

# FSSA Hong Kong 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 which have the potential for long term growth and are based in, or are closely associated with, Hong Kong. The Fund may invest up to 100% of its assets in companies of any size or industry. The Fund will not invest more than 30% 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   | 30 July 1999              |
| Fund size (US\$m)  | 109.6                     |
| Benchmark          | MSCI Hong Kong Net Index* |
| Number of holdings | 40                        |
| Fund manager(s)    | Martin Lau/Tianyi Tang    |
| Research rating ^  | Morningstar®:Gold         |

\* The benchmark of the Fund changed from MSCI Hong Kong Gross to MSCI Hong Kong Net with effect from 1 July 2016. This change has been reflected in the calculation of the benchmark 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 Hong Kong Growth Fund USD Class I (Accumulation)   | 0178446 | IE0008369823 |
| FSSA Hong Kong Growth Fund USD Class III (Accumulation) | 0843528 | IE0008375762 |

## 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 Hong Kong 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.
- **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.
- **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 Hong Kong Growth Fund | 19.2                | -20.3               | -0.9                | -17.4               | 42.9                |
| MSCI Hong Kong Net Index   | 18.3                | -22.9               | -5.3                | -12.0               | 37.3                |

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

|                            | Since Inception | 10 yrs | 5 yrs | 3 yrs | 1 yr | YTD | 6 mths | 3 mths |
|----------------------------|-----------------|--------|-------|-------|------|-----|--------|--------|
| FSSA Hong Kong Growth Fund | 1251.3          | 42.2   | 11.0  | -5.9  | 19.2 | 7.4 | -0.2   | 7.4    |
| MSCI Hong Kong Net Index   | 262.5           | 14.7   | 4.4   | -13.6 | 18.3 | 4.4 | -5.8   | 4.4    |

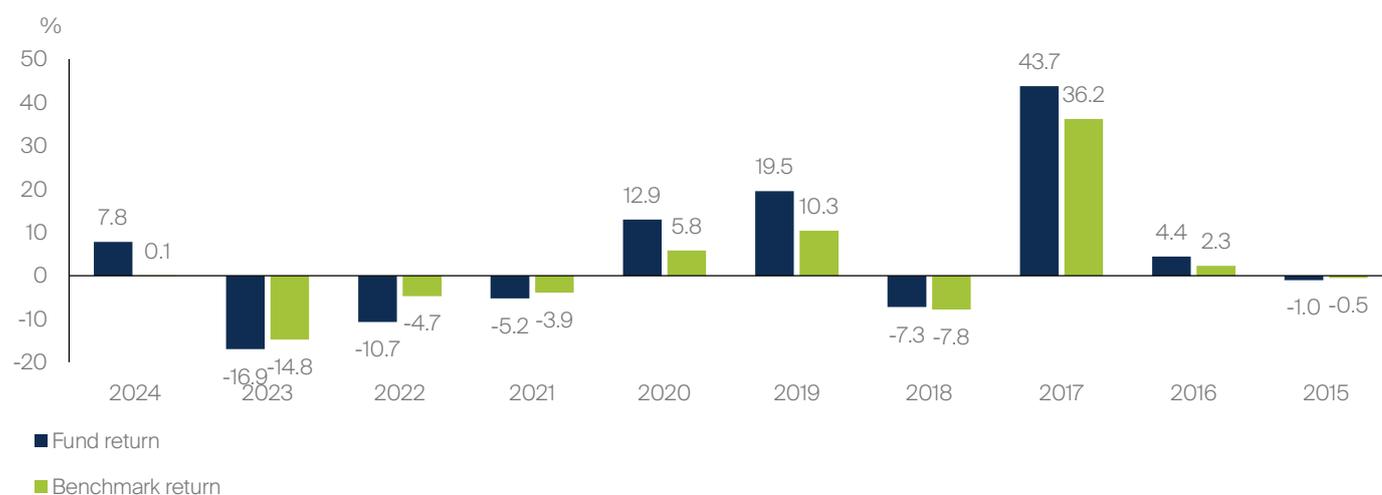
### Performance review

Over the past 12 months, key contributors to performance 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, **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. **China Resources Beer (CRB)** has been affected by weak demand, which continued to put pressure on beer sales volumes. That said, CRB's execution operationally has been decent amid a difficult environment. The premium beer segment is still growing faster than the overall portfolio (albeit at a slower pace than before).

### 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 30 July 1999. All performance data for the FSSA Hong Kong Growth Fund Class III (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 Hong Kong Growth Fund was rebranded as FSSA Hong Kong Growth Fund.

### Portfolio review

There were no significant new purchases over the quarter.

We sold **Dairy Farm**, as we own the parent group, **Jardine Matheson**, which we think has a more attractive portfolio of businesses. We also sold **Nissin Foods** to consolidate the portfolio into higher conviction ideas.

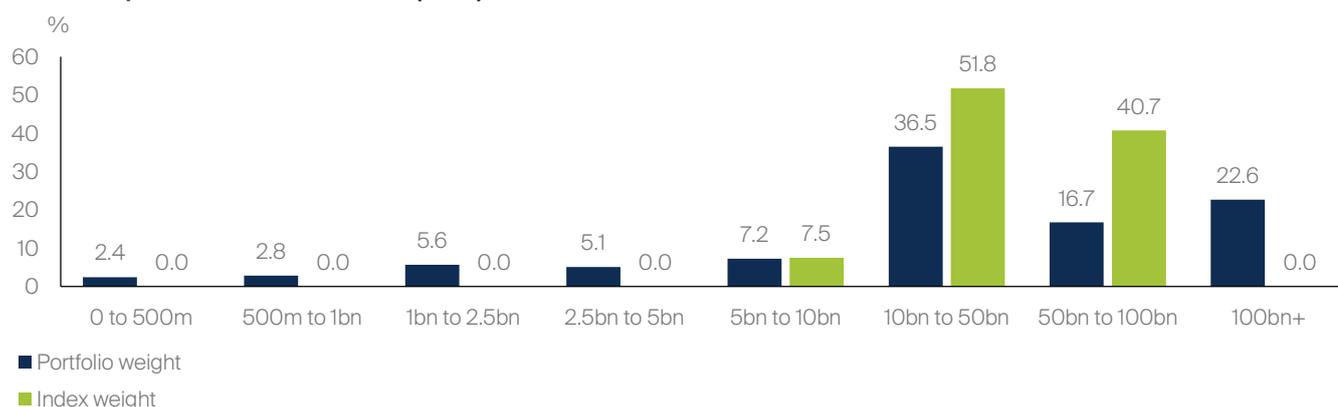
### Stock spotlight

**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 (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.

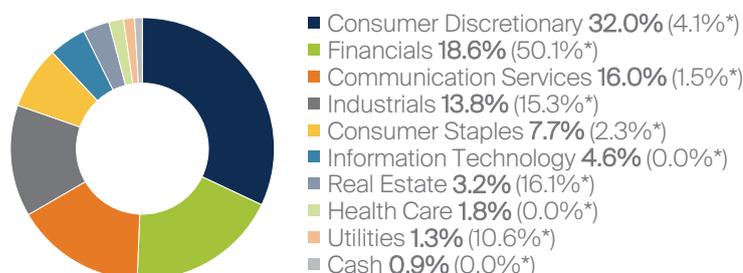
## Our long-term investment themes:

- 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.

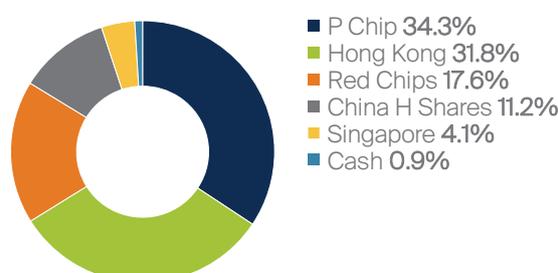
## Ten largest company holdings as at 31 March 2025

| Stock name                                    | Country   | Sector                 | Portfolio weight (%) |
|---|-----------|------------------------|----------------------|
| Tencent Holdings Ltd.                         | China     | Communication Services | 9.4                  |
| AIA Group Limited                             | Hong Kong | Financials             | 5.8                  |
| Netease Inc                                   | China     | Communication Services | 5.3                  |
| China Merchants Bank Co., Ltd. Class H        | China     | Financials             | 4.2                  |
| China Mengniu Dairy Co., Ltd.                 | China     | Consumer Staples       | 4.1                  |
| Meituan Class B                               | China     | Consumer Discretionary | 4.1                  |
| Shenzhou International Group Holdings Limited | China     | Consumer Discretionary | 3.8                  |
| ANTA Sports Products Ltd.                     | China     | Consumer Discretionary | 3.7                  |
| Wasion Holdings, Ltd.                         | China     | Information Technology | 3.4                  |
| Huazhu Group Ltd USD0.00001                   | China     | Consumer Discretionary | 3.4                  |

## 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*) |
|--|-----------|------------------------|--------------------|
| Tencent Holdings Ltd.                  | China     | Communication Services | 185                |
| Impro Precision Industries Ltd         | Hong Kong | Industrials            | 82                 |
| China Merchants Bank Co., Ltd. Class H | China     | Financials             | 70                 |
| Netease Inc                            | China     | Communication Services | 66                 |
| Standard Chartered PLC                 | UK        | Financials             | 58                 |

#### 12 months to 31 March 2025

| Stock name                             | Country | Sector                 | Value added (bps*) |
|--|---------|------------------------|--------------------|
| Tencent Holdings Ltd.                  | China   | Communication Services | 540                |
| China Merchants Bank Co., Ltd. Class H | China   | Financials             | 233                |
| Standard Chartered PLC                 | UK      | Financials             | 160                |
| Wasion Holdings, Ltd.                  | China   | Information Technology | 139                |
| JD.com, Inc. Class A                   | China   | Consumer Discretionary | 118                |

### Bottom 5 contributors to absolute performance

#### 3 months to 31 March 2025

| Stock name                                    | Country   | Sector                 | Value added (bps*) |
|---|-----------|------------------------|--------------------|
| Haier Smart Home Co., Ltd. Class H            | China     | Consumer Discretionary | -29                |
| Shenzhou International Group Holdings Limited | China     | Consumer Discretionary | -27                |
| JNBY Design Limited                           | China     | Consumer Discretionary | -26                |
| Techtronic Industries Co., Ltd.               | Hong Kong | Industrials            | -20                |
| Trip.com Group Ltd.                           | China     | Consumer Discretionary | -19                |

#### 12 months to 31 March 2025

| Stock name                                    | Country   | Sector                 | Value added (bps*) |
|---|-----------|------------------------|--------------------|
| Shenzhou International Group Holdings Limited | China     | Consumer Discretionary | -75                |
| CSPC Pharmaceutical Group Limited             | China     | Health Care            | -61                |
| China Resources Beer (Holdings) Co. Ltd.      | China     | Consumer Staples       | -54                |
| Luk Fook Holdings (International) Limited     | Hong Kong | Consumer Discretionary | -54                |
| Fairwood Holdings Limited                     | Hong Kong | Consumer Discretionary | -43                |

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                         | 1.07   | 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            | 0.40   | 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 | 28.93% | 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 | 25.45% | 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               | 9.74%  | 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)     | 3.27% | 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)    | 4.07% | 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)      | 1.53  | 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)     | 0.97  | 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)  | 13.22 | 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) | 13.96 | 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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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.

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