

# FSSA All China Fund (UK OEIC)

## Investment objective and policy

The Fund aims to achieve capital growth over the medium to long term (at least three years).

The Fund invests at least 70% in a portfolio of shares of companies based in or where the majority of their activities take place in mainland China that are listed, traded or dealt worldwide. The Fund has no set target for the number of companies it will invest in but the Fund's manager anticipates that typically the Fund will invest in around 40 – 60 stocks. The Fund may invest up to 10% in other funds.

The Fund will only use derivatives to reduce risk or to manage the Fund more efficiently in limited cases.

## Fund information

|                                    |                                  |
|------------------------------------|----------------------------------|
| Fund launch date                   | 01 March 2017                    |
| Fund size (£m)                     | 44.5                             |
| UK's investment association sector | China/Greater China              |
| Benchmark                          | MSCI China All Shares Net Index* |
| Number of holdings                 | 42                               |
| Fund manager(s)                    | Winston Ke/Helen Chen            |
| Research rating ^                  | RSM:Rated                        |
| Fund yield                         | 1.8%                             |

\* The benchmark and IA sector for this Fund have been identified as a means by which investors can compare the performance of the Fund and have been chosen because their constituents most closely represent the scope of the investable assets. The benchmark and sector are not used to limit or constrain how the portfolio is constructed nor are they part of a target set for Fund performance.

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

## Available share classes

| Share class                                    | Sedol   | ISIN         |
|--|---------|--------------|
| FSSA All China Fund GBP Class E (Accumulation) | BGMHMT3 | GB00BGMHMT38 |
| FSSA All China Fund GBP Class B (Accumulation) | BZCCYN9 | GB00BZCCYN91 |
| FSSA All China Fund USD Class B (Accumulation) | BZCCYL7 | GB00BZCCYL77 |

## 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.

### Risk factors

This document is a financial promotion for the FSSA All China Fund in the UK 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.**
- **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.
- **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.
- **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.
- **Smaller companies risk:** investments in smaller companies may be riskier and more difficult to buy and sell than investments in larger companies.

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 Investor 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.**

### Annual performance in GBP (%) to 30 June 2025

|                                 | 12 mths to<br>30/06/25 | 12 mths to<br>30/06/24 | 12 mths to<br>30/06/23 | 12 mths to<br>30/06/22 | 12 mths to<br>30/06/21 |
|---------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| FSSA All China Fund             | 12.1                   | -13.1                  | -19.9                  | -9.7                   | 18.4                   |
| MSCI China All Shares Net Index | 17.3                   | -3.8                   | -21.7                  | -15.2                  | 18.3                   |
| Sector return                   | 13.8                   | -6.6                   | -23.8                  | -18.7                  | 21.7                   |

### Cumulative performance in GBP (%) to 30 June 2025

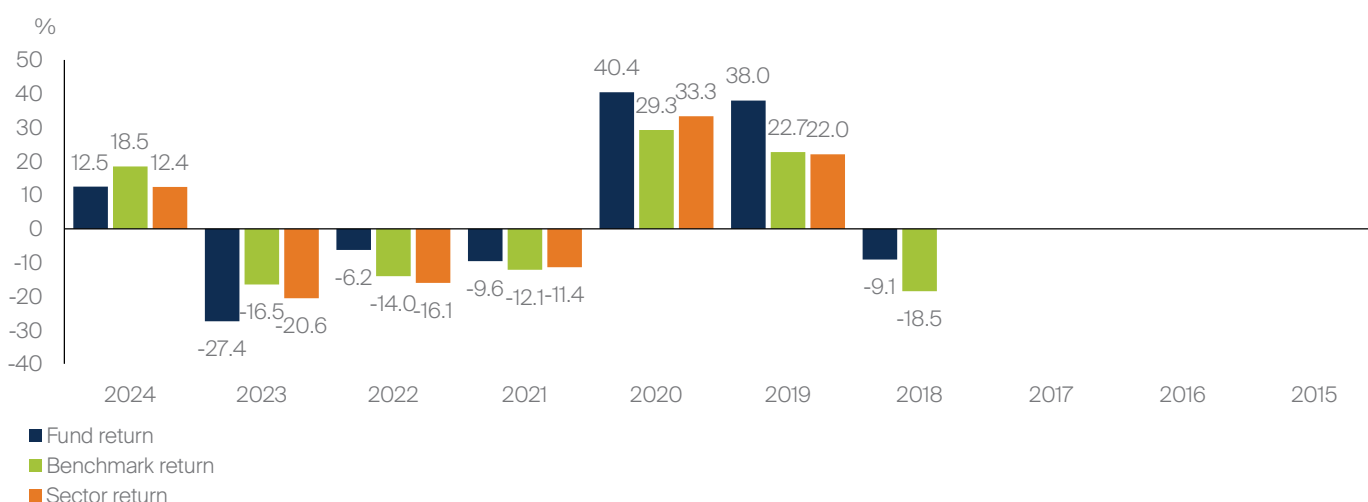
|                                 | Since<br>Inception | 10 yrs | 5 yrs | 3 yrs | 1 yr | YTD | 6 mths | 3 mths |
|---------------------------------|--------------------|--------|-------|-------|------|-----|--------|--------|
| FSSA All China Fund             | 25.6               | -      | -16.5 | -21.9 | 12.1 | 0.5 | 0.5    | -6.0   |
| MSCI China All Shares Net Index | -4.4               | -      | -11.5 | -11.7 | 17.3 | 2.1 | 2.1    | -3.6   |
| Sector return                   | -4.5               | -      | -17.8 | -17.3 | 13.8 | 3.5 | 3.5    | -2.8   |

### Performance review

Key contributors to performance over the past 12 months included **Ping An Insurance**, following a recovery in its life insurance and property & casualty insurance businesses. The group has grown the number of its life insurance agents, with strong productivity leading to higher new business value (NBV) and improved NBV margins. **Netease** rose after reporting strong earnings results, with gaming revenue and margins both better than consensus estimates as the increased cost of game development has helped market leaders. Netease plans to release its new games both in China and internationally in future, which will likely aid in the growth of its non-China revenue.

On the negative side, **Zhejiang Weixing New Building Materials** declined due to weak demand conditions, with retail home renovation spending and general consumer sentiment continuing to be affected by the property down-cycle. **ZTO Express** declined amid intense competitive pressures within the parcel delivery industry. On the other hand, ZTO's business has been resilient, and as the leading Tongda delivery company, we expect ZTO to benefit from the eventual consolidation in the industry.

### Calendar year performance (% in GBP) to 30 June 2025



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 GBP, the return may increase or decrease as a result of currency fluctuations. Since inception performance figures have been calculated from 24 November 2017. All performance data for the FSSA All China Fund Class B (Accumulation) GBP as at 30 June 2025. 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.

▲ Sector returns calculated by Lipper and denote the arithmetic mean performance of funds in the relevant UK's Investment Association Sector.  
On 22 September 2020, First State All China Fund was rebranded as FSSA All China Fund.

## Portfolio review

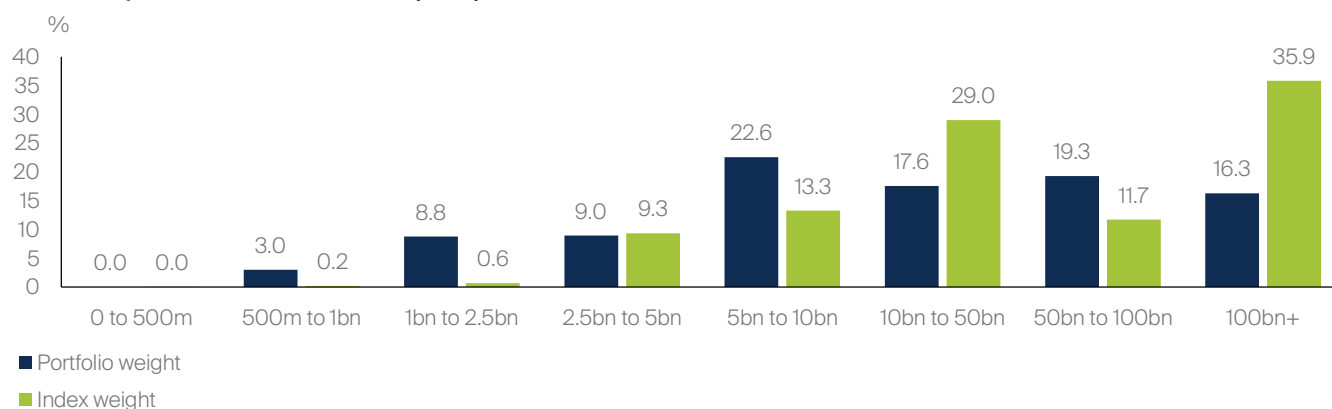
New purchases over the quarter included **Haitian International**, the global market leader in plastic injection molding machines. The company's long-term track record is decent, and strong recent orders suggest that they are emerging from an industry down-cycle. We believe continued domestic market share gains, product upgrades and overseas expansion (where their market share is still small) could fuel future growth. Moreover, valuations seemed attractive, with the shares trading at trough price-to-book value. We also bought Yadea, the leader in China's electric two-wheeler industry. The industry has seen rapid development in recent years and the bikes have become a daily necessity for many.

We sold **Angel Yeast** and **Shanghai Hanbell** to consolidate the portfolio into higher conviction ideas.

## Stock spotlight

**Shenzhen Mindray** is the leading medical device manufacturer in China. We believe it is well positioned to benefit from the world's ageing population and increased healthcare spending. Founded in Shenzhen in 1991, the company has demonstrated a strong track record of new product innovation, mergers and acquisitions, and expansion into new geographies. It has grown successfully beyond patient monitoring systems into more advanced areas such as medical imaging and in vitro diagnostics. Key to these results is their core competency in research and development (R&D). As sales grew, Mindray maintained R&D spending at 9-10% of revenue, creating a self-perpetuating cycle of new products and sales growth, along with cost savings to customers. Among the most important elements driving Mindray's success are its people and culture; and in Mindray's case this comes from the co-founder and chairman, Li Xiting. We believe his risk-aware approach has been integral to the company's strong growth and execution.

## Market capitalisation breakdown (GBP)



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 GBP, the return may increase or decrease as a result of currency fluctuations.

## 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.

On the other hand, the US-led 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. 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.

Looking ahead, we are excited about China's future, but it may take time for the investment case to play out. Meanwhile, many companies we own in the portfolio are trading at attractive valuations and the risk-reward looks favourable.

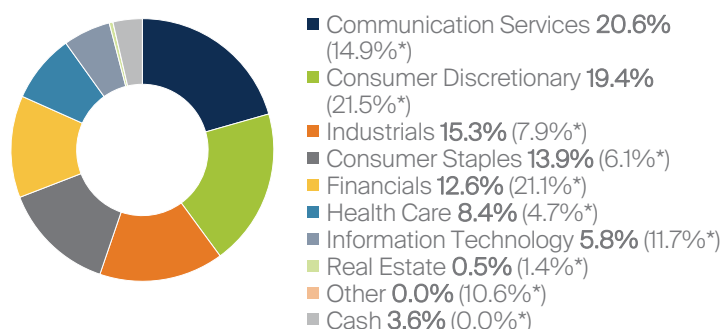
## Our long-term investment themes:

- 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 30 June 2025

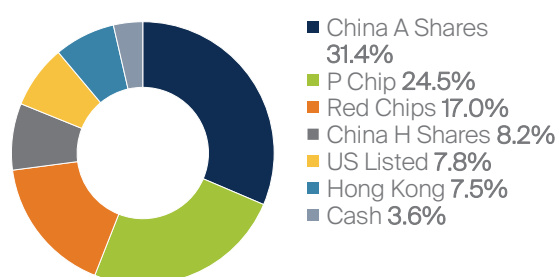
| Stock name   | Country | Sector                 | Portfolio weight (%) |
|--|---------|------------------------|----------------------|
| Tencent Holdings Ltd                                     | China   | Communication Services | 9.6                  |
| China Mengniu Dairy Co., Ltd.                            | China   | Consumer Staples       | 6.8                  |
| Meituan Class B  | China   | Consumer Discretionary | 5.4                  |
| Netease Inc  | China   | Communication Services | 5.3                  |
| Shenzhen Mindray Bio-Medic-A                             | China   | Health Care            | 5.0                  |
| China Merchants Bank Co., Ltd. Class H                   | China   | Financials             | 4.8                  |
| Ping An Insurance (Group) Company of China, Ltd. Class A | China   | Financials             | 4.2                  |
| Kanzhun A ADR  | China   | Communication Services | 4.0                  |
| China Resources Beer (Holdings) Co. Ltd.                 | China   | Consumer Staples       | 3.8                  |
| Bank of Ningbo   | China   | Financials             | 3.6                  |

## Sector breakdown



\*Index weight

## Share class breakdown



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%.

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 GBP, the return may increase or decrease as a result of currency fluctuations.

## Top 5 contributors to absolute performance

### 3 months to 30 June 2025

| Stock name                             | Country | Sector                 | Value added (bps*) |
|--|---------|------------------------|--------------------|
| Netease Inc                            | China   | Communication Services | 114                |
| NetEase Cloud Music Inc.               | China   | Communication Services | 68                 |
| China Merchants Bank Co., Ltd. Class H | China   | Financials             | 52                 |
| Sino Biopharmaceutical Limited         | China   | Health Care            | 46                 |
| ACM Research, Inc. Class A             | USA     | Information Technology | 24                 |

### 12 months to 30 June 2025

| Stock name   | Country | Sector                 | Value added (bps*) |
|--|---------|------------------------|--------------------|
| Tencent Holdings Ltd                                     | China   | Communication Services | 246                |
| China Merchants Bank Co., Ltd. Class H                   | China   | Financials             | 198                |
| Netease Inc  | China   | Communication Services | 186                |
| Ping An Insurance (Group) Company of China, Ltd. Class A | China   | Financials             | 154                |
| JD.com, Inc. Class A                                     | China   | Consumer Discretionary | 151                |

## Bottom 5 contributors to absolute performance

### 3 months to 30 June 2025

| Stock name                               | Country | Sector                 | Value added (bps*) |
|--|---------|------------------------|--------------------|
| Meituan Class B                          | China   | Consumer Discretionary | -177               |
| China Mengniu Dairy Co., Ltd.            | China   | Consumer Staples       | -154               |
| JD.com, Inc. Class A                     | China   | Consumer Discretionary | -105               |
| China Resources Beer (Holdings) Co. Ltd. | China   | Consumer Staples       | -70                |
| Tencent Holdings Ltd                     | China   | Communication Services | -55                |

### 12 months to 30 June 2025

| Stock name   | Country | Sector                 | Value added (bps*) |
|--|---------|------------------------|--------------------|
| Shenzhen Mindray Bio-Medic-A                             | China   | Health Care            | -108               |
| Zhejiang Weixing New Building Materials Co. Ltd. Class A | China   | Industrials            | -72                |
| Greentown Management Holdings Co., Ltd.                  | China   | Industrials            | -67                |
| Kanzhun A ADR  | China   | Communication Services | -51                |
| Beijing New Building Materials (Group) Co Ltd Class A    | China   | Industrials            | -50                |

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.

**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 GBP, the return may increase or decrease as a result of currency fluctuation.**

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 30 June 2025

| Risk measure                 | Value  | Risk description  |
|------------------------------|--------|---|
| Beta                         | 1.21   | 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            | -0.34  | 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 | 30.65% | 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 | 24.67% | 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               | 8.47%  | 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 30 June 2025

| Risk measure              | Value | Risk description   |
|---------------------------|-------|--|
| Dividend Yield (Fund)     | 2.39% | 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)    | 2.47% | 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)      | 2.36  | 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)     | 1.89  | 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)  | 16.05 | 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) | 13.02 | 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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