

**SHINING A LIGHT ON THE.....
FSSA Greater China Growth Fund**

AT A GLANCE

Investment Objective
The Fund aims to achieve capital growth over the medium to long-term (at least three years). The Fund invests at least 70% of its Net Asset Value in equity or equity related securities issued by companies established or having a majority of their economic activities in the People's Republic of China, Hong Kong and Taiwan which are listed, traded or dealt in on Regulated Markets worldwide.

Inception Date	1 December 2003
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR06GI0

Management	
Manager Name	Start Date
Martin Lau	1 st December 2003
Winston Ke	29 th July 2019
Helen Chen	29 th July 2019

FUND PERFORMANCE

Performance from 1st January 2016 to 31st March 2022:

	2016	2017	2018	2019	2020	2021	2022
FSSA Greater China Growth Fund	23.26%	29.57%	-7.78%	26.31%	27.06%	4.72%	-11.38%
MSCI Golden Dragon NR	25.73%	31.34%	-9.50%	19.00%	24.21%	-8.64%	-8.01%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
FSSA Greater China Growth Fund	-10.12%	31.93%	62.01%	1,169.64%
MSCI Golden Dragon NR	-17.59%	10.16%	32.53%	449.74%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Tracking Error	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
5.97	107.37	75.94	52.78	0.95	6.18	Growth/Blend

LWM Consultants Ltd

Volatility Measurements	
3-Yr Std Dev (volatility)	14.27%
3-Yr Mean Return (average)	9.68%

Investment Style Details	
Giant	54.57%
Large	31.69%
Medium	10.55%
Small	2.68%
Micro	0.00%

Top 5 Holdings		
Taiwan Semiconductor Manufacturi...	Technology	8.45%
Tencent Holdings Ltd	Communication Services	5.48%
China Merchants Bank Co Ltd Class H	Financial Services	4.86%
AIA Group Ltd	Financial Services	4.83%
Midea Group Co Ltd Class A	Consumer Cyclical	3.90%

Top 5 Sectors	
Technology	25.25%
Consumer Cyclical	19.80%
Industrials	15.21%
Financial Services	12.79%
Healthcare	7.35%

Regions	
China	54.35%
Taiwan	31.55%
Hong Kong	14.10%

UPDATE....

FSSA set up the China Growth Fund in 2003 and it has been managed by Martin since that date. It is not a pure China Fund, investing in Taiwan as well. It also has a mix of China A Shares and Hong Kong Listed shares. They are mindful of the negative sentiment towards China but at the same time they are aware that often the best time to invest is when the sentiment is low.

Concerns on China centre around regulations, property sector regulations and deleveraging, common prosperity and slowing economy. Their style of investing means that that they have a 5-to-10-year time horizon, and therefore short-term noise often delivers more attractive valuations which enables them to add to positions.

They also have a strong investment discipline. If they don't understand something, or something isn't profitable then they won't invest in it just to chase returns. An example of this would be electrical vehicles where they have zero exposure. They are bottom-up stock pickers focusing on high quality companies which display sustainable and predictable growth.

LWM Consultants Ltd

Valuation is also important as they don't want to overpay as this reflects their absolute return mindset. They discussed Alibaba, which they recently invested in due to its low valuation. This is generating cash but not priced as a growth company. They class this as a mistake as the price continued to fall after they had invested in it. They have kept the holding, but it is seen as a mistake as it goes against their long-term absolute return mindset. It creates a dilemma between focusing long-term and recognising short term volatility within a stock.

In terms of where they are today they are seeing opportunities, adding to positions in the property sector such as China Resources Land which is a well-managed company with low levels of debt compared to China Evergrande, and likely to benefit from the demise of Evergrande.

They have also added to Anta Sports which has been hit negatively by a China slowdown and the impact to the consumers. In healthcare they like Mindray, who export 50% of their products globally including to the UK. They have been building up positions in JD.com and Tencent on recent weakness.

In summary, this is a well-established China Fund, but they are aware that China is out of favour by investors and for them this offers opportunities. Some of the key long-term themes include – consumer spending and discretionary income growth, healthcare innovation and aging population, industry consolidation, technology localisation, manufacturing upgrades and automation and net zero carbon campaign.

The source of information in this note has been provided by FSSA and is correct as at April 2022. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.