

# FSSA China Growth 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 based in, or closely associated with, mainland China. The Fund may invest up to 100% of its assets in any industry and in companies of any size.  
The Fund will invest less than 100% of its assets in China A Shares. The Fund may use derivatives with the aim of risk reduction or efficient management.

## Fund information

Fund launch date	20 May 1992
Fund size (US\$m)	2554.3
Benchmark	MSCI China Net Index*
Number of holdings	51
Fund manager(s)	Martin Lau/Winston Ke

\* The benchmark changed from MSCI Golden Dragon Index to the above on 01/06/2002. The benchmark of the Fund changed from MSCI China Gross to MSCI China Net with effect from 1 July 2016. This change has been reflected in the calculation of the benchmark performance.

## Available share classes

Share class	Sedol	ISIN
FSSA China Growth Fund USD Class I (Accumulation)	0844877	IE0008368742
FSSA China Growth Fund USD Class I (Distributing)	B031HY2	IE00B031HY20
FSSA China Growth Fund USD Class V (Distributing)	BDRM775	IE00BDRM7756
FSSA China Growth Fund GBP Class VI (Distributing)	BDRM786	IE00BDRM7863
FSSA China Growth Fund USD Class VI (Accumulation)	BG1V0V4	IE00BG1V0V41
FSSA China Growth Fund EUR Class VI (Accumulation)	BYXW390	IE00BYXW3909
FSSA China Growth Fund USD Class VI (Distributing)	BQMPXY9	IE00019VAKG2
FSSA China Growth Fund USD Class V (Accumulation)	BJFT2B9	IE00BJFT2B93
FSSA China Growth Fund CNH Class I Hedged N (Accumulation)	BLGYC2	IE000KX3CXG6

## 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 Growth 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.
- **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.
- **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.

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 30 June 2025

	12 mths to 30/06/25	12 mths to 30/06/24	12 mths to 30/06/23	12 mths to 30/06/22	12 mths to 30/06/21
FSSA China Growth Fund	15.5	-13.8	-11.8	-25.7	41.7
MSCI China Net Index	33.8	-1.6	-16.8	-31.8	27.4

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

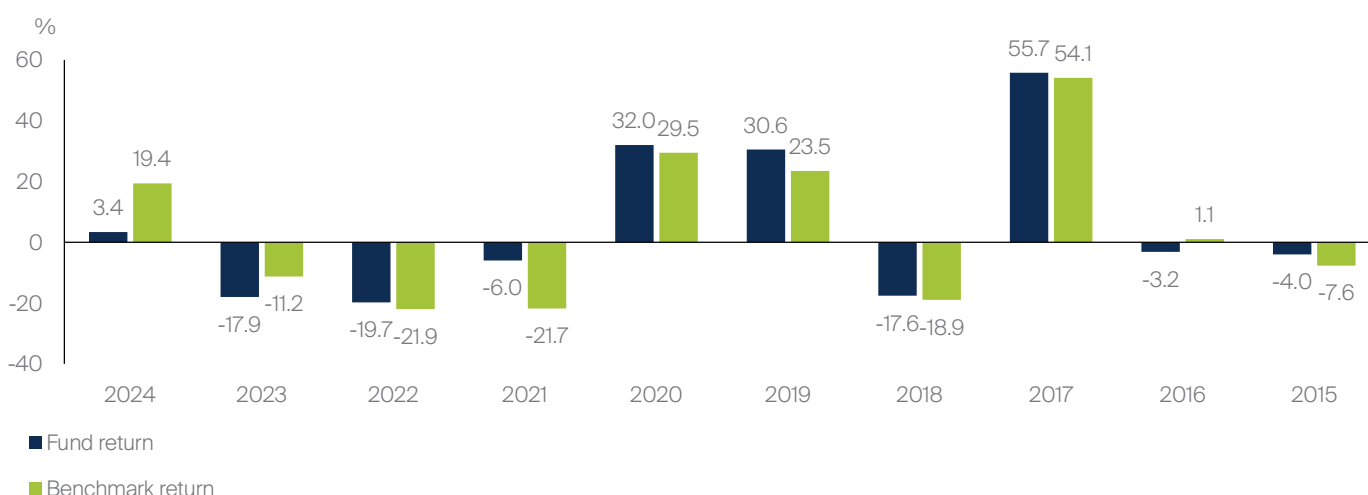
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA China Growth Fund	1651.0	28.8	-7.5	-12.1	15.5	8.0	8.0	1.5
MSCI China Net Index	518.1	23.5	-4.9	9.5	33.8	17.3	17.3	2.0

### Performance review

Over the past 12 months, key contributors to performance included **China Merchants Bank**, as investors looked for yield amidst very low interest rates in China. Meanwhile, its business remains resilient, and growth is likely to come from overseas markets, non-banking financial businesses, wealth management and digitalisation, according to the management. **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, **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. **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.

### Calendar year performance (% in USD) 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 USD, the return may increase or decrease as a result of currency fluctuations. Since inception performance figures have been calculated from 17 August 1999. All performance data for the FSSA China Growth Fund Class I (Accumulation) USD 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.

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

## Portfolio review

New positions over the quarter included **Warom Technologies**, a Chinese industry leader in explosion protection equipment (EPQ), defined as devices and systems that are designed to prevent explosions and fires in potentially explosive atmospheres. Warom benefits from clear barriers to entry – EPQ products are safety-critical, and Warom is the largest and most reputable EPQ supplier in China with a long and spotless track record. It has obtained all major certifications and has been supplying to the most demanding customers in the world over the past 30 years. While Warom has been facing cyclical headwinds in its traditional end-markets, the company managed to offset this by upgrading its product portfolio and moving into new markets. The risk-reward seemed compelling at current valuations.

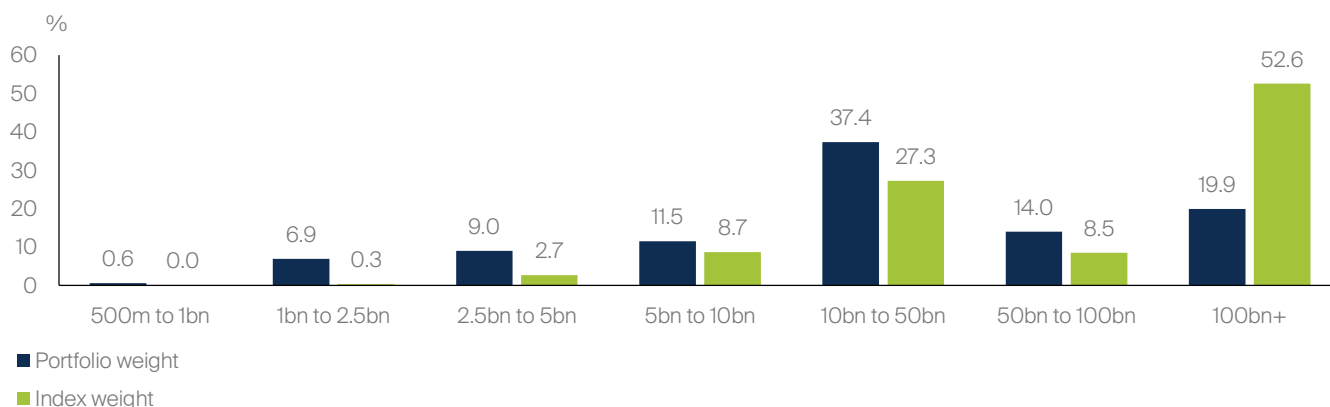
We reinitiated a position in **Luxshare**, an electronics contract manufacturer with Apple as its largest client. It supplies components like acoustic, optical, power and mechanical parts, and it is a major assembler of Apple's AirPods, Watches and iPhones. The stock sold off sharply due to trade war concerns, which provided us with an attractive entry point. We think it unlikely that Apple can find alternatives to Luxshare's components and assembly expertise in the short term, and in theory Apple pays for the tariffs. We believe topline growth will remain strong on the back of rising share at Apple as well as other, non-Apple businesses and a ramp-up in the auto segment.

We divested **Airtac International** 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 (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.

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.

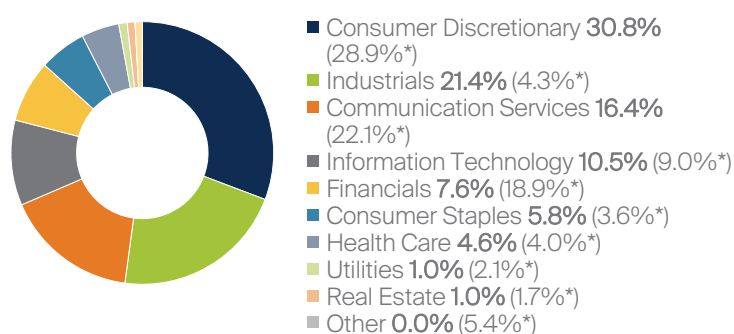
## Our long-term investment themes:

- 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

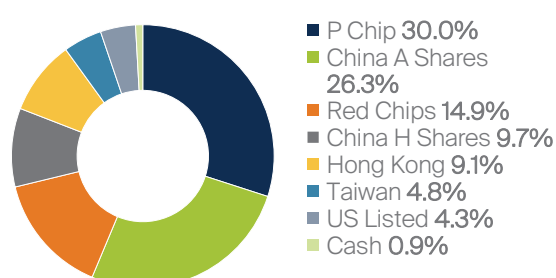
Stock name	Country	Sector	Portfolio weight (%)
Tencent Holdings Ltd	China	Communication Services	9.3
Netease Inc	China	Communication Services	5.3
China Merchants Bank Co., Ltd. Class H	China	Financials	3.9
Shenzhou International Group Holdings Limited	China	Consumer Discretionary	3.8
ANTA Sports Products Ltd.	China	Consumer Discretionary	3.5
Midea Group	China	Consumer Discretionary	3.5
Shenzhen Mindray Bio-Medic-A	China	Health Care	3.5
Meituan Class B	China	Consumer Discretionary	2.9
Trip.com Group Ltd.	China	Consumer Discretionary	2.9
Huazhu Group Ltd	China	Consumer Discretionary	2.9

## 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 USD, 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	155
NetEase Cloud Music Inc.	China	Communication Services	74
CSPC Pharmaceutical Group Limited	China	Health Care	68
China Merchants Bank Co., Ltd. Class H	China	Financials	62
ANTA Sports Products Ltd.	China	Consumer Discretionary	41

### 12 months to 30 June 2025

Stock name	Country	Sector	Value added (bps*)
Tencent Holdings Ltd	China	Communication Services	337
China Merchants Bank Co., Ltd. Class H	China	Financials	234
Netease Inc	China	Communication Services	230
NetEase Cloud Music Inc.	China	Communication Services	124
ANTA Sports Products Ltd.	China	Consumer Discretionary	115

## 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	-76
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	-50
Hongfa Technology Co., Ltd. Class A	China	Industrials	-39
JD.com, Inc. Class A	China	Consumer Discretionary	-31
Trip.com Group Ltd.	China	Consumer Discretionary	-25

### 12 months to 30 June 2025

Stock name	Country	Sector	Value added (bps*)
Shenzhou International Group Holdings Limited	China	Consumer Discretionary	-115
Shenzhen Mindray Bio-Medic-A	China	Health Care	-78
ZTO Express (Cayman), Inc. Class A	China	Industrials	-35
PDD Holdings Inc. Sponsored ADR Class A	China	Consumer Discretionary	-25
MediaTek Inc	Taiwan	Information Technology	-21

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 30 June 2025**

Risk measure	Value	Risk description
Beta	0.88	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	-0.71	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	29.17%	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	32.39%	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	7.72%	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)	2.60%	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)	2.32%	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)	2.56	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)	2.13	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)	15.60	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)	12.42	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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## For further information

### Head of Distribution, UK and Europe

Graham Fox	+44 (0)20 7332 6530	graham.fox@firstsentier.com
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### Sales Director, Europe and Third Party Distributions

Marc Bishop	+44 (0)20 7332 6556	marc.bishop@firstsentier.com
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### Head of Wholesale, UK and Ireland

Tom Burton	+44 (0)20 7332 6559	tom.burton@fssaim.com
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### Sales Director, Wholesale

Matt Lepine	+44 (0)20 7332 6840	matt.lepine@fssaim.com
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### Institutional Relationship Director FSSA

Fraser Wood	+44 (0)131 473 2529	fraser.wood@fssaim.com
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### Head of Distribution, Ireland

Frank Glennon	+44(0)7776 138105	frank.glennon@firstsentier.com
---------------	-------------------	--------------------------------

### Sales Director, Europe

Eva von Sydow	+33 (0)1 72 25 66 36	eva.vonsydow@firstsentier.com
---------------	----------------------	-------------------------------

### Sales Directors, Germany and Austria

Emmanuel Litique	+49 (0) 69 2443 71631	emmanuel.litique@firstsentier.com
Robert Retz	+49 (0) 69 2443 71633	robert.retz@firstsentier.com

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

Sascha Beisheim	+49 (0) 69 2443 71634	sascha.beisheim@firstsentier.com
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### Head of Institutional Sales, UK and EMEA

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