

FSSA China Growth Fund

- The Fund invests primarily in equity securities 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, 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 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)	2,482.2
Benchmark	MSCI China Net Index [▲]
Number of holdings	54

Available share classes

Share class*	Inception date	Nav/per share	ISIN code
Class I (USD - Acc)	17 August 1999	US\$156.75	IE0008368742
Class I Hedged N (CNH - Acc)	01 December 2022	¥81.61	IE000KX3CXG6

* 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 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 2023

	12 mths to 31/12/23	12 mths to 31/12/22	12 mths to 31/12/21	12 mths to 31/12/20	12 mths to 31/12/19
FSSA China Growth Fund Class I (USD - Acc)	-17.9	-19.7	-6.0	32.0	30.6
FSSA China Growth Fund Class II (USD - Acc)	-17.7	-19.4	-5.5	32.7	31.2
MSCI China Net Index	-11.2	-21.9	-21.7	29.5	23.5

Cumulative performance (% in USD) to 31 December 2023

	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA China Growth Fund Class I (USD - Acc)	1467.6	23.7	6.7	-38.1	-17.9	-17.9	-10.8	-3.5
FSSA China Growth Fund Class II (USD - Acc)	2241.6	27.6	9.0	-37.4	-17.7	-17.7	-10.7	-3.5
MSCI China Net Index	341.1	9.6	-13.2	-45.7	-11.2	-11.2	-6.1	-4.2

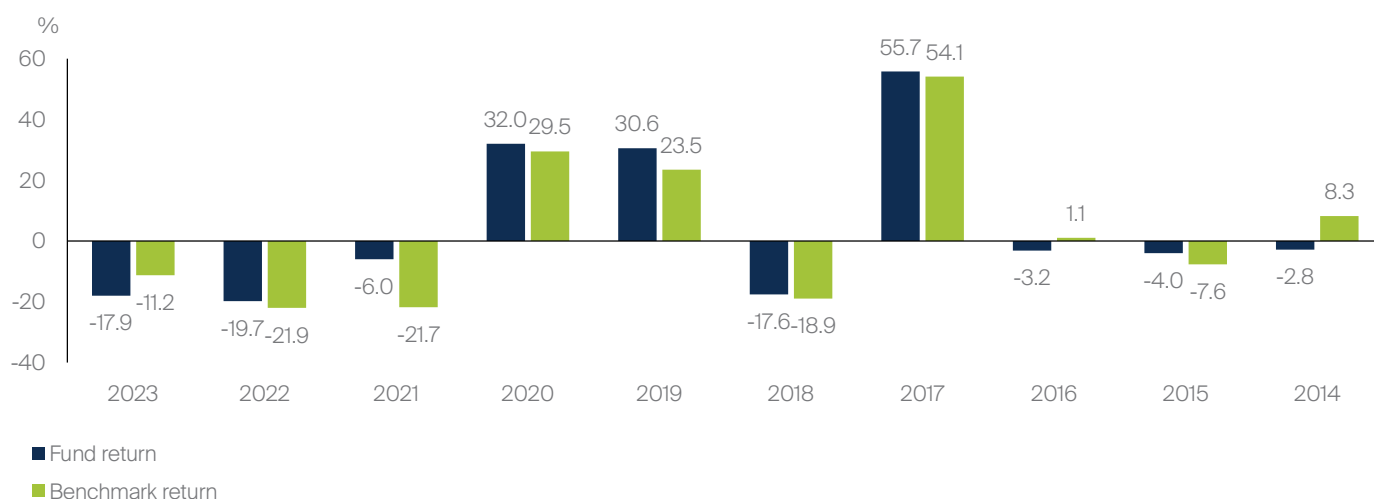
Performance review

Over the past 12 months, key contributors to performance included Midea, which continued to execute well despite the challenging environment. While growth remains difficult and pricing has been under pressure, Midea's focus on innovation has led to a shorter upgrade cycle, with replacements now the dominant driver of demand. Midea enjoys a leading market share in the heating, ventilation and air-conditioning sector, and the launch of its new marketing campaign with English Premier League footballer Erling Haaland should help its aspirations of becoming a major global player in other home goods and small appliances. Mediatek rose on signs of recovering end-demand for smartphones. The company, which designs integrated circuits on semiconductor chips, is benefiting from the use of artificial intelligence in its

processes, as it can optimise performance and shorten the chip development time.

On the negative side, China Mengniu Dairy has been affected by weak consumer demand as China's economic recovery remains fragile. In the long run we continue to believe it should benefit from the "premiumisation trend", with its deluxe offerings, cheese, ice cream, and sports and elderly nutrition. China Merchants Bank missed the market's expectations, with net profit growth weaker than forecast. Revenue was lower due to a decline in fee income and a compression in net interest margins; but on the positive side, retail loans posted a modest recovery, asset quality remained stable, and deposit growth was strong.

Calendar year performance (% in USD) to 31 December 2023



Source: Lipper and First Sentier Investors, Nav-Nav (USD total return) data as at 31 December 2023. 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 2023. 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

There were no significant new purchases over the quarter.

We sold out of small positions in Bafang Electric and China Taiping Insurance to consolidate the portfolio into higher-conviction holdings.

Stock spotlight

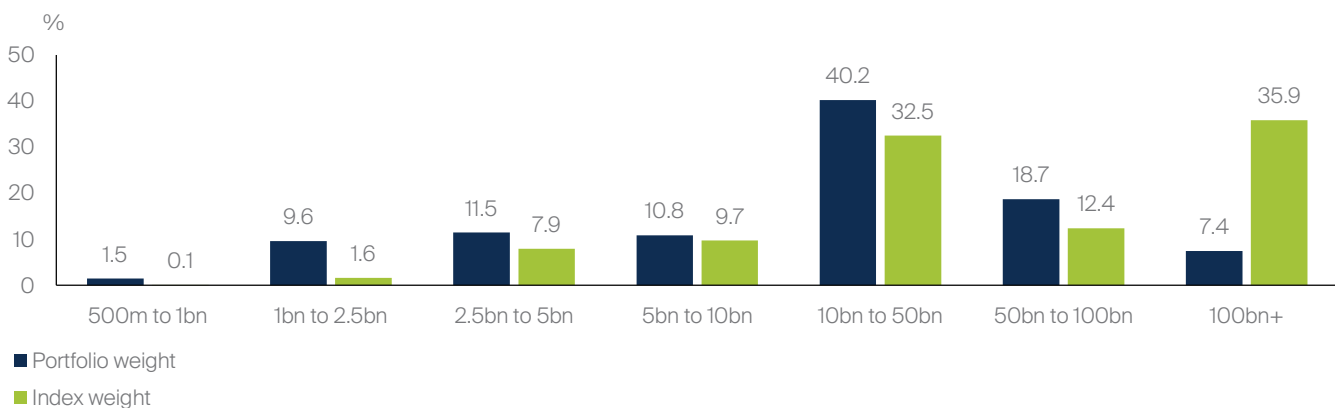
Tencent is the largest social media network and online gaming company in China, with growing businesses in online advertising, cloud services and e-payments/e-commerce. Founded in 1998 by Pony Ma, who remains the CEO and a significant shareholder, Tencent's DNA is focused on experimentation and constantly trying out new things. Alongside the gaming business, which took off in the middle of the 2000s, Tencent's original PC-based chat program "QQ" made the transition to smartphones early on and the company used that experience in 2011 to develop Weixin (WeChat in English).

WeChat is widely considered the world's first "Super App" and is now an integrated part of daily life for more than 1.2bn users. Tencent took advantage of the tremendous network effects created by its messaging app to develop other features on top of it for monetisation. WeChat not only facilitates messaging, but also has a social media app (Moments), a payment app (WeChat Pay) and multiple other services (such as ride hailing, commerce, streaming etc), which together make up an ecosystem with incredibly strong network effects. This results in high barriers to entry that protect its profit pool.

The other key to Tencent's success is related to capital allocation. With the growing dominance of WeChat, Tencent also started to gain notable insights into user preferences. Tencent could spot new trends early and leverage this insight to fund the most promising operators. Early and subsequently very profitable investments in the likes of JD.com, Meituan, Pinduoduo and Kuaishou are testament to that. The benefits also worked two ways, as the investment by Tencent would often ensure a preferential position for these companies in its ecosystem, and thus, greatly enhance the chances of success. This made Tencent the preferred investor by many start-ups and greatly contributed to the value accretion over the years.

We expect Tencent's gaming business to recover domestically with the government's resumption of new game licenses. The ambition to build a global gaming franchise will also gradually bear fruit. We also foresee decent growth for Tencent's advertising business, driven by the recent monetisation of Weixin's short video function and the recovery of advertising demand. Cloud and fintech could also become major growth engines in the mid-to-long term. Putting it all together, we believe Tencent can achieve a 10-15% growth rate for the next 3-5 years.

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 China Net Index.

Outlook

Investing in China's dynamic market comes with an evolving set of challenges and opportunities. Today, the key challenges include shifts in geopolitics, policy priorities and demographics. In the shorter term, weak consumer confidence and rising unemployment have been additional areas of concern. But, as long-term investors, we also see an attractive opportunity set in a unique market. We have been impressed by the improving quality of Chinese companies and management over the years and we believe there is room for industry leaders to continue to deliver attractive returns in a maturing economy.

As always, we seek to invest in quality companies with proven management, dominant franchises and conservative financials. Market downturns provide us with attractive opportunities to accumulate quality companies at lower prices – and we stand by the belief that the best time to buy is when things appear gloomy and valuations are undemanding. We have taken the opportunity to build up some of the smaller positions in the portfolio, while also adding on weakness to our high conviction and core long-term holdings.

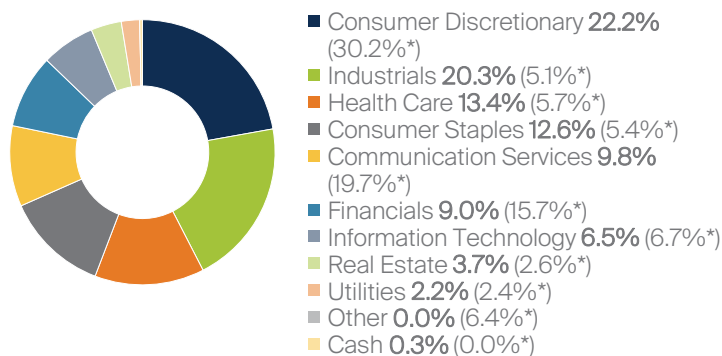
Our long-term investment themes:

- 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.

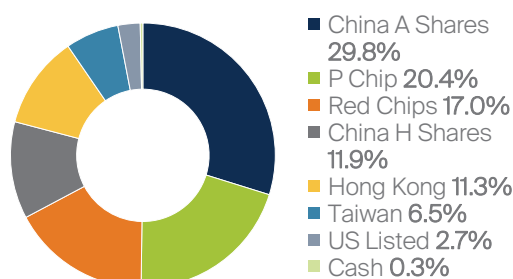
Ten largest company holdings as at 31 December 2023

Stock name	Geography	Sector	Portfolio weight (%)
Tencent Holdings Ltd.	China	Communication Services	7.4
Midea Group	China	Consumer Discretionary	6.2
China Merchants Bank Co., Ltd. Class H	China	Financials	4.5
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	4.2
ANTA Sports Products Ltd.	China	Consumer Discretionary	3.9
Ping An Insurance (Group) Company of China, Ltd. Class H	China	Financials	3.8
JD.com	China	Consumer Discretionary	3.6
Shenzhen Mindray Bio-Medic-A	China	Health Care	3.5
CSPC Pharmaceutical Group Limited	China	Health Care	3.1
Shenzhen Inovance Technology Co., Ltd Class A	China	Industrials	2.9

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 China Net Index.

Top 5 contributors to absolute performance

3 months to 31 December 2023

Stock name	Geography	Sector	Value added (bps*)
Silergy Corp.	China	Information Technology	70
CSPC Pharmaceutical Group Limited	China	Health Care	68
Techtronic Industries Co., Ltd.	Hong Kong	Industrials	55
MediaTek Inc	Taiwan	Information Technology	51
Shenzhen Mindray Bio-Medic-A	China	Health Care	41

12 months to 31 December 2023

Stock name	Geography	Sector	Value added (bps*)
MediaTek Inc	Taiwan	Information Technology	70
Midea Group Co. Ltd. Class A	China	Consumer Discretionary	36
Advantech	Taiwan	Information Technology	34
Silergy Corp.	China	Information Technology	31
Netease Inc	China	Communication Services	27

Bottom 5 contributors to absolute performance

3 months to 31 December 2023

Stock name	Geography	Sector	Value added (bps*)
Ping An Insurance (Group) Company of China, Ltd. Class H	China	Financials	-100
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	-95
China Merchants Bank Co., Ltd. Class H	China	Financials	-85
ANTA Sports Products Ltd.	China	Consumer Discretionary	-61
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	-41

12 months to 31 December 2023

Stock name	Geography	Sector	Value added (bps*)
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	-194
China Merchants Bank Co., Ltd. Class H	China	Financials	-185
Ping An Insurance (Group) Company of China, Ltd. Class H	China	Financials	-138
JD.com, Inc. Sponsored ADR Class A	China	Consumer Discretionary	-132
ENN Energy Holdings Limited	China	Utilities	-121

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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