



# abrdn China Investment Company Limited

Seeking long-term capital growth by investing predominantly in Chinese equities

Performance Data and Analytics to 30 November 2023

## Proposal for the Reconstruction and Voluntary Winding-up of the Company

The Board of abrdn China Investment Company is pleased to announce that heads of terms have been agreed in principle for a proposed combination of the Company with the assets of Fidelity China Special Situations PLC ("Fidelity China") (the "Proposals"). It believes the Proposals will benefit shareholders in the Company ("Shareholders") going forward. Fidelity China is the top performing as well as the largest and most liquid UK investment trust investing in China. The combination, if approved by each company's shareholders, will be implemented through a Guernsey scheme of reconstruction under which the Company will be placed into voluntary liquidation and part of its cash, assets and undertaking will be transferred to Fidelity China in exchange for the issue of new ordinary shares in Fidelity China to Shareholders.

### Investment objective

To produce long-term capital growth by investing predominantly in Chinese equities.

### Benchmark

MSCI China All Shares Index in GBP (from 26 October 2021).

### Cumulative performance (%)

	as at 30/11/23	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	442.0p	12.8	(0.9)	(3.7)	(16.8)	(30.2)	(5.9)
NAV	489.0p	(2.1)	(6.7)	(8.0)	(19.0)	(32.3)	(13.5)
Reference Index <sup>A</sup>		(2.2)	(4.2)	(4.7)	(11.5)	(26.2)	(9.7)

### Discrete performance (%)

	30/11/23	30/11/22	30/11/21	30/11/20	30/11/19
Share Price	(16.8)	(20.3)	5.2	16.5	15.7
NAV	(19.0)	(24.1)	10.3	16.2	9.8
Reference Index <sup>A</sup>	(11.5)	(19.5)	3.6	15.1	6.2

Total return; NAV to NAV, gross income reinvested, GBP. Share price total return is on a mid-to-mid basis. Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value. Source: abrdn Investments Limited, Lipper and Morningstar.

**Past performance is not a guide to future results.**

#### Note on change of investment strategy

Prior to 26 October 2021, the Company's investment policy was to invest in emerging market funds of funds. Please note that performance data for time periods prior to 26 October 2021 relate to an investment objective and strategy that no longer applies.

<sup>A</sup> Reference Index is the MSCI China All Shares Index since 26 October 2021 and MSCI Emerging Markets Index prior to that date.

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<sup>C</sup> Holding comprises of A & H shares.

### Morningstar Sustainability Rating™



### Morningstar Rating™



#### <sup>B</sup> Morningstar Rating™ for Funds

Morningstar rates funds from one to five stars based on how well they've performed (after adjusting for risk and accounting for all sales charges) in comparison to similar funds.

### Twenty largest holdings (%)

Tencent	9.7
Kweichow Moutai	6.9
Alibaba	4.9
Pinduoduo	4.8
China Merchants Bank <sup>C</sup>	3.4
AIA	2.9
Contemporary Amperex Technology	2.5
Netease	2.4
Bank of Ningbo	2.3
BYD <sup>C</sup>	2.2
Meituan	2.1
Shenzhen Mindray Bio-Medic	1.9
JD.com	1.8
Hong Kong Exchanges & Clearing	1.8
Aier Eye Hospital	1.7
Proya Cosmetics	1.7
Maxscend Microelectronics	1.7
Wuxi Biologics	1.6
Fuyao Glass Industry	1.6
China Life Insurance <sup>C</sup>	1.5
<b>Total</b>	<b>59.4</b>

**Total number of investments 63**

All sources (unless indicated): abrdn: 30 November 2023.



## 1 Year Premium/Discount Chart (%)



## Fund managers' report

### Market and portfolio review

November saw Chinese stock markets initially recover on rising expectations of a US Federal Reserve (Fed) interest rate cut and optimism surrounding policy support for the property sector. However, most of these gains were erased towards the end of the month when disappointing fourth-quarter guidance, particularly from large e-commerce companies, dented investor confidence.

As noted, policy support continued, with several tier-1 and tier-2 cities reducing the downpayments required for second homes while others removed price controls for land auctions. Notably, leading developer Sunac, which previously defaulted on its offshore borrowings, reached a restructuring agreement with its creditors. This set a precedent for other distressed developers in need of debt restructuring.

In geopolitics, the meeting between President Biden and President Xi was viewed as a positive development towards stabilising the Sino-US relationship, with joint announcements on environmental protection and more regular military contact.

Turning to macroeconomic data, November's official manufacturing Purchasing Managers' Index (PMI) survey weakened further with a reading of 49.4. Investors had expected 49.7. Meanwhile, the non-manufacturing report also slipped from October's 50.6 reading to 50.2. Analysts pointed to ongoing weak demand as the principal driver of the decline. In contrast, the Caixin manufacturing PMI rose to 50.7 in November.

Elsewhere, China's year-on-year export growth fell from -6.2% in September to -6.4% in October. However, import growth surprised investors when it increased to 3%. Also, consumer inflation fell by 0.2% year on year in October, with the decline attributed to weaker spending following the Golden Week holiday at the beginning of that month.

### Fund managers' report continues overleaf

<sup>c</sup>Note that while the risk statistics are calculated over 5 years, the mandate was changed in October 2021.

<sup>d</sup>Expressed as a percentage of average daily net assets for the year ended 31 October 2022. The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Company. It is made up of the Annual Management Fee and other charges. It does not include any costs associated with buying shares in the Company or the cost of buying and selling stocks within the Company. The OCF can help you compare the annual operating expenses of different Companies.

## Sector allocation (%)

Consumer Discretionary	21.7
Consumer Staples	14.5
Financials	14.3
Communication Services	12.1
Industrials	10.5
Information Technology	9.1
Health Care	8.3
Materials	3.0
Real Estate	2.4
Cash	4.1
<b>Total</b>	<b>100.0</b>

## Fund risk statistics

	5 Years <sup>c</sup>
Return (Fund) p.a. as at 30/11/2023	(1.71)
Return (Benchmark) p.a. as at 30/11/2023	(9.72)
Annualised Tracking Error	5.47
Alpha	0.08
Beta	1.12
Correlation	0.98

Source: abrdrn & Factset.  
Basis: Total Return, Net of Fees, GBP.  
Please note that risk analytics figures are calculated on net asset value (NAV) returns. In addition, the risk analytics figures lag the performance figures.

## Key information

### Calendar

Year end	October
Accounts published	February
Annual General Meeting	April
Dividend paid	March
Launch date	21 June 1998. Mandate changed 26 October 2021
Fund manager	Nicholas Yeo and Elizabeth Kwik
Annual management fee	0.8% of first £150m of Market Cap, 0.75% on next £150m of Market Cap and 0.65% on the Market Cap over £300m
Ongoing charges <sup>d</sup>	0.60%



## Fund managers' report – continued

Turning to the Trust's performance in November, the net asset value total return was -2.1% in sterling terms. This compares to the reference index total return of -2.2%.

Notable stock winners over the month included online retailer PDD, which was boosted by stellar third-quarter results that exceeded market consensus by a large margin. Spirits producer Kweichow Moutai rose on news of a price hike, while Taiwan-based power management integrated circuit manufacturer Silergy gained as investors believed the business cycle has bottomed and a recovery looks likely.

Looking at the laggards, notable detractors included Bank of Ningbo and China Merchants Bank, which declined amid concerns about slowing loan growth and net-interest-margin compression. Wuxi Biologics was weak due to worries about its near-term earnings, given a decline in biotech funding. Lastly, shopping platform Meituan saw its share price slide on disappointing guidance despite the company delivering its third consecutive quarterly profit.

## Outlook

While we continue to see long-term opportunities in the five themes of aspiration, wealth, digital, health and green, we remain highly focused on the near-term earnings visibility of our holdings. Specifically, a sentiment-driven market can be unforgiving and impatient with any disappointment. That said, we are detecting some favourable tailwinds, including more grounded market expectations regarding valuation levels and an end to the destocking process across the economy.

## Key information continued

Gross assets	£223.7m
Debt	£15.1m
Cash & cash equivalents	£9.2m
Net gearing	2.8%
Discount	(9.6)%
Yield	0.7%

## AIFMD Leverage Limits

Gross Notional	2X
Commitment	2X

## Capital structure

Ordinary shares	42,652,309
Treasury shares	19,520,638

## Trading details

Reuters/Epic/ Bloomberg code	ACIC
ISIN code	GG00B45L2K95
Sedol code	B45L2K9
Stockbrokers	Shore Capital Deutsche Numis



## Factsheet

Receive the factsheet by email as soon as it is available by registering at [www.investments.co.uk/signup](http://www.investments.co.uk/signup) or [www.abrdnchina.co.uk](http://www.abrdnchina.co.uk)



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The risks outlined overleaf relating to gearing, exchange rate movements and emerging markets are particularly relevant to this investment company but should be read in conjunction with all warnings and comments given.  
Important information overleaf

## Important information

### Risk factors you should consider prior to investing:

- The value of investments, and the income from them, can go down as well as up and investors may get back less than the amount invested.
- Past performance is not a guide to future results.
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years.
- The Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that any movement in the value of the company's assets will result in a magnified movement in the NAV.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This may mean your money is at greater risk.
- The Company invests in emerging markets which tend to be more volatile than mature markets and the value of your investment could move sharply up or down.
- As with all stock exchange investments the value of the Company's shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen.
- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.
- Yields are estimated figures and may fluctuate, there are no guarantees that future dividends will match or exceed historic dividends and certain investors may be subject to further tax on dividends.
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
- Movements in exchange rates will impact on both the level of income received and the capital value of your investment.
- The Company invests into other funds which themselves invest in assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Company.

### Other important information:

The Company is a Closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission.

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