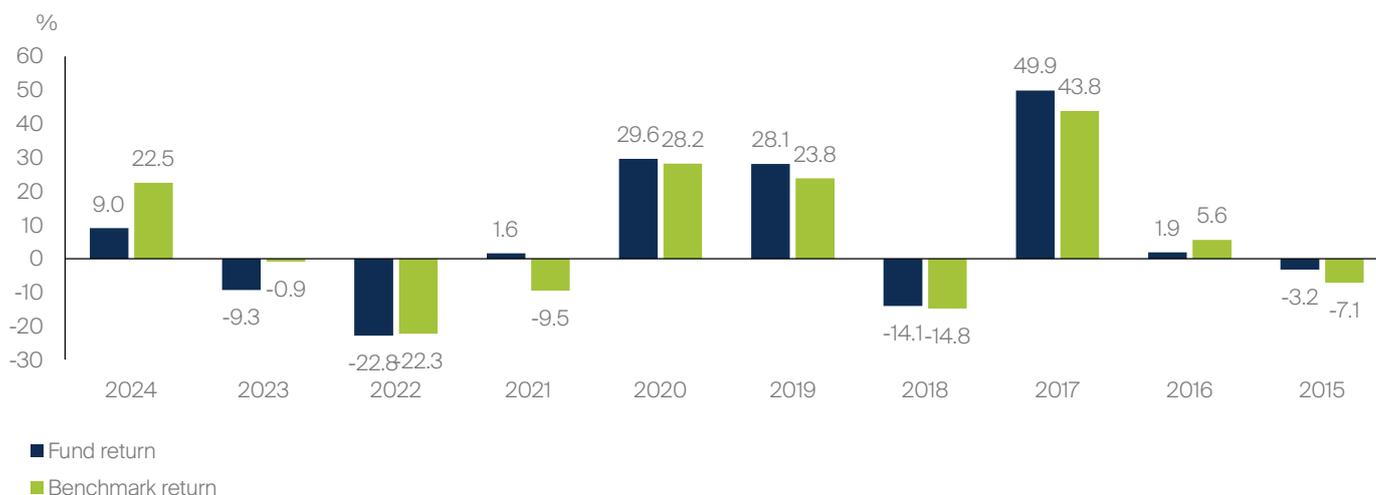
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Greater China Growth Fund Class I (USD - Acc)	1126.5	56.8	24.2	-9.9	10.6	2.1	-4.6	2.1
MSCI Golden Dragon Net Index	563.3	58.3	30.6	9.2	24.7	3.6	-0.5	3.6

### 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. **China Merchants Bank** rose after preannouncing its full year and Q4 2024 results, which were better than the market expected. The bank maintained its leading position in deposits growth, while keeping capital costs low. It has also remained prudent on risk management, with its NPL ratio rising by just 1 basis point over the quarter – and flat compared to the beginning of the year. Future growth is likely to come from overseas markets, non-banking financial businesses, wealth management and digitalisation, according to the management.

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) is the non-dividend distributing class of the fund, the performance quoted are based on USD total return (non-dividend distributing). Gross of tax benchmark performance is shown before 1 July 2016 and net of tax benchmark performance is shown after the aforementioned date. 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 Greater China Growth Fund was rebranded as FSSA Greater China Growth Fund.

**Portfolio review**

New purchases over the quarter included **Meituan**, the largest local services e-commerce platform in China. It is the leader in food delivery services and domestic hotel bookings, while in-store dining and travel services are major profit centres. Amid a challenging demand environment, Meituan has proven itself as a resilient and profitable business and has defended its position against the competition.

We sold **Jardine Matheson** and **ENN Energy** to consolidate the portfolio into higher conviction ideas.

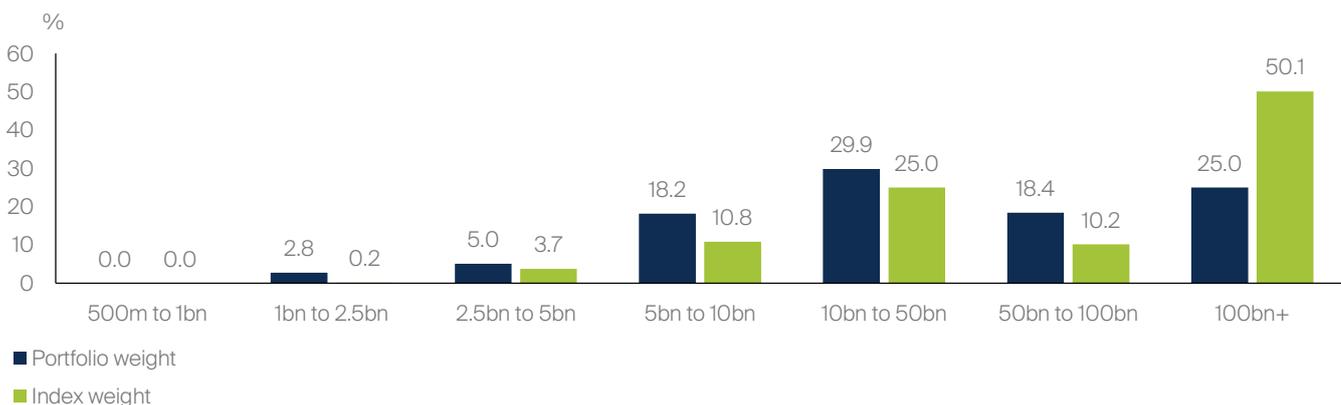
**Stock spotlight**

**Midea Group** is China's largest home appliances company and a dominant consumer franchise, well-positioned to benefit from rising income levels and the premiumisation trend in China. The domestic appliances market has become an oligopoly with Midea, Gree and Haier Smart Home holding majority market share. In this mature market, Midea remains no. 1 or no. 2 in every major category, with replacement demand being the dominant driver. Despite uncertainties around China's property market and the broader economic outlook, Midea is guiding for high single-digit growth in home appliances in the domestic market. This seems reasonable, and the government's trade-in subsidies should provide some support too.

Despite its large scale, Midea's efficient operations are profitable and highly cash-flow generative. Last year Midea reported resilient earnings results, with decent growth in both domestic and overseas. While Trump's tariff announcements have raised concerns about its overseas business, the US only makes up around 10% of its total revenue from home appliances (2024 figures).

Moreover, its global supply chain is well diversified with around 20% of its appliance production capacity located outside of China, and a target to increase this to 30%. It already has 17 overseas research and development (R&D) centres, 22 overseas manufacturing plants and more than 35,000 of its employees are outside China. We think Midea should be able to manage higher tariffs, if they materialise, by passing through the costs to consumers or by moving its production to a friendlier base country.

**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 Golden Dragon 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.

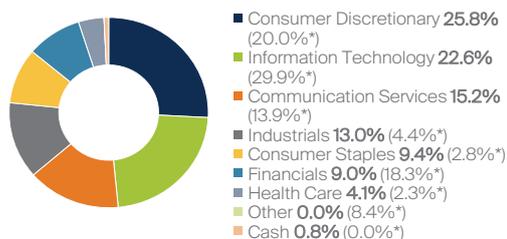
## Our long-term investment themes:

- 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	9.5
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	7.7
Midea Group	China	Consumer Discretionary	4.7
Shenzhou International Group Holdings Limited	China	Consumer Discretionary	4.3
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	4.0
Netease Inc	China	Communication Services	4.0
China Merchants Bank Co., Ltd. Class H	China	Financials	3.8
AIA Group Limited	Hong Kong	Financials	3.7
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	3.6
MediaTek Inc	Taiwan	Information Technology	3.6

## 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%.

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## 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	183
Netease Inc	China	Communication Services	55
China Merchants Bank Co., Ltd. Class H	China	Financials	53
Hongfa Technology Co., Ltd. Class A	China	Industrials	42
ANTA Sports Products Ltd.	China	Consumer Discretionary	41

### 12 months to 31 March 2025

Stock name	Geography	Sector	Value added (bps*)
Tencent Holdings Ltd.	China	Communication Services	500
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	173
China Merchants Bank Co., Ltd. Class H	China	Financials	168
Midea Group Co. Ltd. Class A	China	Consumer Discretionary	116
JD.com, Inc. Class A	China	Consumer Discretionary	83

## Bottom 5 contributors to absolute performance

### 3 months to 31 March 2025

Stock name	Geography	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	-142
Delta Electronics, Inc.	Taiwan	Information Technology	-35
Realtek Semiconductor Corp	Taiwan	Information Technology	-29
Accton Technology Corp.	Taiwan	Information Technology	-26
Shenzhou International Group Holdings Limited	China	Consumer Discretionary	-26

### 12 months to 31 March 2025

Stock name	Geography	Sector	Value added (bps*)
Airtac International Group	Taiwan	Industrials	-72
Shenzhou International Group Holdings Limited	China	Consumer Discretionary	-71
CSPC Pharmaceutical Group Limited	China	Health Care	-52
Shenzhen Mindray Bio-Medic-A	China	Health Care	-47
Yifeng Pharmacy Chain Co Ltd Class A	China	Consumer Staples	-39

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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