

KEY FACTS

Investment objective

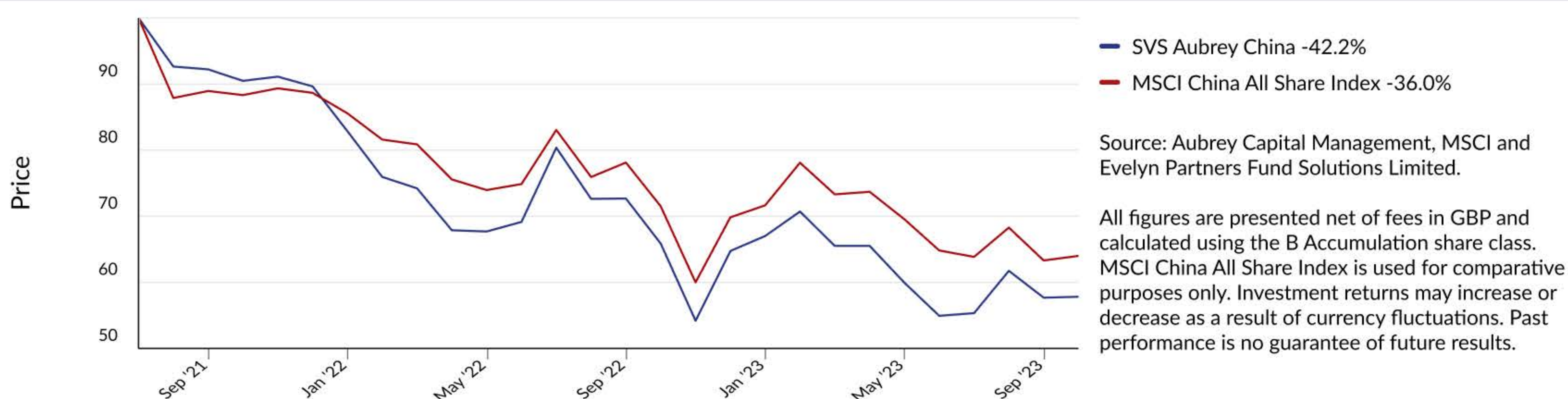
The Fund aims to achieve capital growth over the long term (5 years plus) and will invest at least 80% in shares of Chinese companies. These are companies which are quoted and listed on Chinese Stock Exchanges, including in A-Shares and B-Shares of such companies or which have their headquarters or a significant part of their activities in China but which are quoted on a regulated market elsewhere, as well as others which are, in the Investment Manager's opinion, Chinese businesses. The Fund may be invested in any industry sector with the Investment Manager's focus on growth companies expected to deliver increasing revenue and profit from the expansion of their business over the medium to long term.

Fund Information

FUND NAME	SVS Aubrey China Fund	INCEPTION DATE	1st July 2021
LEGAL FORM	Open-Ended Investment Company (OEIC)	FUND SIZE	£7.1m
UMBRELLA	SVS Aubrey Capital Management Investment Funds	BENCHMARK	MSCI China All Share Index
ADMINISTRATOR	Evelyn Partners Fund Solutions Limited	PRICING FREQUENCY	Daily
DOMICILE	UK	MANAGERS	Andrew Dalrymple, John Ewart, Rob Brewis
CURRENCIES	GBP, USD, EUR		

NET PERFORMANCE

NET PERFORMANCE % AS AT 30/09/2023	1M	3M	6M	YTD	1Y	INCEPTION
SVS Aubrey China Fund (B Acc)	0.2	4.5	-11.8	-13.7	-12.2	-42.2
MSCI China All Share Index	1.1	0.2	-13.2	-10.7	-10.5	-36.0



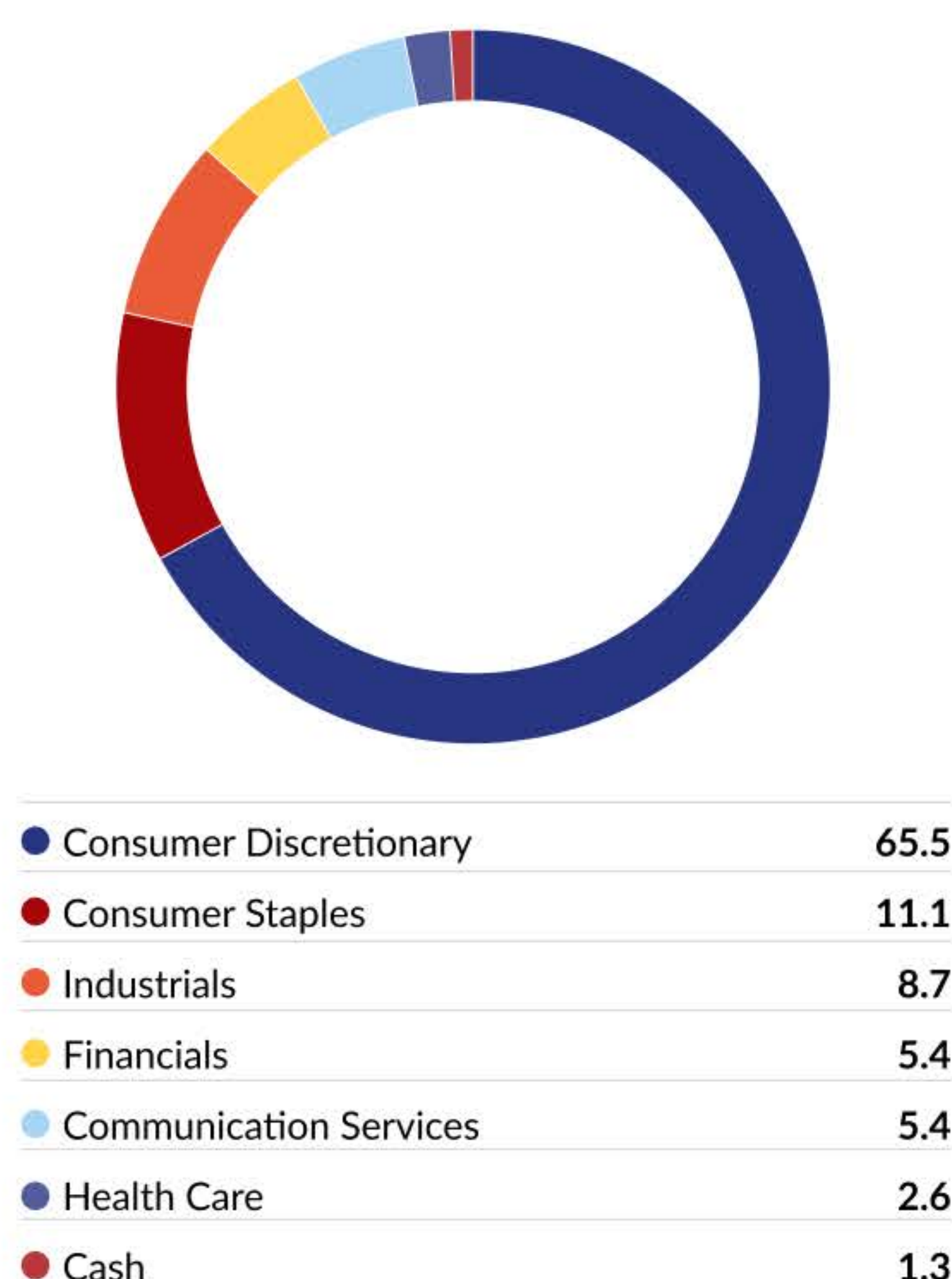
PORTFOLIO BREAKDOWN

Top 10 Positions

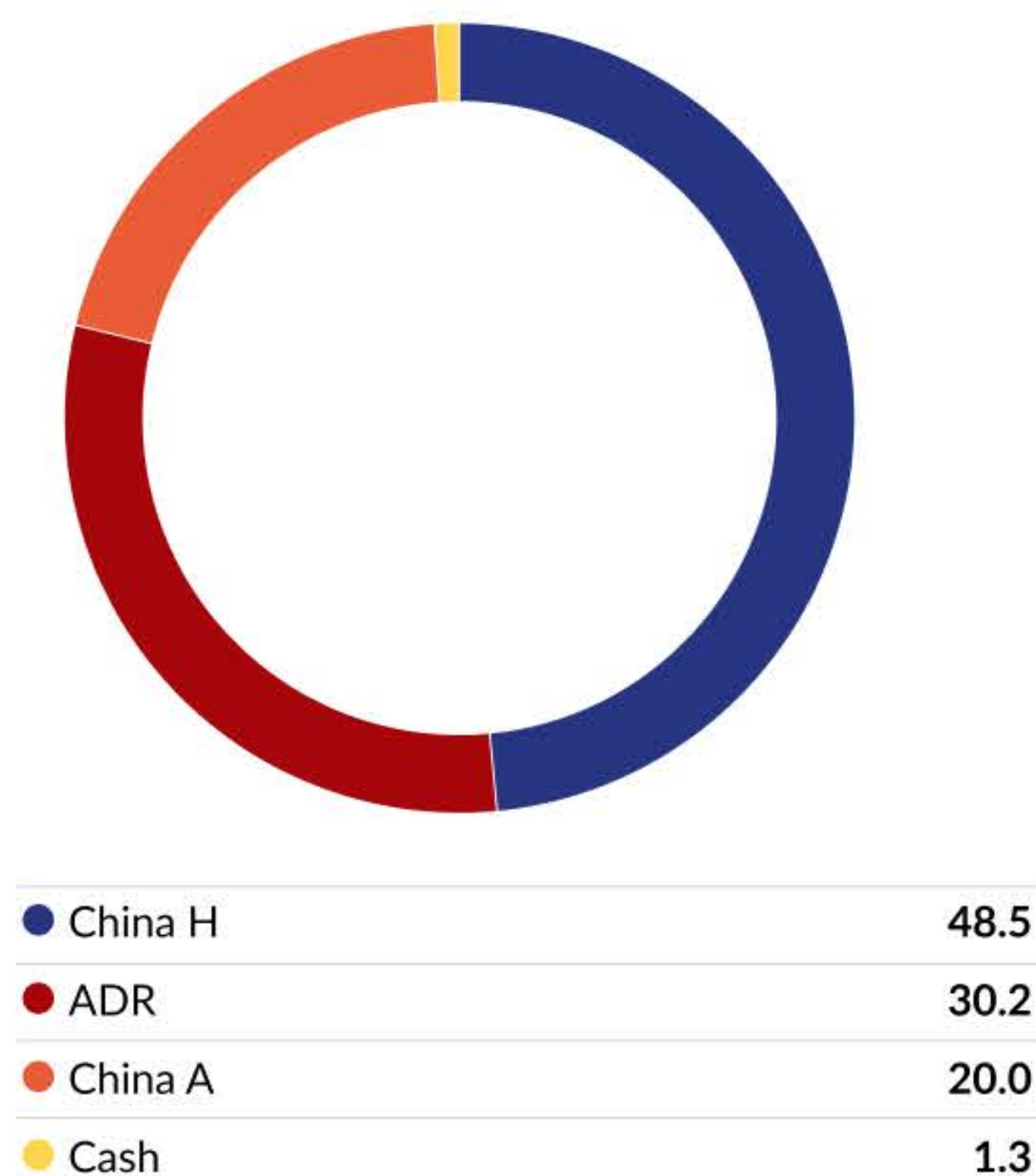
Company	% of Holding
BYD	6.4
New Oriental	5.7
Meituan	5.6
Tencent	5.4
Haidilao	5.2
Contemporary Amperex	5.2
Vipshop	4.8
Alibaba	4.5
Proya Cosmetics	4.4
Li Auto	4.1
Number of Holdings	27

The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable.

Sector Allocation



Asset Allocation



AVAILABLE SHARE CLASS PRICES

SHARE CLASS	PRICE	ISIN	BLOOMBERG	MANAGEMENT FEE	ONGOING CHARGES FIGURE	MINIMUM SUBSCRIPTION	MIN. ADDITIONAL SUBSCRIPTION
B Acc GBP	57.82	GB00BNDMHS07	SVACBGA LN	0.75%	1.15%	GBP 5,000	GBP 5,000
I Acc GBP	58.02	GB00BNDMHW43	SVSACGA LN	0.60%	1.00%	GBP 50,000,000	No Minimum

Prices in pence/cents

Ongoing charges figure (OCF) is based upon the expenses incurred but does not include transaction costs. The transaction costs for 2022 were 0.14%.

Management fee includes Aubrey's fee and excludes ACD fee.

PLATFORMS

M&G

MANAGER'S COMMENTARY

The third quarter of 2023 was a largely unremarkable period during which the Chinese equity market drifted sideways. The Fund fared somewhat better, adding 4.5% in Sterling terms, a number flattered by a renewed weakness in Sterling, but well ahead of the benchmark return of 0.2%. This goes some way to reduce the year to date underperformance which now stands at 3.0%, down from 6.5% at the halfway mark.

The optimists among us would put this sideways drift down to the bad news being largely in the price. There was indeed incremental negative news from the beleaguered property sector, which undoubtedly impacted those equities in question, but did not result in another downward lurch. We would like to argue that the reason for our outperformance was a welcome refocus on good companies and those which are well set to do best as and when there is a recovery.

The latest property victim was **Country Garden (CG)**, once perceived by some as a better run property company, but one we have always regarded its only one step behind **Evergrande** in the path to value destruction. The interim results for **Country Garden** inspired a quick comparison with a totally unrelated company, but one that highlights the other side of the China economy today, namely **BYD**. The only similarity is that they both reported around \$35bn in H1 2023 revenue (\$37bn for **BYD** and \$33bn for **CG**). From this, **BYD** reported \$12bn of cashflow from operations, and even though they are in full blown expansion mode, still reported around \$2bn of free cashflow, and a similar amount of net profit. By comparison, **CG** reported a net loss of \$6bn. In the interests of time, we won't dwell on the state of the respective balance sheets, or indeed the direction of travel of those revenues, other than to say that they are diametrically opposite.

The point of this comparison is to demonstrate there are still high quality businesses in China which are growing despite the sluggish domestic economy and cautious consumer. Despite the numbers above, the electric vehicle sector was not one leading the charge for the Fund this quarter, with electric scooter maker **Yadea** particularly weak for no clear reason other than it had been one of our best performers in the first half.

Instead, it was in the service and retail sectors where our best stocks were found. In the former, **New Oriental Education's** redesigned business model goes from strength to strength, while restaurateur **Haidilao** continues to entice consumers back to their restaurants. In retail, low-cost e-commerce challenger **Pinduoduo** keeps surprising positively and we added a new specialty retailer, **Miniso**, which has started well.

The other significant change during the quarter was a switch between shoe brands from **Li Ning** into **Anta**. We have been advocates of **Li Ning** for many years as it first recovered from an inventory problem nearly a decade ago now, and then took on market leaders **Nike** with a much-improved product and brand. But as our store visits earlier in the year revealed, their problem today is that their premium products are now too close to **Nike**, and in the current climate, consumers are unwilling to pay up. In the middle market, cautious consumers are more likely to trade down to **Anta**. More damaging still for **Li Ning** has been Nike's push into that mid-market with cheaper products. **Anta** also benefits from better outdoor clothing brands, a true growth area, as well as the potential of a recovery in **Fila**.

Modest stimulus continues to be the order of the day from the Chinese government, albeit there now seems a full-blown U-turn on the role of the private sector which is now understood as the only realistic solution to employing Chinese graduates, and hence is now receiving ever greater support and encouragement, albeit in certain focussed areas only. Economic data points to a stabilisation during the third quarter, and we expect certain areas of consumption such as travel, entertainment, and other services to continue their recovery in the fourth quarter. It is here, along with such high growth areas as electric vehicles, where the Fund is concentrated.

RATINGS



Andrew Dalrymple and John Ewart are
AAA rated and Rob Brewis is AA rated
by Vadevalor as at 30/09/23

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ENVIRONMENTAL, SOCIAL & GOVERNANCE

Aubrey bases its measures for ESG analysis on the United Nations Global Compact. This framework provides us with a foundation for assessing corporate sustainability where we focus our analysis on four themes:

1. Human Rights: Companies should respect the internationally declared human rights laws.
2. Labour: Elimination of discrimination in the workplace as well as all forms of forced labour.
3. Environment: Encourage companies to develop and create initiatives that promote sustainability.
4. Anti-Corruption: Businesses should eliminate corruption in all forms, including bribery.

Signatory of:



IMPORTANT INFORMATION

This is a marketing communication issued by Aubrey Capital Management Limited who are authorised and regulated by the Financial Conduct Authority. Please refer to the prospectus and the KIID before making any final investment decisions and if you are still unsure, seek independent professional advice. Investors in the Fund are exposed to fluctuations in the Fund's value, which can go down as well as up, and may be subject to significant volatility due to market conditions and changes in foreign exchange rates. Past investment performance is not an indication of future performance. As the Fund aims to invest in just one country, it may be more volatile than a geographically diversified portfolio.

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