

## 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	£7.0m
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 31/12/2023	1M	3M	6M	YTD	1Y	INCEPTION
SVS Aubrey China Fund	-3.9	-7.4	-3.2	-20.1	-20.1	-46.4
MSCI China All Share Index	-3.2	-8.2	-8.0	-18.0	-18.0	-41.3



Source: Aubrey Capital Management, MSCI and Evelyn Partners Fund Solutions Limited.

All figures are presented net of fees in GBP and calculated using the B Accumulation share class. MSCI China All Share Index is used for comparative purposes only. Investment returns may increase or decrease as a result of currency fluctuations. Past performance is no guarantee of future results.

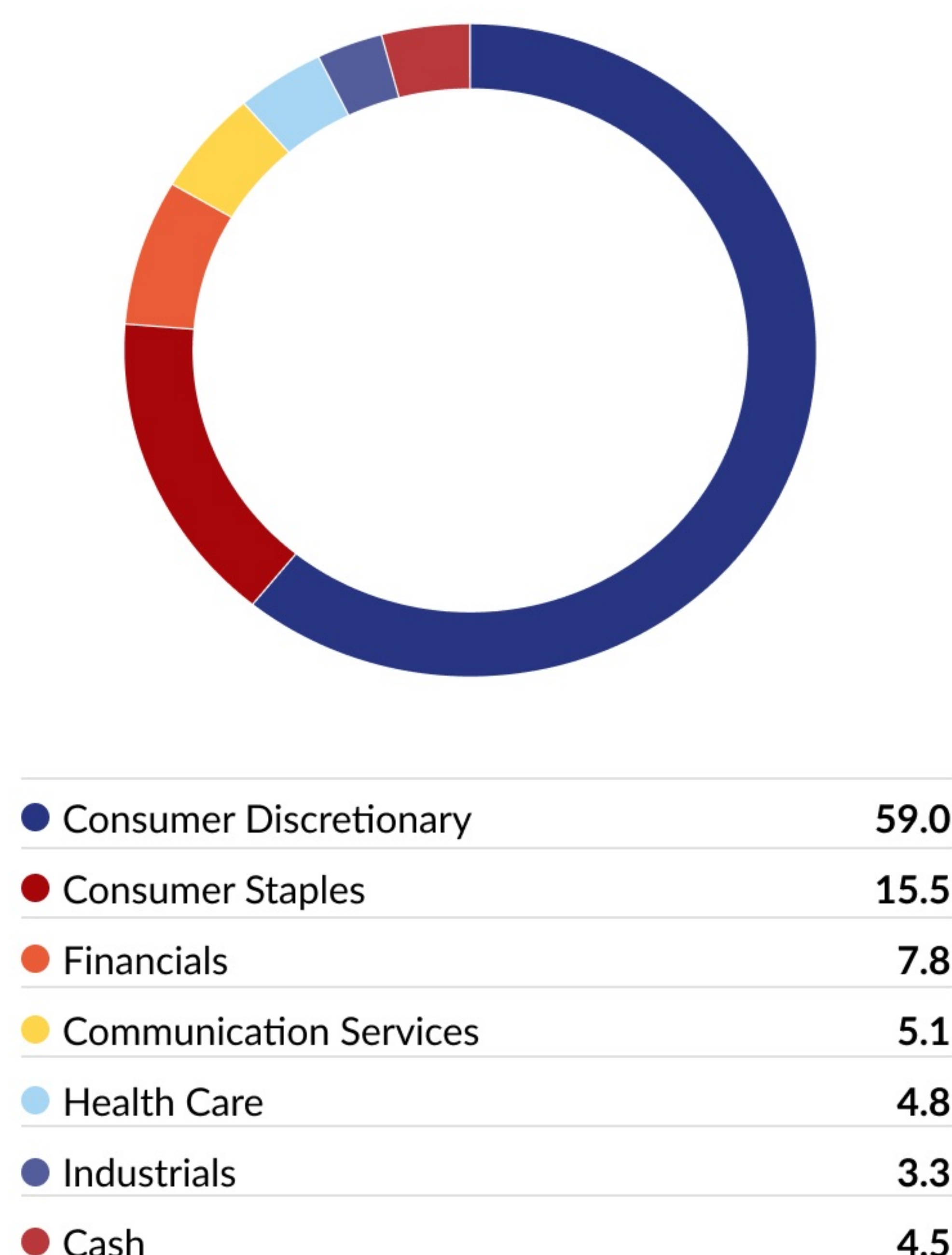
## PORTFOLIO BREAKDOWN

## Top 10 Positions

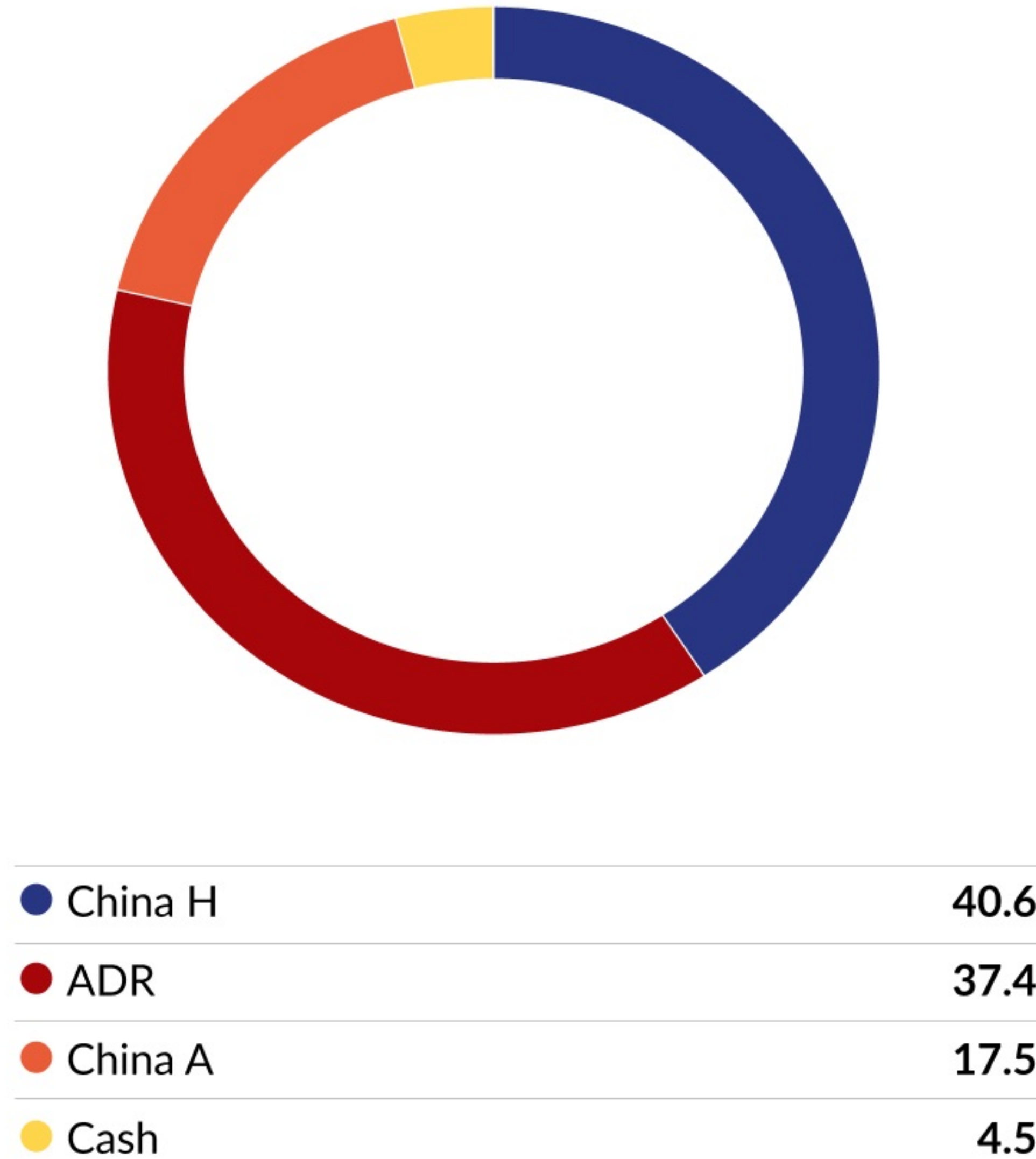
Company	% of Holding
New Oriental	7.0
Pinduoduo	6.7
Vipshop	5.2
Tencent	5.1
Proya Cosmetics	4.3
BYD	4.3
Li Auto	4.2
MINISO	4.0
Trip.Com	4.0
Meituan	3.9
Number of Holdings	28

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	53.57	GB00BNDMHS07	SVACBGA LN	0.75%	1.15%	GBP 5,000	GBP 5,000
I Acc GBP	53.77	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.

## MANAGER'S COMMENTARY

The final quarter of 2023 proved to be another one of disappointment for the Chinese stock markets with the MSCI Index in GBP declining 8.2%, resulting in an 18.0% decline for the full year. For the Fund, the quarter was another relative improvement, declining 7.4%, but leaving a full year decline of 20.1, so still behind the index but much improved from earlier in the year. There is no doubt that the Chinese consumer remains in a low state of confidence, and this is reflected in our consumer-focused portfolio. Emerging markets, in general, had a better final quarter, particularly in November, and while China rose during that month, it still underperformed their peers.

Corporate news was plentiful, especially early in the quarter during the quarterly reporting season. In general, the news from the portfolio companies has been very positive. **Proya Cosmetics** revealed a 32.5% increase in sales, with net profit 50.6% higher. **BYD**, the country's leading electric car maker, grew its third quarter earnings at over 70% which was well ahead of expectations. **New Oriental Education**, which has had to reconstitute its business following the eradication of private tutoring by Xi Jinping in 2021 seems to be making a fine job of things. Revenues expanded by 47.7% with earnings 148% higher. Regrettably, only **New Oriental** benefitted from this slew of good news, with the shares rising nearly 20%, while **BYD** fell and **Proya** was little changed.

Elsewhere, one other bright spot was ecommerce challenger, **Pinduoduo**. We added to the position early in the quarter and this was rewarded with a very good quarter's numbers and a strong rally. While **Pinduoduo** continues to gain share in China, offering as it does, a more value for money product range which is well suited to the current environment of caution, it was the performance of their overseas operation, **Temu**, which is now being taken more seriously. While still losing money, the extraordinary traction of **Temu** is beginning to be noticed and with scale comes better economics and the expectation of positive contribution nearer than previously believed.

We made a few other changes mid quarter, exiting restaurateur **Haidilao** after they mysteriously injected a Japanese hotel asset into the listed vehicle, immediately raising corporate governance concerns. We also called time on **JD Health** which, despite being the clear leader in its field of online medicine sales, seems to be succumbing to the problems of the parent group, which is poorly placed for the current economic environment. **CATL**, the world's largest battery maker was also sold. While we believe they remain at the forefront of batteries and EV's, the current deflationary pricing environment suggests to us they may not be a good stock to hold in the short to medium term.

We continue to search for niches and companies which are doing well in what remains a difficult environment. To that end, new positions to replace these were **Nongfu Spring** (China's leading bottled water brand), **FUTU** (online stock broking and wealth management), **Gushentang** (leading Chinese medicine hospitals and clinics), and **Gambol** (Pet food).

Like much of 2023, the last quarter was one of further derating in the portfolio. Our businesses are in good financial shape and, in many cases, growing well, but the price the market is willing to pay for these continues to decline. This does mean that there is exceptional value appearing in the portfolio, but we await the trigger to unlock this.

## PLATFORMS

M&G



## CONTACTS

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## ENVIRONMENTAL, SOCIAL &amp; 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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