



abrdrn China Investment Company Limited

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

Performance Data and Analytics to 31 May 2022

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).

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.

Cumulative performance (%)

	as at 31/05/22	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	556.0p	3.7	(13.9)	(17.0)	(21.0)	7.3	13.6
NAV	638.9p	0.1	(10.7)	(20.2)	(22.0)	6.5	10.3
Reference Index ^A		1.4	(6.8)	(15.4)	(19.0)	4.4	12.1

Discrete performance (%)

	31/05/22	31/05/21	31/05/20	31/05/19	31/05/18
Share Price	(21.0)	45.3	(6.6)	(3.3)	9.5
NAV	(22.0)	42.3	(4.0)	(4.2)	8.1
Reference Index ^A	(19.0)	31.8	(2.2)	(3.2)	11.0

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.

^A 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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Morningstar Sustainability Rating™



Morningstar Rating™



^B 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 Holdings	7.5
Kweichow Moutai	5.6
China Merchants Bank	5.2
Meituan	4.5
JD.Com	3.5
Alibaba Group Holding	3.3
China Tourism Group Duty Free	3.2
Bank of Ningbo	3.2
Contemporary Amperex Technology	2.9
AIA Group	2.6
Ping An Bank	2.4
Fuyao Glass Industry Group	2.2
Sungrow Power Supply Co	2.2
Aberdeen Standard China A Share Equity Fund	2.1
LONGI Green Energy Technology	2.1
Nari Technology	2.0
Wanhua Chemical	2.0
Li Ning	1.9
Proya Cosmetics	1.9
China Vanke	1.8
Total	62.2

Total number of investments 54

All sources (unless indicated): abrdrn: 31 May 2022.



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1 Year Premium/Discount Chart (%)



Sector allocation (%)

Consumer Discretionary	23.0
Financials	14.9
Consumer Staples	14.9
Industrials	11.7
Health Care	9.0
Communication Services	7.5
Information Technology	7.3
Materials	5.2
Real Estate	4.0
Unit Trusts	2.5
Total	100.0

Fund managers' report

Market and portfolio review

Broad Chinese stock markets bounced off recent lows in May amid tentative steps towards the lifting of Covid-19 restrictions. Economic data continued to point to a sluggish Chinese economy, as recent lockdowns have taken their toll on economic activity.

The path of Covid-19 infections continues to heavily influence market sentiment. Chinese stock markets initially remained under pressure as case numbers remained high in early May. Meanwhile, the Chinese Government reiterated its zero-tolerance approach to containing the virus. Falling case numbers brought succour for investors later in the month. Shanghai announced plans to ease restrictions from the start of June alongside various stimulus measures, while Beijing reported the reopening of parts of the capital's public transport system and some shopping malls.

The ongoing slowdown in economic momentum was reflected in a number of weak economic data releases. The Caixin China General Composite PMI fell to a 26-month low of 37.2 in April, down from an already disappointing 43.9 in March. Industrial output dropped 2.9% year-on-year in April, the first fall in over two years, as lockdowns in major cities weighed heavily on economic activity. Export growth hit a near two-year low of 3.9% in April versus a 14.7% rise in March. Retail sales declined by a worse-than-expected 11.1% year-on-year in April, representing the biggest fall since March 2020, as many shoppers were forced to stay at home. The urban unemployment rate edged up to 6.1% in April, its highest level since February 2020.

Stock markets were briefly buoyed by a 0.15% cut to the benchmark reference rate for mortgages, but other interest rates were left unchanged. Policymakers announced a package of monetary and fiscal measures to support businesses and boost demand, although many investors remain uneasy about the damage being inflicted by the government's draconian 'Zero-Covid' policy.

Fund managers' report continues overleaf

^c Expressed as a percentage of average daily net assets for the year ended 31 October 2021. 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.

Fund risk statistics

	5 Years
Return (Fund) p.a. as at 31/05/2022	3.07
Return (Benchmark) p.a. as at 31/05/2022	2.50
Annualised Tracking Error	4.37
Alpha	0.05
Beta	1.05
Correlation	0.96

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.

Key information

Calendar

Year end	October
Accounts published	January
Annual General Meeting	April
Dividend paid	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 ^c	0.98%
Net assets	£296.0m
Premium/(Discount)	(13.0)%

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Key information continued

Yield ^D	n/a
Net Gearing ^E	Nil

AIFMD Leverage Limits

Gross Notional	2X
Commitment	2X

Capital structure

Ordinary shares	46,337,577
Treasury shares	15,835,370

Trading details

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



Factsheet

Receive the factsheet by email as soon as it is available by registering at www.investments.co.uk/#signup or www.abrdnchina.co.uk



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Fund managers' report – continued

In terms of performance, the Company fell over the month and underperformed the benchmark.

In fund-related corporate news, Sungrow Power Supply benefited from the reaffirmation of policy support for renewable energy by the Chinese and EU governments. Longi Green Energy Technology was helped by the reiteration of policy support in renewable energy by Chinese and EU governments and the US government pausing new tariffs on solar imports for two years. Fuyao Glass Industry rebounded after car production resumed in Shanghai after lockdown and buoyed by stimulus for auto purchases.

Turning to the laggards, JD.com was affected by Covid lockdowns in Shanghai. Bank of Ningbo and Ping An Bank were hurt by negative sentiment towards banks after a corruption investigation into the former president of China Merchants Bank and amid profit-taking.

In terms of portfolio activity, we initiated a position in Inner Mongolia Yili for its defensive fundamentals characteristics and also established a position in Anhui Conch Cement to increase the portfolio's exposure to infrastructure. We also established a holding in Yunnan Energy to narrow the portfolio's underweight stance in the materials sector. We exited China Conch Venture and China Conch Environment Protection, the latter due to worsening competition dynamics and concern over the company's funding capability.

Outlook

The economy should benefit from the easing of the lockdown in the Shanghai region. Any sustainable recovery, however, will come from more clarity on China's dynamic 'Zero-Covid' strategy. We assume any decision or evolution of the strategy is more likely to happen after the 20th National Congress of the Chinese Communist Party in the autumn.

Nonetheless, we remain constructive on the outlook for the second half of 2022, as the effects of stimulus measures start to work through the economy. The government is prioritising growth via the rollout of a number of policies, such as auto purchase tax reduction. Regulatory tightening, namely on technology platform companies and the education sector, has resulted in unintended consequences, such as rising unemployment, which has especially affected new graduates. Therefore, Chinese leaders have been reiterating the country's pro-business stance and bringing the regulatory process to an earlier conclusion. This bodes well for business confidence.

We continue to focus on our five long-term investment themes – aspiration, digitalisation, going green, health and wealth – despite aspirational spending being battered by the slowing economy and lockdowns. We believe the consumption upgrade is a generational shift, and one supported by the government in its bid to increase the self-sufficiency of the Chinese economy.

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

^D The Company's main objective is now long-term capital growth, rather than income and it is not expected that the Company will generate sufficient surplus net revenues to declare a dividend.

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

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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