

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)	867.1
Benchmark	MSCI Golden Dragon Net Index
Number of holdings	41

Available share classes

Share class ⁺	Inception date	Nav/per share	ISIN code
Class I (USD - Acc)	18 October 2002	US\$120.13	IE0031814852
Class I Hedged N (CNH - Acc)	18 January 2023	¥84.85	IE000YN11P12

⁺ 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 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 Class I (USD - Acc)	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 Class I (USD - Acc)	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

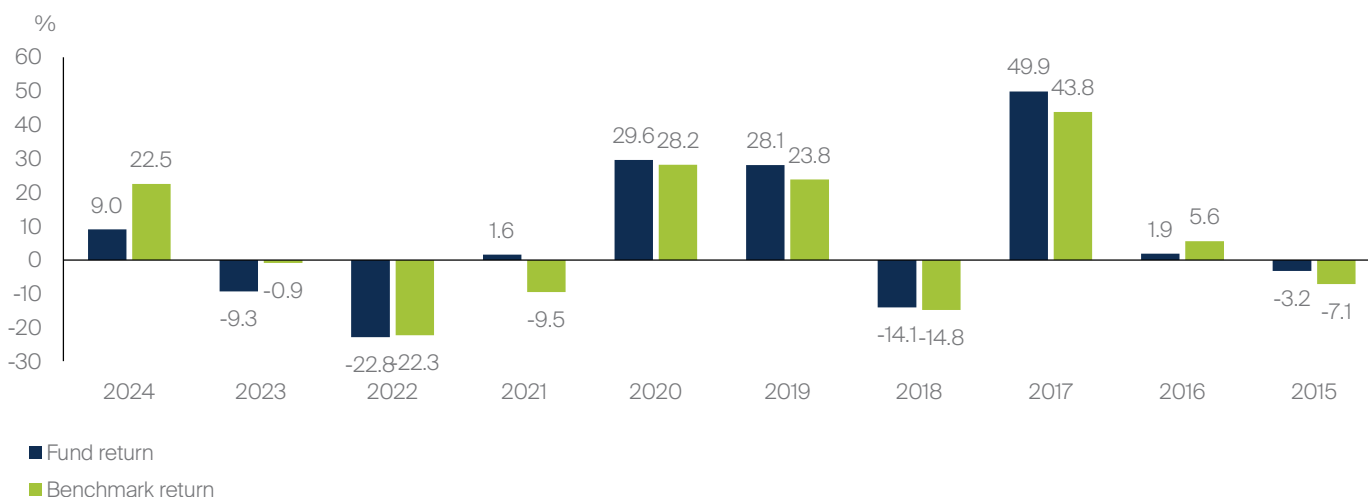
Performance review

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



Source: Lipper and First Sentier Investors, Nav-Nav (USD total return) data as at 31 December 2024. 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 December 2024. 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 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

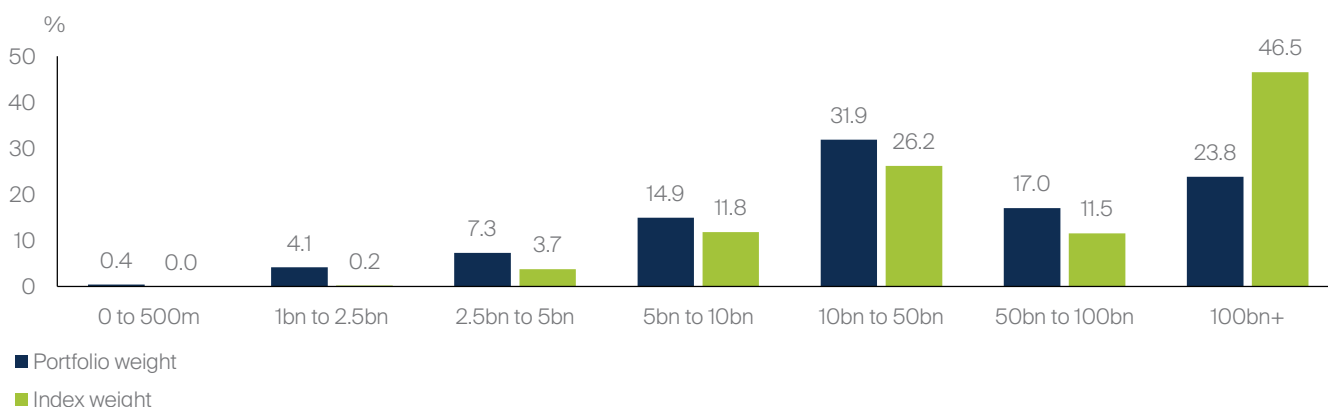
We have been shareholders of **Tencent** since 2005 and have consistently found the management to be effective, stable and down-to-earth. Tencent's focus on its users has built strong competitive moats in its business, particularly through its "super app" WeChat, which has become an integrated part of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

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.

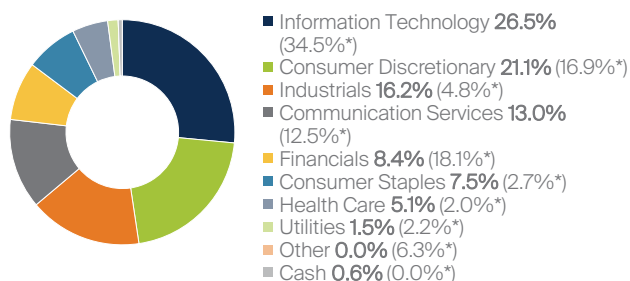
Our long-term investment themes:

- 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.

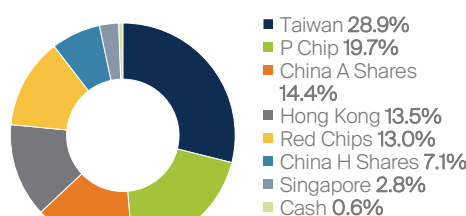
Ten largest company holdings as at 31 December 2024

Stock name	Geography	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 breakdown



Share class 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%.

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The index refers to MSCI Golden Dragon Net Index.

Top 5 contributors to absolute performance

3 months to 31 December 2024

Stock name	Geography	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	Geography	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	Geography	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	Geography	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.

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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