

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)	43.0
UK's investment association sector	China/Greater China
Benchmark	MSCI China All Shares Net Index*
Number of holdings	41
Fund manager(s)	Winston Ke/Helen Chen
Research rating ^	Morningstar@:Gold RSM:Rated
Fund yield	1.6%

* 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 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 All China Fund	19.4	-24.0	2.2	-21.2	50.6
MSCI China All Shares Net Index	25.7	-18.4	-0.4	-20.6	31.1
Sector return	20.9	-21.0	-3.7	-21.8	41.8

Cumulative performance in GBP (%) to 31 March 2025

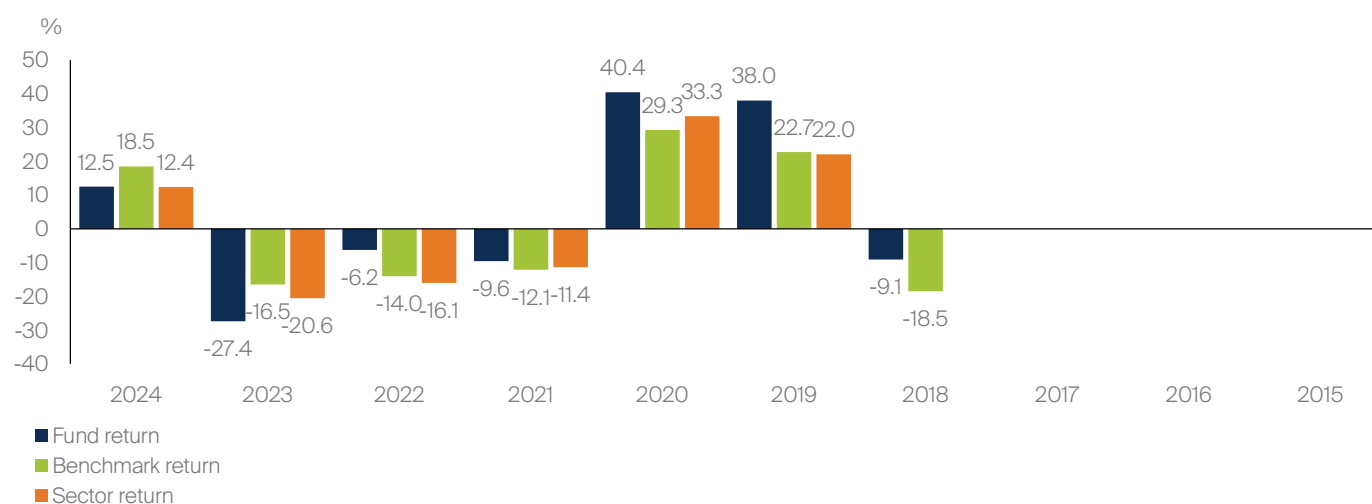
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA All China Fund	33.6	-	10.0	-7.2	19.4	6.8	1.7	6.8
MSCI China All Shares Net Index	-0.8	-	6.4	2.2	25.7	6.0	5.6	6.0
Sector return	-2.7	-	1.8	-7.1	20.9	6.5	4.7	6.5

Performance review

Key contributors to performance over the past 12 months included **Tencent**, as its rapid integration of the DeepSeek model into WeChat as well as various other business segments suggests that it should be able to continue to strengthen its ecosystem – and continue to enjoy the network effects – in the coming AI era. **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 GBP) 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 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 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.

▲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 **Full Truck Alliance (FTA)**, a leading digital freight platform in China with a strong competitive moat and a long growth runway. FTA should continue to strengthen with scale, as shippers move more of their business on to the platform, driven by cheaper prices, which then drives more truckers to the platform, and so on. The business is still in the early stages of monetisation (which implies room to grow), margins are expanding, and it is cash flow generative. Meanwhile, new growth opportunities, such as cargo pooling, could also open up once it reaches a minimum viable scale. We also bought **Anta Sports**, China's most successful domestic sportswear company, and one of the few Chinese companies that has proven its ability to build and run multiple strong consumer brands – such as FILA in China. We believe the "Anta System" that enabled FILA's success can be replicated across its other brands, particularly its relatively niche brands like Descente and Kolon Sport, which target high-end consumers engaging in fast-growing activities like camping and winter sports.

We sold **Guangzhou Kingmed** on concerns about elevated valuations due to AI excitement, and divested **Chacha Food** to consolidate the portfolio into higher conviction ideas.

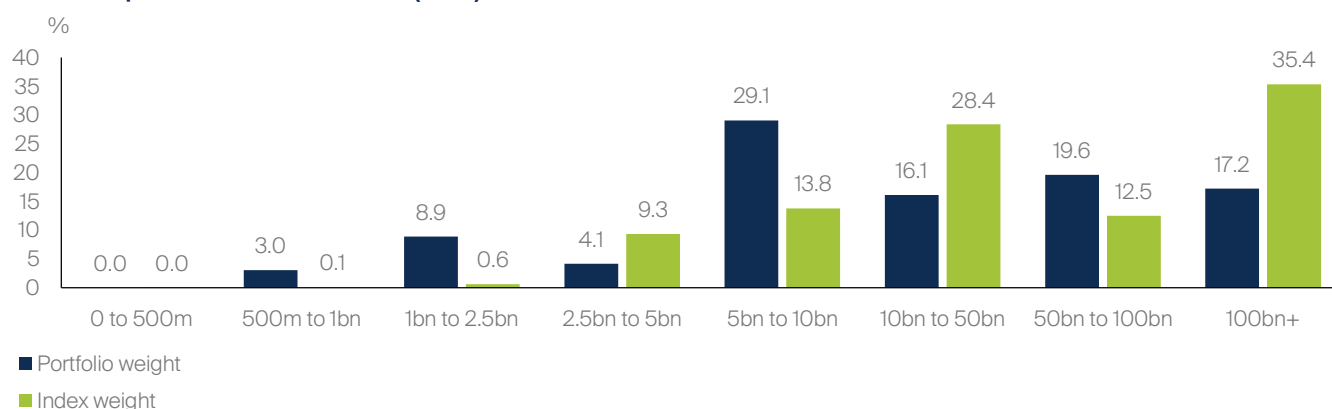
Stock spotlight

Meituan is the largest local services e-commerce platform in China, with more than 600 million users and nine million businesses across the country. As an O2O (online to offline) business, Meituan offers products and services that are transacted online, but consumed offline "in the real world". It is the leader in food delivery services and domestic hotel bookings, while in-store dining and travel services are major profit centres. Food delivery is a solid and cash-generative business for Meituan, with a dominant market share at around 70%, mid-teens revenue growth and sustained margin improvement. It's a strong engine for the business thanks to its dominant share and high delivery efficiency.

The problem was its recent foray into community group buying (CGB), a form of online shopping where residents in the same neighbourhood group together to buy products in bulk at a discount. As a business model, CGB has been loss-making and fraught with competition from Pinduoduo, Didi, JD.com and Alibaba. After recognising that the mounting losses from CGB were not sustainable, Meituan shifted its focus by shutting down unprofitable operations, streamlining logistics and reducing promotional activities. As a result, its CGB losses have narrowed. Peers appear to have retreated from CGB as well, which bodes well for Meituan's remaining CGB efforts.

Overall, we are pleased with the management's willingness to admit mistakes, the steps taken to rectify the losses and its more prudent capital allocation. We believe Meituan still has a long runway of growth ahead, as the market share leader and app traffic front-runner. The company has also been buying back shares to improve total shareholder returns.

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.

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.

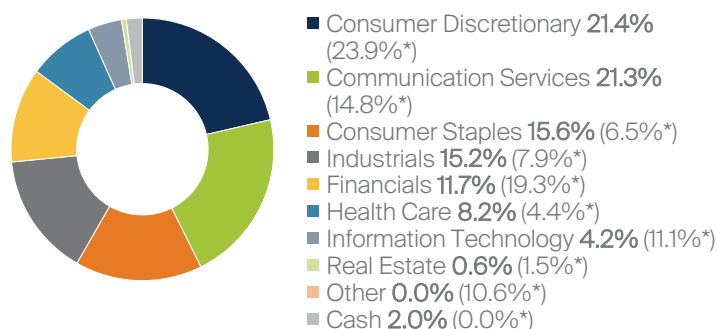
Our long-term investment themes:

- 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 March 2025

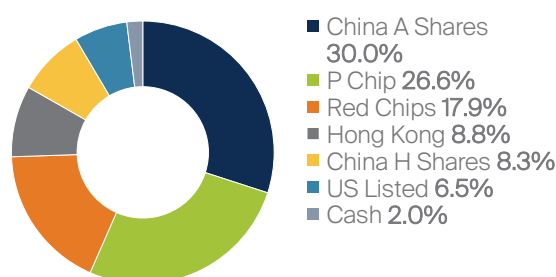
Stock name	Country	Sector	Portfolio weight (%)
Tencent Holdings Ltd.	China	Communication Services	11.1
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	8.0
Meituan Class B	China	Consumer Discretionary	7.1
China Merchants Bank Co., Ltd. Class H	China	Financials	4.8
Netease Inc	China	Communication Services	4.4
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	4.4
JD.com	China	Consumer Discretionary	4.3
Kanzhun A ADR	China	Communication Services	4.3
Shenzhen Mindray Bio-Medic-A	China	Health Care	3.9
Ping An Insurance (Group) Company of China, Ltd. Class A	China	Financials	3.8

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%.

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Top 5 contributors to absolute performance

3 months to 31 March 2025

Stock name	Country	Sector	Value added (bps*)
Tencent Holdings Ltd.	China	Communication Services	157
Kanzhun A ADR	China	Communication Services	149
JD.com, Inc. Class A	China	Consumer Discretionary	78
China Merchants Bank Co., Ltd. Class H	China	Financials	55
Guangzhou Kingmed Diagnostics Group Co. Ltd. Class A	China	Health Care	55

12 months to 31 March 2025

Stock name	Country	Sector	Value added (bps*)
Tencent Holdings Ltd.	China	Communication Services	557
Meituan Class B	China	Consumer Discretionary	397
JD.com, Inc. Class A	China	Consumer Discretionary	270
China Merchants Bank Co., Ltd. Class H	China	Financials	221
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	143

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	-45
Beijing New Building Materials (Group) Co Ltd Class A	China	Industrials	-20
Ping An Insurance (Group) Company of China, Ltd. Class A	China	Financials	-20
Shenzhou International Group Holdings Limited	China	Consumer Discretionary	-16
Haier Smart Home Co., Ltd. Class A	China	Consumer Discretionary	-11

12 months to 31 March 2025

Stock name	Country	Sector	Value added (bps*)
Greentown Management Holdings Co., Ltd.	China	Industrials	-105
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	-75
Shenzhen Mindray Bio-Medic-A	China	Health Care	-67
Zhejiang Weixing New Building Materials Co. Ltd. Class A	China	Industrials	-46
CSPC Pharmaceutical Group Limited	China	Health Care	-29

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.

Portfolio risk analysis - ex-post 3 years annualised to 31 March 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	-0.24	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	31.21%	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	25.25%	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	8.49%	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)	2.43%	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)	2.61%	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)	2.53	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)	1.97	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)	16.29	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)	13.08	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

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