

FSSA China Growth Fund

- The Fund invests primarily in equity 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, QFII/RQFII, SME board, 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)	4,443.1
Benchmark	MSCI China Net Index▲
Number Of Holdings	58

Available share classes

Share Class*	Inception Date	Nav/Per Share	ISIN Code
Class I (USD - Acc)	17 August 1999	US\$253.19	IE0008368742

* 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, Singapore and Edinburgh. 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 December 2020

	12 mths to 31/12/20	12 mths to 31/12/19	12 mths to 31/12/18	12 mths to 31/12/17	12 mths to 31/12/16
FSSA China Growth Fund Class I (USD - Acc)	32.0	30.6	-17.6	55.7	-3.2
FSSA China Growth Fund Class II (USD - Acc)	32.7	31.2	-17.2	56.5	-2.9
MSCI China Net Index	29.5	23.5	-18.9	54.1	1.1

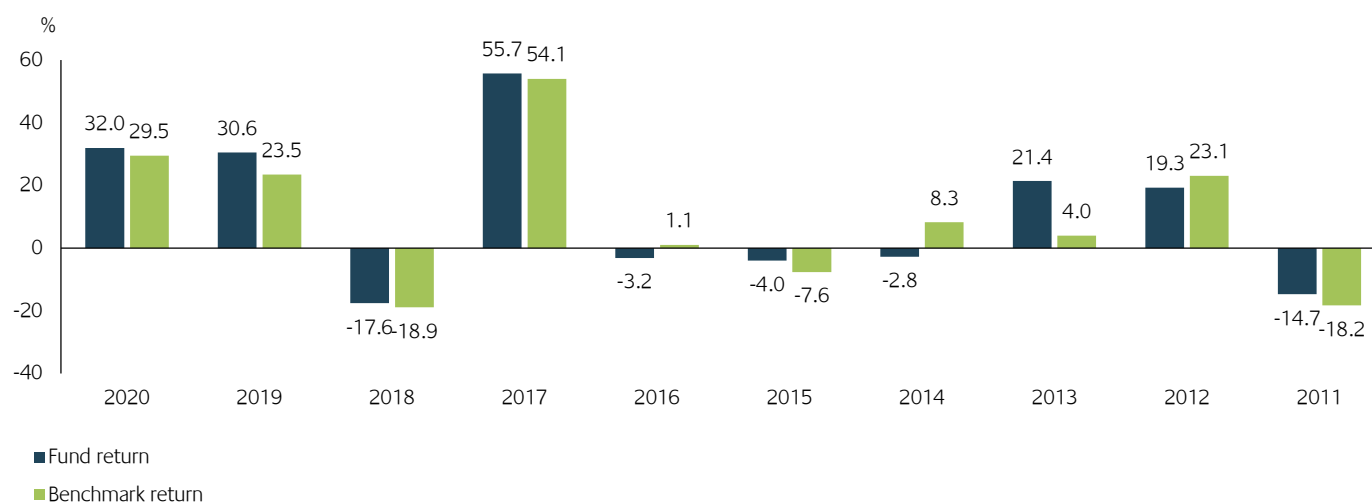
Cumulative Performance (% in USD) to 31 December 2020

	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA China Growth Fund Class I (USD - Acc)	2432.0	146.9	114.2	42.0	32.0	32.0	33.8	17.6
FSSA China Growth Fund Class II (USD - Acc)	3637.8	150.5	119.1	44.2	32.7	32.7	34.1	17.8
MSCI China Net Index	712.8	111.3	102.0	29.7	29.5	29.5	25.1	11.2

Performance Review

Over the past 12 months, key contributors to performance included Tencent, which rose on continued growth in its social advertising and financial technology segments. The company has also benefitted from increased engagement on social media apps and gaming amid Covid-19 lockdowns. Shanghai Liangxin Electrical increased after reporting strong earnings results. We believe the company's R&D-oriented strategy, brand position and performance-driven culture should help it gain market share from foreign competitors. On the negative side, Towngas China declined, as regulatory requirements to reduce gas prices dampened margins. China Taiping Insurance also detracted from performance, as the company had been de-rated for its over-aggressive expansion. A new chairman has been appointed to stabilise the business and slow its growth momentum; however, its changing product strategy resulted in lower agent productivity and a weaker product mix.

Calendar Year Performance (% in USD) to 31 December 2020



Source: Lipper and First Sentier Investors, Nav-Nav (USD total return) data as at 31 December 2020. 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 December 2020. 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 additions over the quarter included Blue Moon Group, which recently listed on the Hong Kong Stock Exchange. Blue Moon is the market leader in liquid laundry detergents and liquid soap, ahead of both domestic and international peers with a well-recognized brand that ranked No. 1 for 10 consecutive years. As one of the first companies to embrace e-commerce and by positioning its products early according to emerging consumer trends, Blue Moon has managed to continuously take market shares from multi-national companies. We believe above-market growth can continue as Blue Moon is positioned in the fastest-growing sub-categories. We also purchased Airtac International, one of the largest pneumatic component suppliers in China. After a temporary slowdown due to Covid, Airtac enjoyed a strong 2020, with sales growth resuming in the second quarter and accelerating further in the remainder of the year. We believe Airtac can continue to gain market share, particularly as the company is moving into new categories which have the potential to fuel multi-year growth.

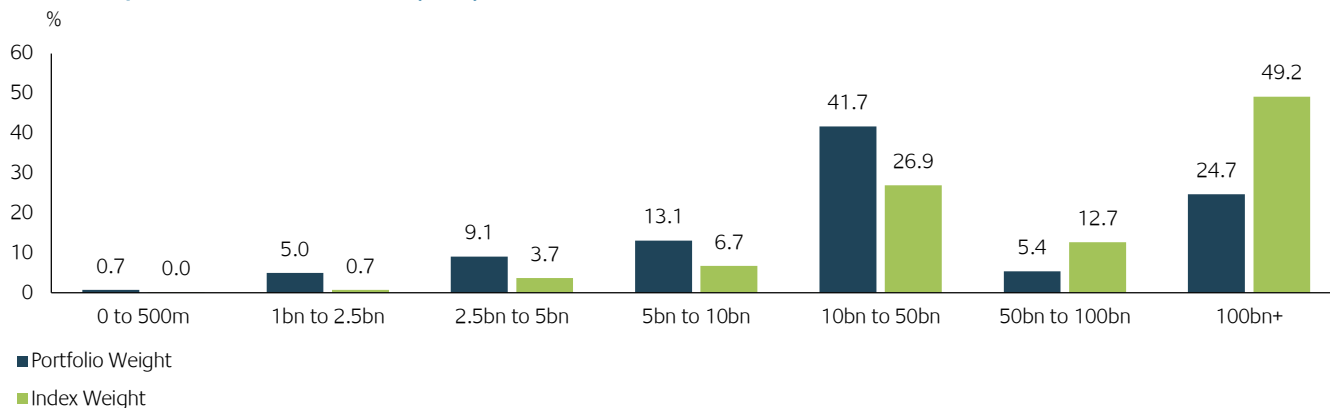
We divested Trip.com on concerns about long-term alignment with management, and sold Yonghui Superstores on concerns about rising competition from e-commerce.

Stock Spotlight

Midea Group is China's largest home appliances company, with a comprehensive product portfolio that includes air conditioners, refrigerators, washing machines and small home appliances. We believe Midea is well-positioned to benefit from rising income levels and the "premium-isation" trend in China (as incomes rise, consumers demand better quality and more expensive products).

Midea's strong emphasis on research and development have improved its product quality over the years; and its market share in most home appliance categories in China ranks it among the top three. Meanwhile, its acquisitions of Kuka (top 4 industrial robot company) and Toshiba (Japanese premium brand home appliances) add new areas of growth, especially in areas such as logistics and industrials.

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. 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. The index refers to MSCI China Net Index.



Outlook

China is eyeing a broad-based recovery, as the country has effectively controlled Covid-19 and is recovering well from the pandemic. From the economic data, industrial production, fixed asset investment and retail sales have all been improving steadily. The laggards are in travel and contract-based services such as leisure and entertainment, though these segments are also starting to show signs of an uptick. Export has been strong, thanks to improved demand from the US and Europe, as well as manufacturing companies that have relocated their production to China.

Looking forward, we expect the domestic recovery to continue, as activities normalise and the government continues to pledge support to the economy. Fundamentals are improving, with leading companies being the main beneficiaries as they have gained market share during the more challenging period. After a strong re-rating of valuations in the last two years, we expect earnings growth to be the main driver for investment returns.

We believe the Chinese government will be more aggressive in fiscal policies but more prudent in monetary policies as inflation risk could emerge in 2021. We also expect more favourable industrial policies to support innovation in several key sectors, such as biotech, information technology, alternative energy and advanced manufacturing. At the same time, supply side reform will continue. We believe China's economic cycles should be less volatile in future.

We continue to seek good quality companies that can benefit from China's increasing urbanisation, consumption upgrading, technical innovation, and the rise in healthcare spending. We aim to buy when they are trading at reasonable valuations, while striving to avoid permanent capital loss. Although there are still many uncertainties – and the tail risk of the Covid-19 virus cannot be ruled out – we believe companies with strong management and technical execution capabilities should emerge stronger as the global crisis subsides.

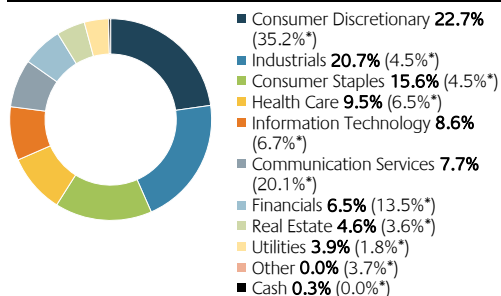
Our long-term investment themes:

- 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 2020

Stock Name	Country	Sector	Portfolio Weight (%)	Index Weight (%)
Tencent Holdings Ltd.	China	Communication Services	7.7	13.6
Midea Group	China	Consumer Discretionary	5.3	0.0
China Mengniu Dairy Co. Ltd.	China	Consumer Staples	4.4	0.5
China Merchants Bank Co., Ltd. Class H	China	Financials	4.3	0.8
Zhejiang Chint Electrics Co Ltd	China	Industrials	3.5	0.0
JD.com, Inc. Sponsored ADR Class A	China	Consumer Discretionary	3.2	2.5
Techtronic Industries Co., Ltd.	Hong Kong	Industrials	3.1	0.0
Minh Group Limited	China	Consumer Discretionary	3.0	0.1
Alibaba Group Holding	China	Consumer Discretionary	3.0	14.3
ENN Energy Holdings Limited	China	Utilities	3.0	0.4

Sector Breakdown



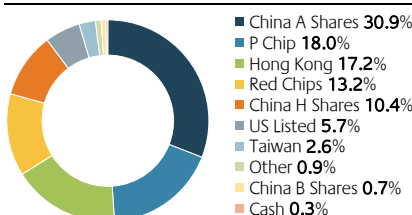
*Index Weight

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.

Share Class Breakdown





Top 5 contributors to absolute performance

3 months to 31 December 2020

Stock Name	Country	Sector	Value added (bps*)
Midea Group Co. Ltd	China	Consumer Discretionary	199
China Merchants Bank Co., Ltd. Class H	China	Financials	139
China Mengniu Dairy Co. Ltd.	China	Consumer Staples	118
Zhejiang Chint Electrics Co., Ltd Class A	China	Industrials	102
ENN Energy Holdings Limited	China	Utilities	97

12 months to 31 December 2020

Stock Name	Country	Sector	Value added (bps*)
Tencent Holdings Ltd.	China	Communication Services	433
Midea Group Co. Ltd	China	Consumer Discretionary	360
Shanghai Liangxin Electrical Co Ltd - A	China	Industrials	289
Shenzhen Inovance Technology Co Ltd A	China	Industrials	223
JD.com, Inc. Sponsored ADR Class A	China	Consumer Discretionary	211

Bottom 5 contributors to absolute performance

3 months to 31 December 2020

Stock name	Country	Sector	Value added (bps*)
Alibaba Group Holding	China	Consumer Discretionary	-64
CSPC Pharmaceutical Group Ltd.	China	Health Care	-50
Laobaixing Pharmacy Chain JSC Class A	China	Consumer Staples	-49
51job Inc Sponsored ADR	China	Industrials	-21
China Resources Land Limited	China	Real Estate	-21

12 months to 31 December 2020

Stock name	Country	Sector	Value added (bps*)
Towngas China Co. Ltd.	China	Utilities	-85
AAC Technologies Holdings Inc.	China	Information Technology	-85
CSPC Pharmaceutical Group Ltd.	China	Health Care	-57
China Taiping Insurance Holdings Co., Ltd.	China	Financials	-51
51job Inc Sponsored ADR	China	Industrials	-48

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.



Disclaimer

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