

FSSA Greater China Growth Fund

- The Fund invests primarily in equity or equity-related securities of the companies with either assets in, or revenues derived from China, Hong Kong and Taiwan.
- 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 small /mid-capitalisation securities may have lower liquidity and their prices are more volatile to adverse economic developments.
- The Fund's investments may be concentrated in a single sector, country, specific region or small numbers of companies/countries 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, Hong Kong, and Taiwan and which are listed, traded or dealt in on regulated markets in the People's Republic of China, Hong Kong, Taiwan, the U.S., Singapore, Korea, Thailand and Malaysia or in a member state of the OECD.

Fund information

Fund size (US\$m)	893.5
Benchmark	MSCI Golden Dragon Net Index
Number of holdings	46

Available share classes

Share class*	Inception date	Nav/per share	ISIN code
Class I (USD - Acc)	18 October 2002	US\$110.20	IE0031814852
Class I Hedged N (CNH - Acc)	18 January 2023	¥80.38	IE000YN11P12

* Acc represents share class with dividends accumulated.

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 Greater China Growth Fund Class I (USD - Acc)	-9.3	-22.8	1.6	29.6	28.1
MSCI Golden Dragon Net Index	-0.9	-22.3	-9.5	28.2	23.8

Cumulative performance (% in USD) to 31 December 2023

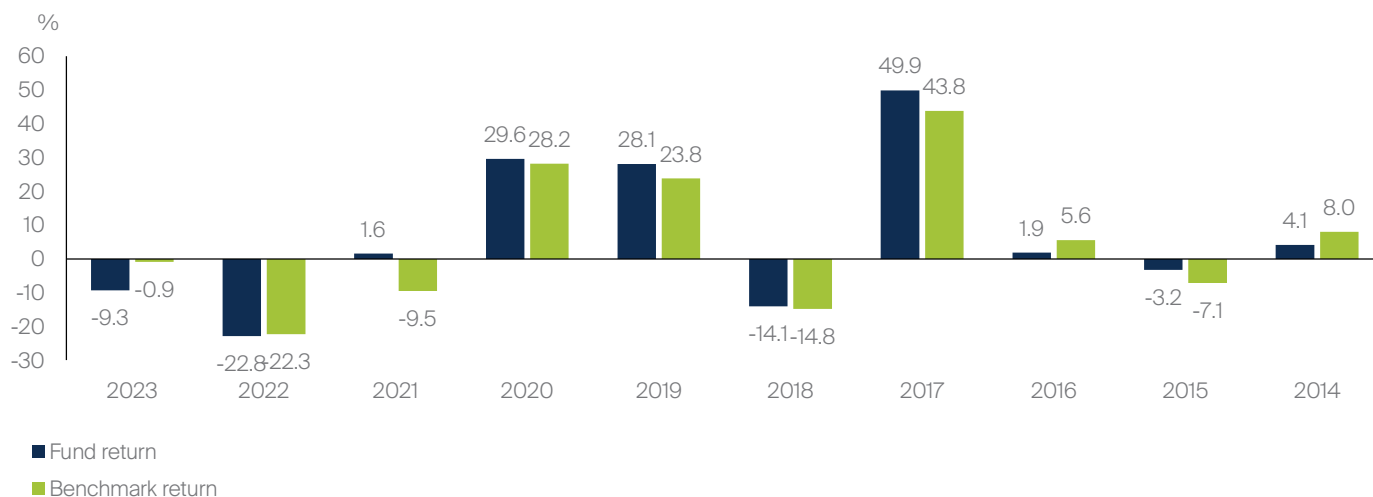
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Greater China Growth Fund Class I (USD - Acc)	1002.0	55.9	18.0	-28.9	-9.3	-9.3	-6.9	1.2
MSCI Golden Dragon Net Index	422.6	43.5	10.5	-30.3	-0.9	-0.9	-1.8	3.0

Performance review

Over the past 12 months, key contributors to performance included Taiwan Semiconductor (TSMC), which rose on the expectation that inventories are close to bottoming out (though the timing of any recovery is still uncertain). TSMC has maintained its cutting-edge technology leadership (in terms of its chips' processing speed and power consumption); and this, along with its business alignment with its customers, has continued to strengthen its competitive position. 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) is the non-dividend distributing class of the fund, the performance quoted are based on USD total return (non-dividend distributing). Gross of tax benchmark performance is shown before 1 July 2016 and net of tax benchmark performance is shown after the aforementioned date. 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 Greater China Growth Fund was rebranded as FSSA Greater China Growth Fund.

Portfolio review

There were no significant new purchases or complete disposals over the quarter.

Stock spotlight

Taiwan Semiconductor (TSMC) is a core holding across FSSA's Asia Pacific, Greater China and Global Emerging Market (GEM) portfolios. We believe it is one of the best ways to capture the rising trend of artificial intelligence (AI), smart devices and the Internet of Things (IoT).

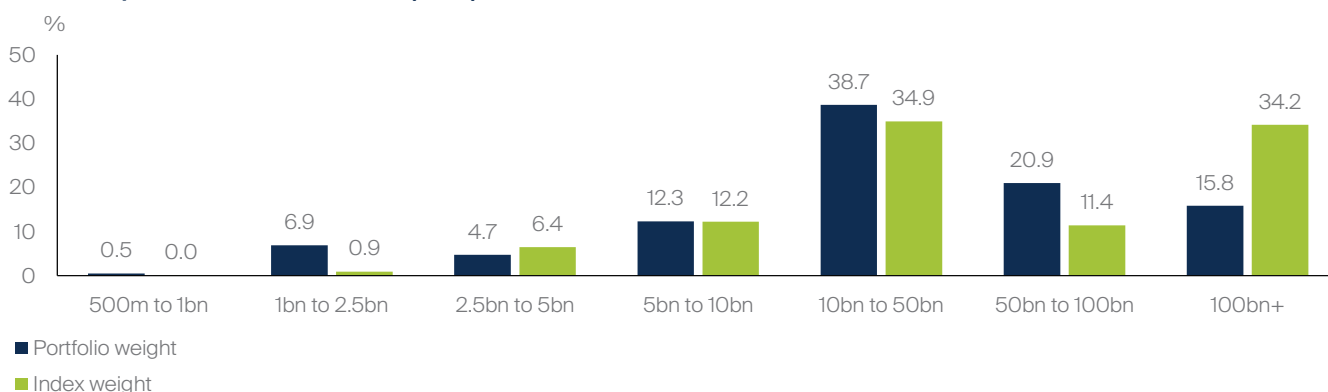
Established in 1987, TSMC was the pioneer of the foundry model, which separated semiconductor chip designs (produced by fabless companies) from the fabrication or manufacturing process (outsourced to a foundry). Over the last 30 years, foundries have gained market share from traditional integrated design and manufacturing (IDM) chip companies. There were two main reasons for this: on the manufacturing side, the process has become more complicated and capital intensive; while on the customer side, more fabless (e.g. Nvidia) and system companies (e.g. Apple) have emerged.

TSMC has become the world's largest dedicated contract chip manufacturer, with more than 50% market share. Growth has remained strong due to its advanced technology and strategy of partnering with, instead of competing with, its customers. Although its growth will eventually taper off due to the law of large numbers, for now it should continue to gain market share and outpace the overall industry. It has demonstrated pricing power amid strong customer demand, which can in turn drive more investments in a virtuous cycle.

On the negative side, a recent risk is the added complexity from geopolitics and de-globalisation. As TSMC diversifies geographically and capital expenditure increases, there are grounds for expecting lower marginal returns on capital. For example, TSMC's expansion into the US is turning out to be harder than expected, due to issues around recruitment and training. Having plants outside Taiwan are certainly going to dilute returns. We also think the near-term optimism over AI may be a bit overdone. TSMC has been anticipating the AI wave for many years, and high-performance computing has recently become TSMC's largest revenue source, surpassing smartphones. That said, the valuation still looks attractive with signs that profits are recovering, though earnings seem unlikely to surpass the FY22 high until FY25.

Historically TSMC's business (and share price) has been more cyclical, but its technological lead (in terms of its chips' processing speed and power consumption), as well as its business alignment with clients, has continued to strengthen its competitive position.

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 Golden Dragon 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.

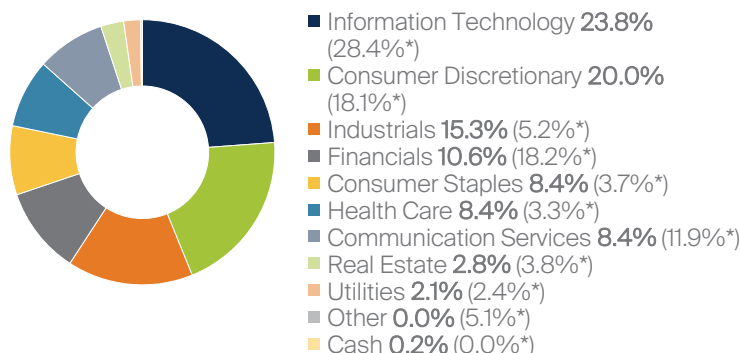
Our long-term investment themes:

- 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.

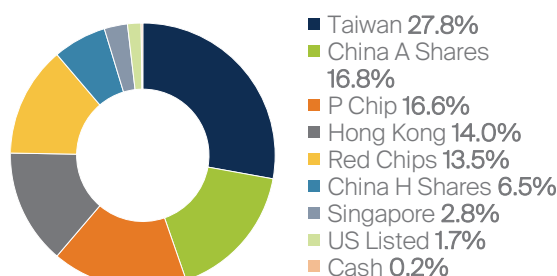
Ten largest company holdings as at 31 December 2023

Stock name	Geography	Sector	Portfolio weight (%)
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	9.8
Tencent Holdings Ltd.	China	Communication Services	6.0
Midea Group	China	Consumer Discretionary	5.6
AIA Group Limited	Hong Kong	Financials	4.1
China Merchants Bank Co., Ltd. Class H	China	Financials	3.7
ANTA Sports Products Ltd.	China	Consumer Discretionary	3.5
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	3.5
Shenzhen Mindray Bio-Medic-A	China	Health Care	3.3
JD.com	China	Consumer Discretionary	3.2
Advantech	Taiwan	Information Technology	3.1

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%.

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 Golden Dragon Net Index.

Top 5 contributors to absolute performance

3 months to 31 December 2023

Stock name	Geography	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	166
Silergy Corp.	China	Information Technology	105
MediaTek Inc	Taiwan	Information Technology	75
CSPC Pharmaceutical Group Limited	China	Health Care	60
Techtronic Industries Co., Ltd.	Hong Kong	Industrials	53

12 months to 31 December 2023

Stock name	Geography	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	227
MediaTek Inc	Taiwan	Information Technology	112
Accton Technology Corp.	Taiwan	Information Technology	89
Realtek Semiconductor Corp	Taiwan	Information Technology	88
Advantech	Taiwan	Information Technology	71

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	-84
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	-84
China Merchants Bank Co., Ltd. Class H	China	Financials	-75
ANTA Sports Products Ltd.	China	Consumer Discretionary	-57
China Resources Land Limited	China	Real Estate	-32

12 months to 31 December 2023

Stock name	Geography	Sector	Value added (bps*)
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	-183
China Merchants Bank Co., Ltd. Class H	China	Financials	-168
JD.com, Inc. Class A	China	Consumer Discretionary	-143
ENN Energy Holdings Limited	China	Utilities	-130
Ping An Insurance (Group) Company of China, Ltd. Class H	China	Financials	-118

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.

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.

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.

The information in this document may not be edited and/or reproduced in whole or in part without the prior consent of FSI.

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.

This document is issued by First Sentier Investors (Hong Kong) Limited and has not been reviewed by the Securities and Futures Commission in Hong Kong. First Sentier Investors and FSSA Investment Managers are business names of First Sentier Investors (Hong Kong) Limited. The FSSA Investment Managers logo is a trademark of the MUFG (as defined below) or an affiliate thereof.

First Sentier Investors (Hong Kong) Limited is part of the investment management business of First Sentier Investors, which is ultimately owned by Mitsubishi UFJ Financial Group, Inc. ("MUFG"), a global financial group. First Sentier Investors includes a number of entities in different jurisdictions. To the extent permitted by law, MUFG and its subsidiaries are not responsible for any statement or information contained in this material. Neither MUFG nor any of its subsidiaries guarantee the performance of any investment or entity referred to in this material 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.