

# FSSA China A Shares Fund (Irish VCC)

## Investment objective and policy

The Fund aims to grow your investment.  
 The Fund invests at least 70% of its assets in shares of companies listed on Chinese Stock Exchanges.  
 The Fund may invest up to 100% of its assets in any industry and in companies of any size.  
 The Fund may invest up to 100% of its assets in China A Shares and up to 10% of its assets in China B shares.  
 The Fund may use derivatives with the aim of risk reduction or efficient management.

## Fund information

Fund launch date	04 June 2019
Fund size (US\$m)	18.9
Benchmark	MSCI China A Onshore Net Index
Number of holdings	38
Fund manager(s)	Winston Ke/Qimin Fei
Research rating ^	Morningstar®:Bronze

^ 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 China A Shares Fund GBP Class VI (Accumulation)	BJN6RG2	IE00BJN6RG23
FSSA China A Shares Fund USD Class I (Accumulation)	BKF2S51	IE00BKF2S510
FSSA China A Shares Fund AUD Class III (Accumulation)	BKPWC82	IE00BKPWC821
FSSA China A Shares Fund USD Class VI (Accumulation)	BH43G61	IE00BH43G612
FSSA China A Shares Fund USD Class VI (Distributing)	BJ065F0	IE00BJ065F05

## 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 China A Shares Fund in the EEA 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.**
- **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.
- **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.
- **Smaller companies risk:** investments in smaller companies may be riskier and more difficult to buy and sell than investments in larger companies.
- **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.

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 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 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 A Shares Fund	11.4	-23.4	-6.3	-18.4	67.4
MSCI China A Onshore Net Index	12.5	-17.3	-9.5	-8.0	49.7

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

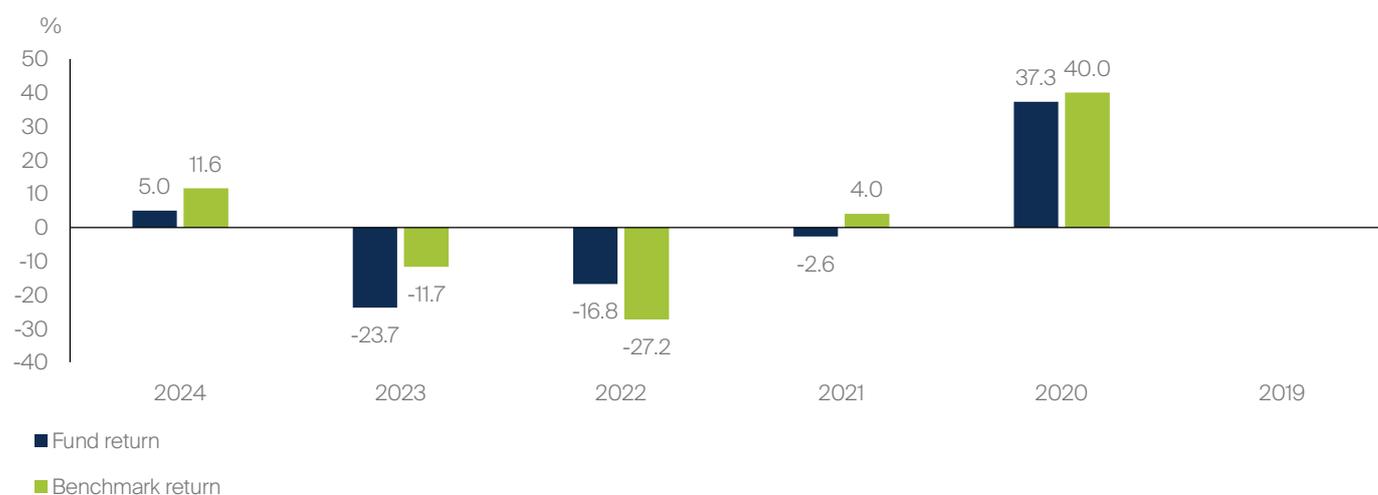
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA China A Shares Fund	4.5	-	9.4	-20.0	11.4	4.5	-8.0	4.5
MSCI China A Onshore Net Index	20.1	-	15.9	-15.8	12.5	0.1	-4.9	0.1

### Performance review

Key contributors over the past 12 months included **Midea**, 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. **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, **Shenzhen Mindray** 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. **Guangzhou Kingmed** declined after reporting weaker-than-expected preliminary earnings results for FY2024, with losses on asset disposals as it exited its Covid-related businesses. The government's volume-based procurement plans and price cuts have also raised concerns about earnings, but we believe Kingmed's strong franchise should gain market share as smaller players struggle, thereby allowing it to maintain a reasonable return in the long run.

### Calendar year performance (% in USD) to 31 March 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 USD, the return may increase or decrease as a result of currency fluctuations. Since inception performance figures have been calculated from 05 June 2019. All performance data for the FSSA China A Shares Fund Class VI (Accumulation) USD as at 31 March 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.

▲ On 22 September 2020, First State China A Shares Fund was rebranded as FSSA China A Shares Fund.

### Portfolio review

New purchases over the quarter included **Shengyi Technology**, a leading supplier of materials for the electronics industry (its main product, copper clad laminate, or CCL, is a key material used in printed circuit boards). The company is an established player, with a clear technology and cost lead over domestic Tier-2 suppliers. After undergoing a challenging period in recent years, recent price hikes and improving utilisation suggest that the cycle may be turning. We initiated a toehold position, given the expensive valuations.

We sold **Chacha Food** and **Autobio Diagnostic** to consolidate the portfolio into more attractive opportunities.

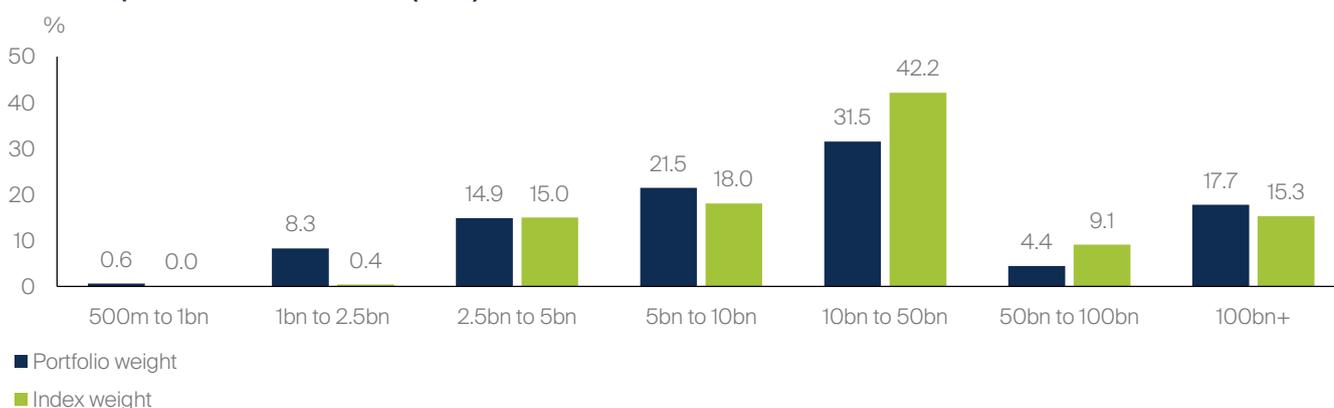
### Stock spotlight

**Centre Testing International (CTI)** is the biggest private testing, inspection and certification (TIC) company in China. Globally, this is an attractive industry with decent returns and steady mid-teens growth through economic cycles. Since it was founded in 2003, the company has successfully diversified and now covers environment, food & agriculture, oil & gas, marine, consumer goods and pharmaceuticals customers.

The founder's family is well-aligned with around 18% ownership, while the management team has been professionalised. Operations are headed by Shentu Xianzhong, who came from global leader SGS in 2018. After he joined, CTI reined in its headcount expansion and capital expenditures while increasing utilisation at existing facilities. This caused operating leverage to kick in as sales continued to grow. As a result, the company's free cash-flow turned positive in 2018.

Although the company's growth has slowed due to the challenging macro backdrop, we think it will remain attractive given the potential for industry consolidation, gaining market share from inefficient state-owned enterprises (SOEs) and deepening business with key accounts such as Wal-Mart. On a macro level, CTI should continue to benefit from more stringent regulations around quality standards and protecting the environment. We believe these tailwinds will allow the TIC industry to achieve above-GDP growth in China over the longer term.

### Market capitalisation breakdown (USD)



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 USD, 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.

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.

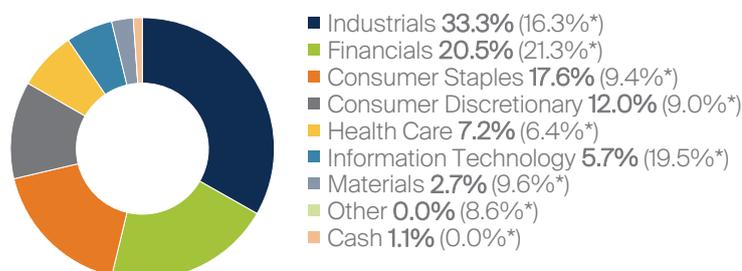
### Our long-term investment themes:

- Globally competitive exporters with a growing international business.
- 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 the urbanisation trend.
- Beneficiaries of environmental protection.

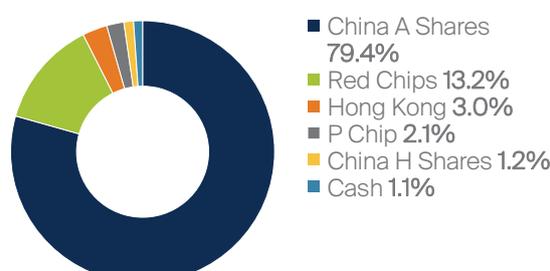
### Ten largest company holdings as at 31 March 2025

Stock name	Country	Sector	Portfolio weight (%)
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	9.0
China Merchants Bank Co., Ltd. Class A	China	Financials	7.7
Ping An Insurance (Group) Company of China, Ltd. Class A	China	Financials	6.8
Centre Testing International Group Co., Ltd. Class A	China	Industrials	6.4
Bank of Ningbo	China	Financials	6.0
Shenzhen Mindray Bio-Medic-A	China	Health Care	4.4
Shanghai Liangxin Electrical Co., Ltd. Class A	China	Industrials	4.2
Luxshare Precision Industry Co. Ltd. Class A	China	Information Technology	4.1
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	4.1
Beijing New Building Materials (Group) Co Ltd Class A	China	Industrials	3.8

### Sector breakdown



### Share class breakdown



\*Index weight

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

### Top 5 contributors to absolute performance

#### 3 months to 31 March 2025

Stock name	Country	Sector	Value added (bps*)
Guangzhou Kingmed Diagnostics Group Co. Ltd. Class A	China	Health Care	92
Shanghai Liangxin Electrical Co., Ltd. Class A	China	Industrials	90
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	82
China Merchants Bank Co., Ltd. Class A	China	Financials	82
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	41

#### 12 months to 31 March 2025

Stock name	Country	Sector	Value added (bps*)
China Merchants Bank Co., Ltd. Class A	China	Financials	265
Ping An Insurance (Group) Company of China, Ltd. Class A	China	Financials	209
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	186
Bank of Ningbo Co., Ltd. Class A	China	Financials	146
Luxshare Precision Industry Co. Ltd. Class A	China	Information Technology	112

### Bottom 5 contributors to absolute performance

#### 3 months to 31 March 2025

Stock name	Country	Sector	Value added (bps*)
Shenzhen Mindray Bio-Medic-A	China	Health Care	-34
Beijing New Building Materials (Group) Co Ltd Class A	China	Industrials	-15
Zhejiang Weixing New Building Materials Co. Ltd. Class A	China	Industrials	-15
NARI Technology Co., Ltd. Class A	China	Industrials	-14
Contemporary Amperex Technology Co., Limited Class A	China	Industrials	-13

#### 12 months to 31 March 2025

Stock name	Country	Sector	Value added (bps*)
Zhejiang Weixing New Building Materials Co. Ltd. Class A	China	Industrials	-92
Shenzhen Mindray Bio-Medic-A	China	Health Care	-79
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	-69
Yifeng Pharmacy Chain Co Ltd Class A	China	Consumer Staples	-49
Shanghai M&G Stationery Inc	China	Consumer Discretionary	-37

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 USD, 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 31 March 2025

Risk measure	Value	Risk description
Beta	1.14	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	-0.07	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	28.90%	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	23.39%	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	11.49%	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 31 March 2025

Risk measure	Value	Risk description
Dividend Yield (Fund)	2.78%	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)	2.63%	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)	1.94	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)	1.68	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)	14.46	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)	15.32	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.

This document is confidential and must not be copied, reproduced, circulated or transmitted, in whole or in part, and in any form or by any means without our prior written consent. The information contained within this document has been obtained from sources that we believe to be reliable and accurate at the time of issue but no representation or warranty, express or implied, is made as to the fairness, accuracy, or completeness of the information. We do not accept any liability whatsoever for any loss arising directly or indirectly from any use of this information.

References to "we" or "us" are references to First Sentier Investors.

In the UK, issued by First Sentier Investors (UK) Funds Limited which is authorised and regulated by the Financial Conduct Authority (registration number 143359). Registered office Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB number 2294743. In the EEA, issued by First Sentier Investors (Ireland) Limited which is authorised and regulated in Ireland by the Central Bank of Ireland (registered number C182306) in connection with the activity of receiving and transmitting orders. Registered office: 70 Sir John Rogerson's Quay, Dublin 2, Ireland number 629188. Outside the UK and the EEA, issued by First Sentier Investors International IM Limited which is authorised and regulated in the UK by the Financial Conduct Authority (registered number 122512). Registered office: 23 St. Andrew Square, Edinburgh, EH2 1BB number SC079063. In the EU: This document is a marketing communication. The fund(s) mentioned here may or may not be registered for marketing to investors in your location. If registered, marketing may cease or be terminated in accordance with the terms of the EU Cross Border Distribution Framework. Copies of the prospectus (in English and German) and key information documents in English, German, French, Danish, Spanish, Swedish, Italian, Dutch and Norwegian, along with a summary of investors' rights are available free of charge at [firstsentierinvestors.com](http://firstsentierinvestors.com).

Certain funds referred to in this document are identified as sub-funds of First Sentier Investors Global Umbrella Fund plc, an umbrella investment company registered in Ireland ("VCC"). Further information is contained in the Prospectus and Key Information Documents of the VCC which are available free of charge by writing to: Client Services, First Sentier Investors, 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland or by telephoning +353 1 635 6798 between 9am and 5pm (Dublin time) Monday to Friday or by visiting [www.firstsentierinvestors.com](http://www.firstsentierinvestors.com). Telephone calls may be recorded. The distribution or purchase of shares in the funds, or entering into an investment agreement with First Sentier Investors may be restricted in certain jurisdictions.

Representative and Paying Agent in Switzerland: The representative and paying agent in Switzerland is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. Place where the relevant documentation may be obtained: The prospectus, key information documents, the instrument of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

First Sentier Investors entities referred to in this document are part of First Sentier Investors a member of MUFG, a global financial group. First Sentier Investors includes a number of entities in different jurisdictions. MUFG and its subsidiaries do not guarantee the performance of any investment or entity referred to in this document or the repayment of capital. Any investments referred to are not deposits or other liabilities of MUFG or its subsidiaries, and are subject to investment risk including loss of income and capital invested. The FSSA Investment Managers logo is a trademark of the MUFG or an affiliate thereof.

Copyright © (2024) First Sentier Investors

All rights reserved.

### For further information

#### Head of Distribution, UK and Europe

Graham Fox +44 (0)20 7332 6530 [graham.fox@firstsentier.com](mailto:graham.fox@firstsentier.com)

#### Sales Director, Europe and Third Party Distributions

Marc Bishop +44 (0)20 7332 6556 [marc.bishop@firstsentier.com](mailto:marc.bishop@firstsentier.com)

#### Head of Wholesale, UK and Ireland

Tom Burton +44 (0)20 7332 6559 [tom.burton@fssaim.com](mailto:tom.burton@fssaim.com)

#### Sales Director, Wholesale

Matt Lepine +44 (0)20 7332 6840 [matt.lepine@fssaim.com](mailto:matt.lepine@fssaim.com)

#### Institutional Relationship Director FSSA

Fraser Wood +44 (0)131 473 2529 [fraser.wood@fssaim.com](mailto:fraser.wood@fssaim.com)

#### Head of Distribution, Ireland

Frank Glennon +44(0)7776 138105 [frank.glennon@firstsentier.com](mailto:frank.glennon@firstsentier.com)

#### Sales Director, Europe

Eva von Sydow +33 (0)1 72 25 66 36 [eva.vonsydow@firstsentier.com](mailto:eva.vonsydow@firstsentier.com)

#### Sales Directors, Germany and Austria

Emmanuel Litique +49 (0) 69 2443 71631 [emmanuel.litique@firstsentier.com](mailto:emmanuel.litique@firstsentier.com)

Robert Retz +49 (0) 69 2443 71633 [robert.retz@firstsentier.com](mailto:robert.retz@firstsentier.com)

#### Senior Institutional Business Development Director, Germany and Austria

Sascha Beisheim +49 (0) 69 2443 71634 [sascha.beisheim@firstsentier.com](mailto:sascha.beisheim@firstsentier.com)

#### Head of Institutional Sales, UK and EMEA

Peter Swan +44 (0)20 7332 9428 [peter.swan@firstsentier.com](mailto:peter.swan@firstsentier.com)