



# abrdn China Investment Company Limited (formerly Aberdeen Emerging Markets Investment Company)

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

Performance Data and Analytics to 30 November 2021

## 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 30/11/21	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	670.0p	(3.6)	(7.3)	(4.7)	5.2	41.8	56.1
NAV <sup>A</sup>	800.1p	(1.6)	(2.4)	(2.3)	10.3	40.8	57.8
Reference Index <sup>B</sup>		(0.2)	(2.6)	(3.5)	4.5	27.9	52.3

## Discrete performance (%)

	30/11/21	30/11/20	30/11/19	30/11/18	30/11/17
Share Price	5.2	16.5	15.7	(12.6)	26.0
NAV <sup>A</sup>	10.3	16.2	9.8	(8.4)	22.4
Reference Index <sup>B</sup>	4.5	15.1	6.2	(3.2)	23.0

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: Aberdeen Asset Managers Limited, Lipper and Morningstar.

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

<sup>A</sup> NAV performance is adjusted for the impact of subscription shares.

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

<sup>C</sup> © 2021 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to: <http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf> The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term. Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term. Long term is defined as a full market cycle or at least five years. Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit <http://global.morningstar.com/managerdisclosures>.

## Morningstar Rating™



<sup>C</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.

## Ten largest holdings (%)

Tencent Holdings	7.0
Aberdeen Standard China A Share Fund	5.8
Kweichow Moutai	4.9
China Merchants Bank Co	4.8
Korea Value Strategy Fund	4.2
Meituan	3.9
Contemporary Amperex Technology	3.8
JD.com Inc	3.7
Alibaba Group Holding	3.5
China Tourism Group Duty Free	3.4
<b>Total</b>	<b>45.0</b>

**Total number of investments 46**

## Fund risk statistics

	5 Years
Return (Fund) p.a. as at 30/11/2021	10.72
Return (Benchmark) p.a. as at 30/11/2021	8.78
Annualised Tracking Error	4.21
Alpha	0.14
Beta	1.03
Correlation	0.95

Source: Aberdeen Asset Management, BPSS & Refinitiv Datastream, 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.

All sources (unless indicated): abrdn: 30 November 2021.



# abrdrn China Investment Company Limited

(formerly Aberdeen Emerging Markets Investment Company)



## 1 Year Premium/Discount Chart (%)



## Fund managers' report

### Market and portfolio review

Chinese equities fell in November amid concerns about the emergence of the Omicron variant of Covid-19 and the effectiveness of vaccines against it. The prospect of monetary tightening and an accelerated reduction in the US Federal Reserve's bond-purchasing programme also weighed on markets. Nevertheless, positive momentum in the new energy and semiconductor-related sectors lifted markets. Meanwhile, President Xi Jinping met with US President Joe Biden in their first 'virtual' meeting. Although there were no concrete breakthroughs, the summit showed the potential for a more constructive relationship between the two countries. Also boosting sentiment was the People's Bank of China's assurance that it would maintain its 'flexible, targeted' monetary policy.

From a sector perspective, capital goods again performed well, with electric vehicle-related companies leading the rally. Other green energy supply-chain companies within the technology hardware & equipment sub-sector also advanced. Investors continued to favour this market segment due to its positive long-term prospects, supported by Beijing's carbon neutrality targets. On the other hand, there were worries that the retailing sector would be hampered by the spike in Covid-19 cases, given the country's policy of zero tolerance for the coronavirus.

In economic news, leading indicators for manufacturing retreated. On a more positive note, sentiment picked up as output rose for the first time in four months as power supply issues abated. In addition, input-cost inflation fell to its lowest level since October 2020 as some raw material prices declined. Meanwhile, export data was strong and retail sales growth in October reached a three-month high.

### Fund managers' report continues overleaf

<sup>D</sup> Expressed as a percentage of average daily net assets for the year ended 31 October 2020. 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.

<sup>E</sup> Calculated using the Company's historic net dividends and month end share price. Refers to the historic yield prior to the Trust renaming from Aberdeen Emerging Markets Investment Company in October 2021. The Company's main objective is now long-term capital growth, rather than income.

<sup>F</sup> Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.

## Key information

### Calendar

Year end	October
Accounts published	January
Annual General Meeting	April
Dividend paid	Annual/semi-annual
Launch date	21 Jun 1998 (redomiciled on 6 Nov 2009)
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>	1.02%
Net assets	£373.0m
Premium/(Discount)	(16.3)%
Yield <sup>E</sup>	n/a
Net Gearing <sup>F</sup>	Nil

### AIFMD Leverage Limits

Gross Notional	2X
Commitment	2X

### Capital structure

Ordinary shares	46,624,826
Treasury shares	15,548,121

### Trading details

Reuters/Epic/Bloomberg code	ACIC
ISIN code	GG00B45L2K95
Sedol code	B45L2K9
Stockbroker	Shore Capital

# abrdn China Investment Company Limited

(formerly Aberdeen Emerging Markets Investment Company)



## Fund managers' report – continued

In corporate news, November was also marked by disappointing third-quarter results from China's internet giants. Tencent missed earnings forecasts due to weaker advertising revenue, caused by the combined effects of tighter regulation and the economic slowdown. Elsewhere, Alibaba also fell short of expectations, with the biggest surprise being the deceleration in customer management revenue. This division constitutes the backbone of its profits, which tend to be used to fund investment into other areas. Though the regulatory overhang puts pressure on near-term profits, we see good longer-term growth prospects for both companies as they are clearly the industry leaders.

On the ESG front, we had several rounds of engagement with China Tourism Group Duty Free (CTG). Even though the company has grown to become the world's leading duty-free operator, its MSCI ESG rating still lags behind its peers. Its management promised to issue an ESG report next year and is hiring a third party to work on this project. We will contact CTG after it releases this report, focusing on whether it provides sufficient disclosure. We have also pushed its management to increase cash payouts, given the solid balance sheet and cash flow, and we will continue to press the company on this front.

Following shareholder approval of the Trust's new investment policy, we exited legacy investments and started building positions in Chinese companies. By month-end, we had already invested over 90% of the Company's net assets in companies listed or operating in China, including Hong Kong.

## Outlook

The severity of the government's regulatory measures came as a surprise. But we believe that these changes should be seen in the context of a fast-changing technology landscape. While the authorities are trying to keep pace with innovation, a heavy-handed clampdown across all private new-economy sectors is unlikely. These enterprises are a vital component of China's vision for a modern consumption-led economy. Moreover, the private sector retains a critical role in innovation to support Beijing's goal of a moderately prosperous China by 2035. China still needs well-functioning capital markets to help propel growth.

We feel that the reaction to the measures was overdone and that the indiscriminate selling will create investment opportunities. Companies that can adapt to changing regulatory frameworks and align with policy objectives such as digital innovation, green technology, access to affordable healthcare and improved welfare, have a bright outlook. With the Chinese economy slowing, the market is likely to remain volatile and may be hit in the short term as it digests third-quarter results. Meanwhile, power rationing and rising input costs are likely to have an adverse impact on smaller or lower-quality companies. This is especially so for businesses that lack the bargaining power to pass increasing costs to their customers. Those with insufficient investment in ESG factors could also suffer; for instance, factories with limited access to renewable energy.

**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**



### Factsheet

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



### Contact

**Private investors**  
0808 500 0040

### Institutional investors

InvestmentTrustInvestorRelations-UK@abrdn.com

+44 (0)20 7463 5971

+44 (0)13 1222 1863

## 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.

An investment trust should be considered only as part of a balanced portfolio. The information contained in this document should not be considered as an offer, solicitation or investment recommendation to deal in the shares of any securities or financial instruments. It is not intended for distribution or use by any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited. Nothing herein constitutes investment, legal, tax or other advice and is not to be relied upon in making an investment or other decision. No recommendation is made, positive or otherwise, regarding individual securities mentioned. This is not an invitation to subscribe for shares and is by way of information only. Subscriptions will only be received and shares issued on the basis of the current Key Information Document (KID). These can be obtained free of charge from Aberdeen Asset Managers Limited, PO Box 11020, Chelmsford, Essex, CM99 2DB or available on [www.invtrusts.co.uk](http://www.invtrusts.co.uk). Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates. \* abrdn means the relevant member of abrdn group, being abrdn PLC together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

Issued by Aberdeen Asset Managers Limited, registered in Scotland (No. 108419), 10 Queen's Terrace, Aberdeen AB10 1XL. Authorised and regulated by the Financial Conduct Authority in the UK.

The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis, should not be taken as an indication or guarantee of any future performance analysis forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI" Parties) expressly disclaims all warranties (including without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages ([www.msci.com](http://www.msci.com)).

For more information visit [invtrusts.co.uk](http://invtrusts.co.uk)