

# **AXIS GREATER CHINA EQUITY FUND OF FUND**

August 2025

# HK & China rebound in 2025

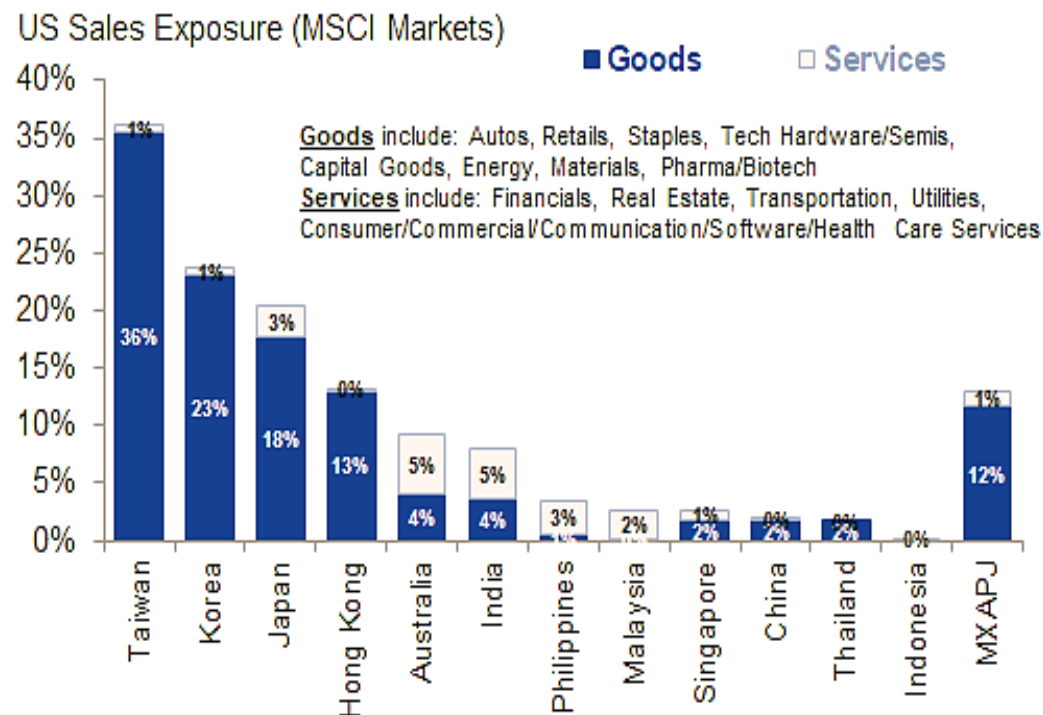
last year's winners – India and Taiwan - under pressure

MSCI Asia ex-Japan markets (Outperformance against MSCI Asia ex-JP, sorted by YTD OPF)													
	2020	2021	2022	2023	Q1 24	Q2 24	Q3 24	Q4 24	2024	Q1 25	Q2 25	QTD	YTD
Korea	19.8	(3.5)	(9.6)	17.2	(0.7)	(8.4)	(16.1)	(11.7)	(35.6)	3.3	20.1	(1.9)	23.2
Singapore	(32.8)	10.2	8.4	(1.0)	(2.3)	1.6	7.1	10.6	19.8	7.6	(2.8)	5.2	12.1
Hong Kong	(19.5)	0.6	14.6	(21.1)	(14.1)	(6.3)	13.9	(2.4)	(12.4)	2.5	3.1	3.5	10.6
China	4.3	(17.2)	(2.4)	(17.4)	(4.6)	(0.1)	13.1	(0.2)	7.2	13.2	(10.6)	6.1	9.9
Australia	(16.5)	14.0	14.2	8.6	(1.6)	(5.6)	1.0	(3.9)	(11.2)	(4.5)	2.4	(0.2)	(3.0)
Taiwan	16.7	31.3	(9.8)	25.0	10.1	7.9	(9.8)	10.8	22.6	(14.5)	13.6	0.8	(3.6)
Malaysia	(21.7)	(1.8)	13.6	(9.8)	0.6	(2.9)	10.0	0.6	8.2	(7.9)	(6.0)	(1.7)	(16.8)
Philippines	(28.3)	1.0	5.8	(2.0)	4.0	(17.9)	11.3	(6.4)	(12.6)	(2.2)	(7.2)	(6.6)	(16.9)
Thailand	(36.8)	3.3	24.6	(16.6)	(10.5)	(12.0)	18.5	(2.6)	(10.9)	(15.4)	(12.1)	10.1	(20.2)
India	(9.5)	31.1	11.9	14.9	3.7	3.1	(3.1)	(3.2)	(0.1)	(4.8)	(2.9)	(11.1)	(20.3)
Indonesia	(32.8)	7.1	23.6	2.0	0.2	(19.4)	4.8	(7.9)	(24.4)	(12.9)	(3.8)	(4.8)	(23.3)

# A resolution of trade worries can remove uncertainties

US and China are expected to reach a trade agreement within the next few months

China's good export to the US is only 2-3% of GDP



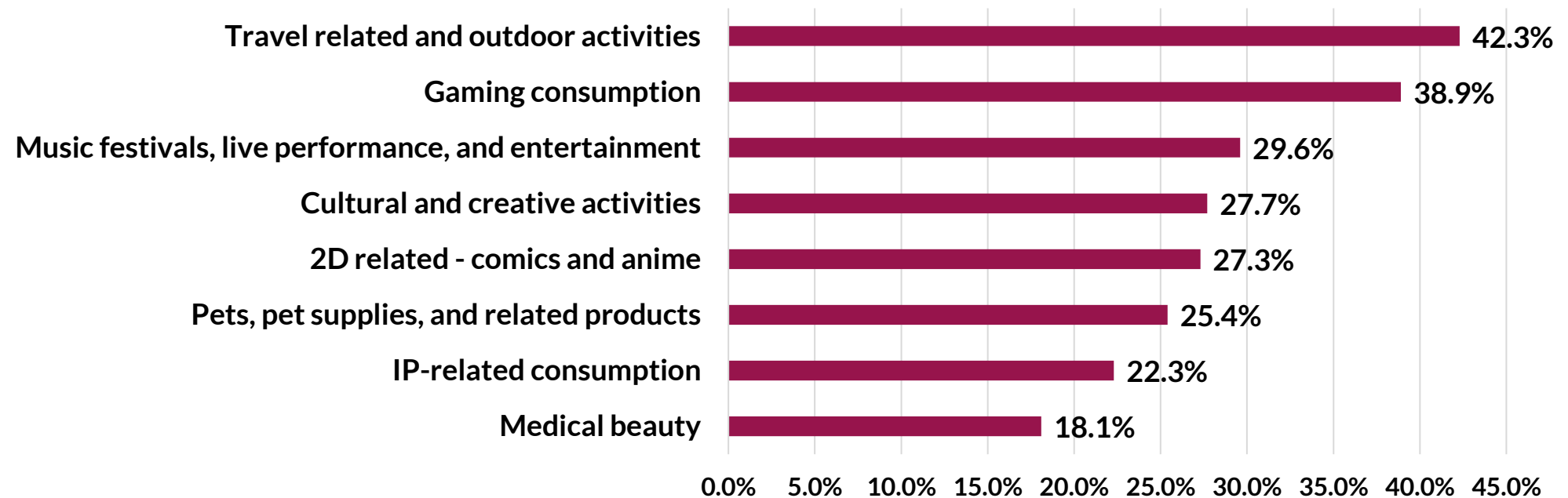
Tariff 1.0 did not narrow the US trade deficits with China<sup>1</sup>



# New Consumption – What is China New Consumption ?

Chinese consumers are increasingly moving towards ‘emotional consumption’.

## What is leisure consumption?



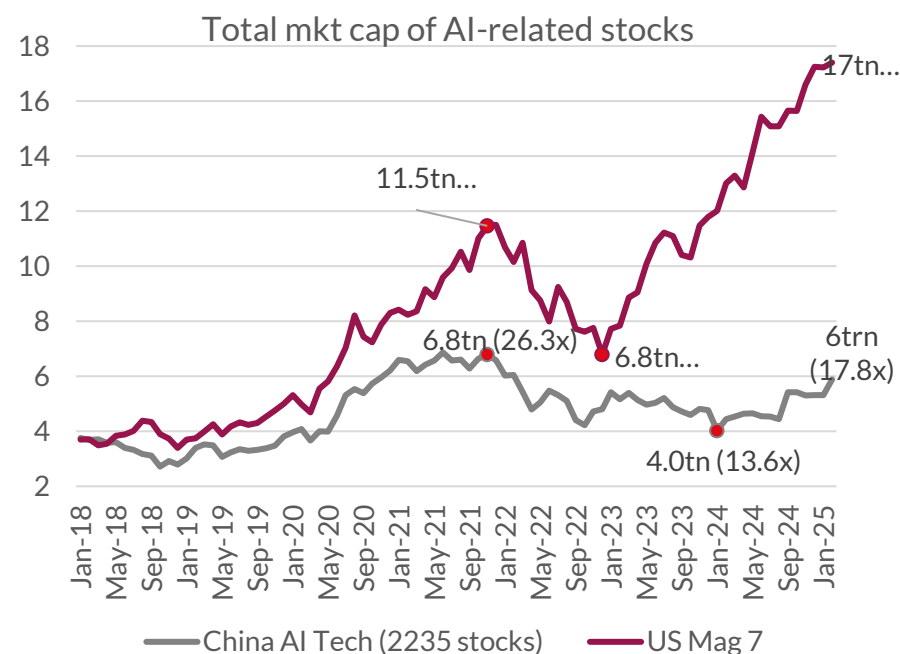
Source: Schroders

Just So Soul Research Institute, the Research Institute of the Development and Transmission Committee, and the National Policy Research Centre, "2025 Social Trend Report: Leisure Era, A World of Attraction," compiled by the Economic Research Institute of Guotai Junan Securities. Images are for illustrative purposes only and does not constitute to any recommendations to buy or sell the above-mentioned security/sector/country.

# DeepSeek creates new investment opportunities

(Valuation looks cheap relative to its US peers)

**US Tech equities' market cap has more than doubled in the past 2 years<sup>2</sup>**



**Top Chinese Tech companies are trading at meaningful discounts to their US peers<sup>2</sup>**

Top 10 US AI-related Companies*			Top 10 Chinese AI-related Companies*		
Name	Mkt cap (US\$bn)	25E PE (X)^	Name	Mkt cap (US\$bn)	25E PE (X)^
Apple Inc.	3,674	33	Tencent	560	17
NVIDIA	3,400	32	Alibaba	303	13
Microsoft	3,036	31	China Mobile	224	11
Amazon	2,423	36	PDD	172	10
Alphabet	2,108	21	Meituan	119	18
Meta	1,613	29	Xiaomi	118	40
Telsa	1,145	126	BYD	108	19
Broadcom	1,092	37	China Telecom	95	14
Netflix	453	43	Netease	68	14
Salesforce	312	30	JD.com	61	9
<b>Average</b>	<b>1,926</b>	<b>42</b>	<b>Average</b>	<b>183</b>	<b>17</b>
<b>Mag 7</b>	<b>16,393</b>	<b>32</b>	<b>China AI Tech (2235 stocks)</b>	<b>5,176</b>	<b>18</b>

Note: \* is ranked by listed market cap. ^ is based on FactSet consensus estimates. Prices are as of Feb 14, 2025

<sup>1</sup>Source: FactSet, MSCI, HSI, CSI, Goldman Sachs, as at 21 February 2025

<sup>2</sup>Source: FactSet, Goldman Sachs, February 2025. For illustrative purposes only and does not constitute to any recommendations to buy or sell the above-mentioned security/sector/country.

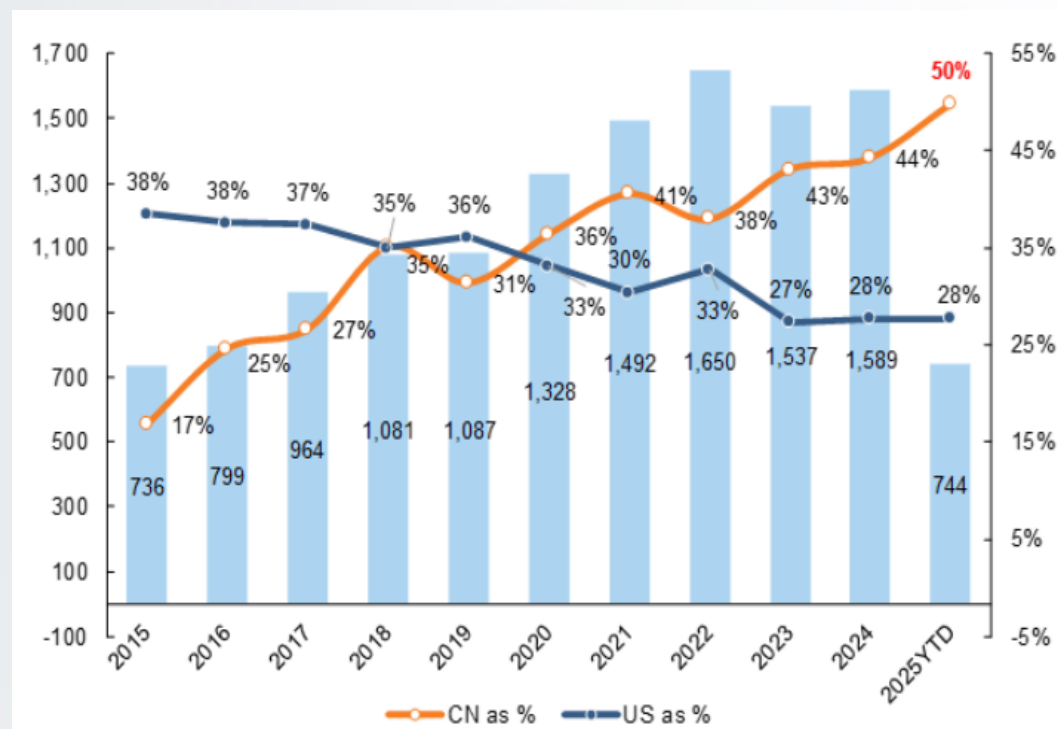


# China biotech is going global

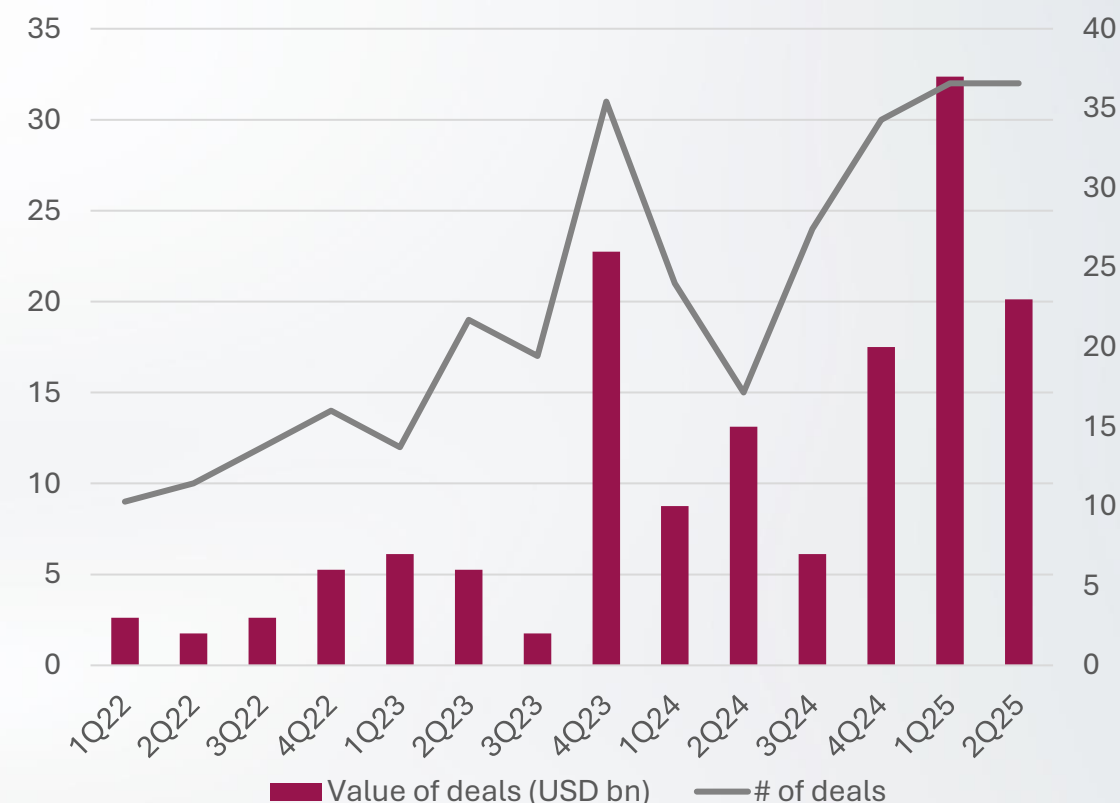
China's cutting-edge pharmaceutical developments have gained attention from global players

## China contributes 50% of the innovative drugs that newly entered into clinical stages in 2025YTD

Annual global new molecular entities entered into clinical stage (2015-2025YTD), by drug developer's domicile



## China-sourced Business Development (BD) deals are ramping up



Source: Schroders

Source: FactSet, I/B/E/S, MSCI, Goldman Sachs Global Investment Research, as of 4 January 2025 | Source: Bloomberg, MSCI, BofA Global Research, as of 6 January 2025

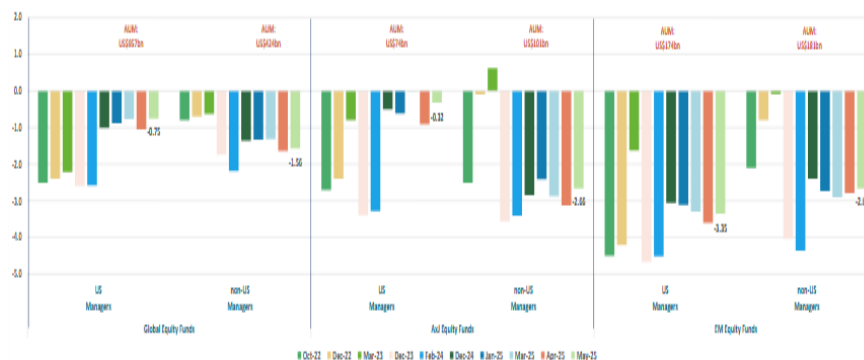
# HK & China – foreign fund flows more positive recently

Southbound flows into HK market a key support. Foreign passive flows picked up in Q125

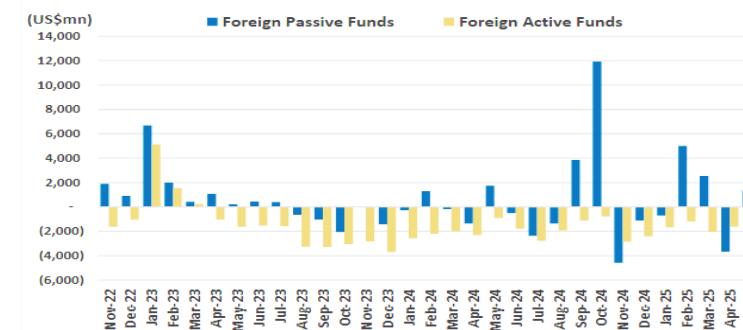
China market performance has come in several short, sharp surges over last 18m as risk appetite remains fragile and news driven



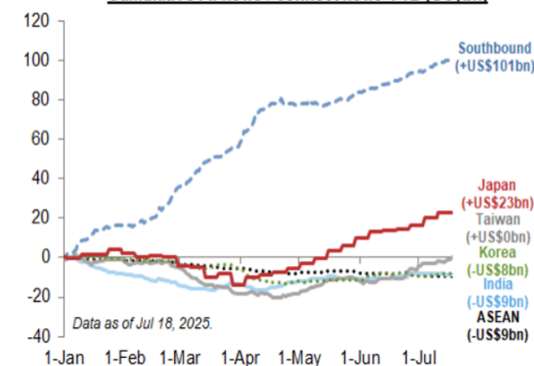
Underweight positions in China stabilising after sharp increase in 2023



Passive inflows restarted in February. Southbound buying continues



Cumulative FII flows / connect flows YTD (US\$b)

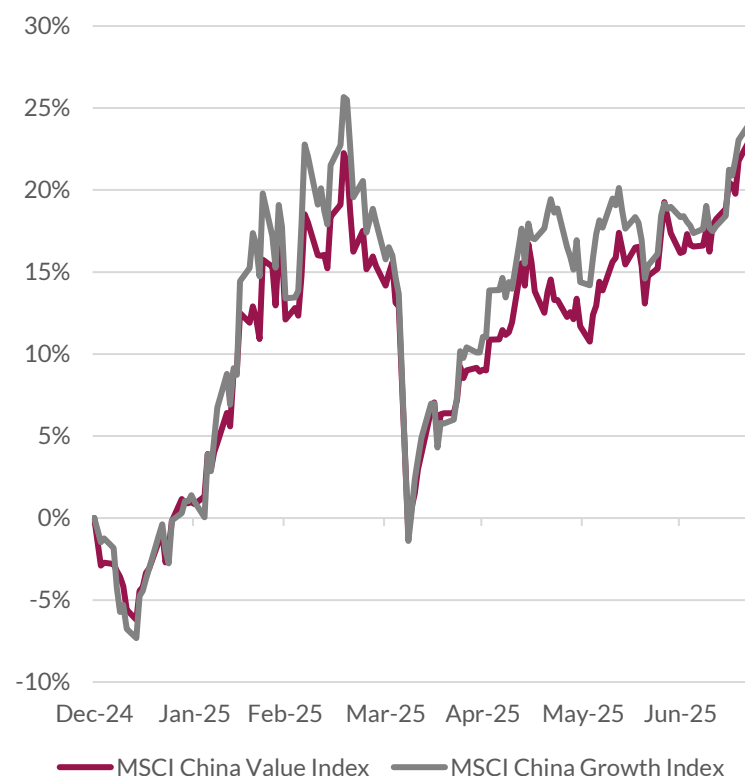


# Barbell opportunities in China market in 2025

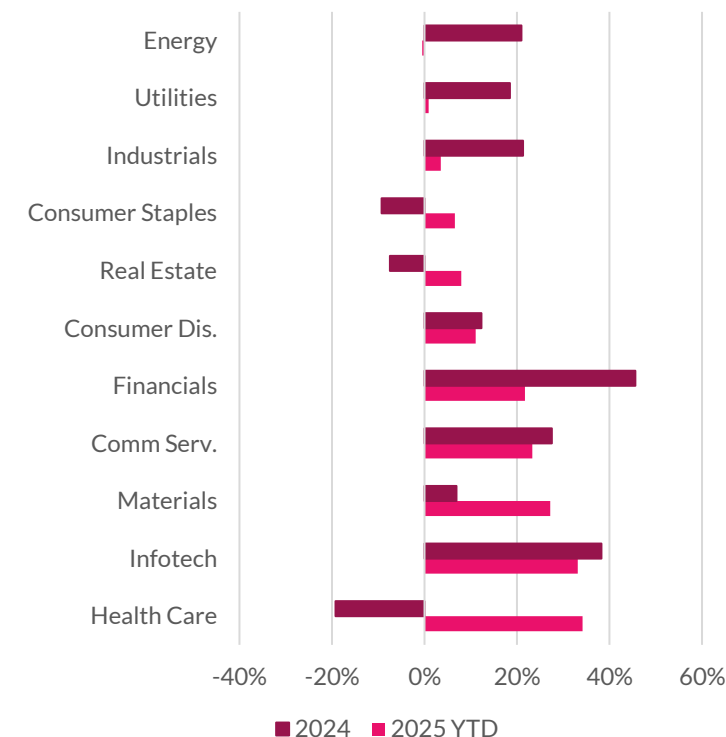
**2023-24 MSCI China: Value outperformed growth significantly**



**YTD Balanced performance between value and growth**



**2024 and YTD MSCI China sector return**

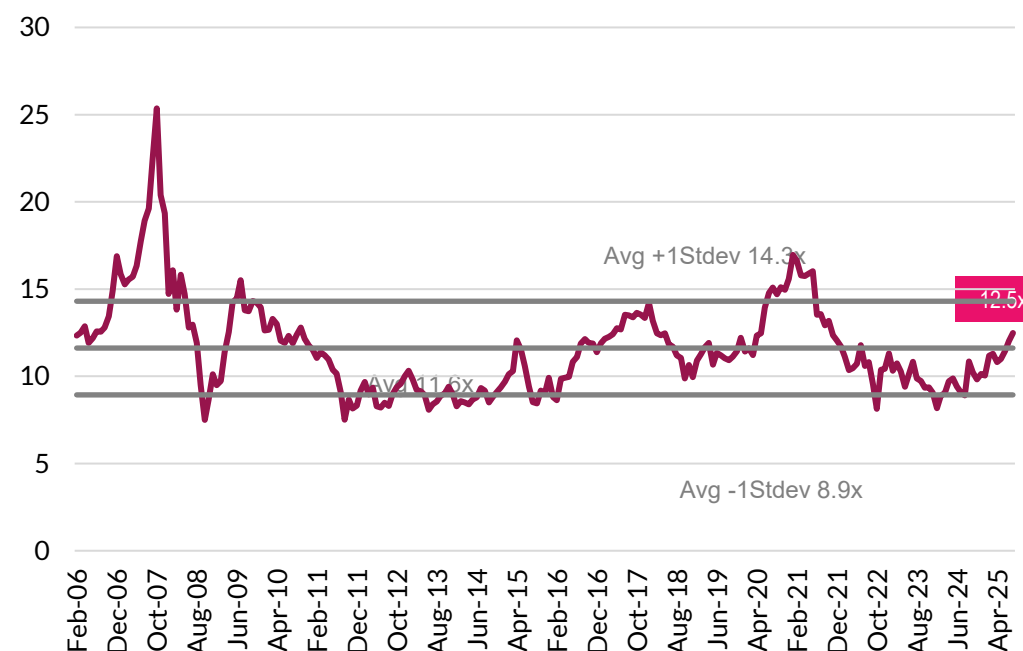




# China's valuations have rebounded off their lows

Both offshore and onshore markets still trading below long-term average

MSCI China Forward PE (x)

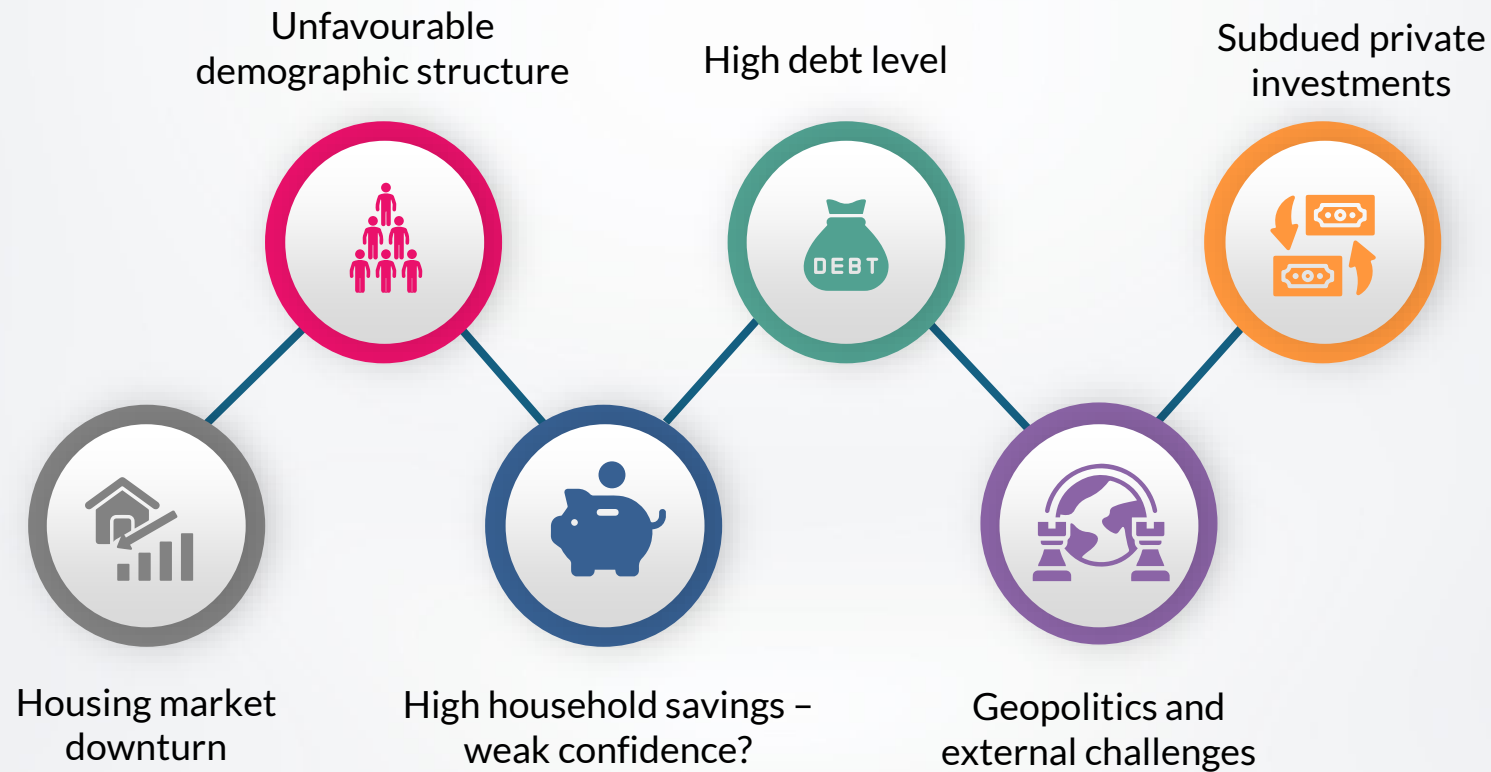


MSCI China A On shore Forward PE (x)



# Structural challenges cannot be resolved overnight

Structural challenges underpin the need for structural changes



# **AXIS GREATER CHINA EQUITY FUND OF FUND**





# Product Structure



# Schroders Asian Equities

## Strong regional and Greater China resources

- **59 Asia Pacific ex Japan fund managers and analysts<sup>1</sup>** based in seven offices conduct more than 2,600 company visits per year<sup>2</sup> across the Asia Pacific region
- The Greater China equity team is headed by **Louisa Lo**, and is comprised of other 19 members from the above-mentioned Asian equities team
- Total Asia Pacific ex Japan Equity AUM of about US\$49bn as of 31 December 2024. Greater China equities is a significant part of our business, and is about US\$15bn of total Asian equities AUM
- Our **Greater China suite of products spans several successful strategies**, including Greater China, Hong Kong, offshore as well as domestic onshore China equities

### Schroders offices





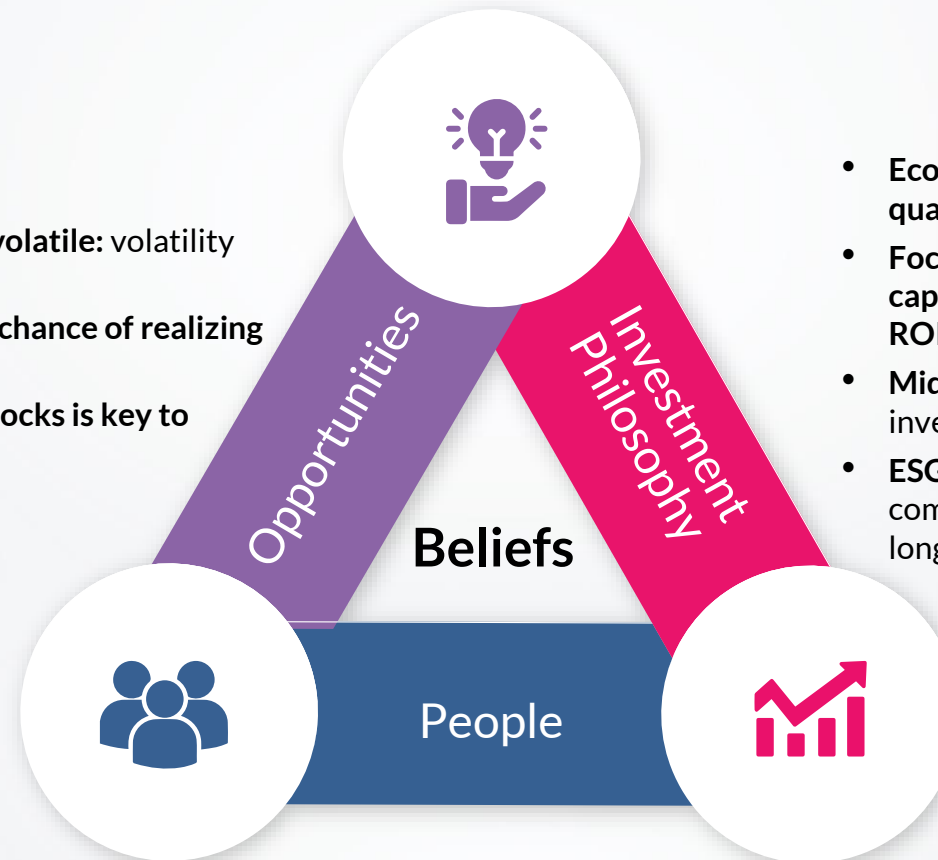
# The Schroders advantage



# Core beliefs

How we add value

- **Asian markets are inefficient and volatile:** volatility creates opportunities to add value
- **Longer time horizon** gives greater chance of realizing alpha
- **Understanding the Fair Value** of stocks is key to realizing these opportunities



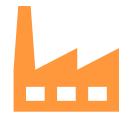
- **Economic growth  $\neq$  Stock market returns:** Picking **quality companies** adds most value
- **Focus on companies that deliver a superior return on capital over long term:** Focus on **superior** or **improving ROIC** over time
- **Mid and Small Caps:** Attractive, under-researched investment opportunities
- **ESG and Sustainability are key:** Integrated into company research given critical importance in driving long term returns for businesses

- **Investment Discipline:** Key to effective long-term stock analysis and portfolio construction
- **Local Asian team:** Information advantage derived from the quality and breadth of the team
- **Team stability:** Long established working relationship ensures sharing of best ideas across team

# Why invest?

## Summary Observations

Chinese economy is fundamentally changing - away from real estate development into AI and Industrial Automation



Global investors allocation to China is currently underweight, can see significant inflow if structural challenges are overcome.



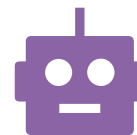
Chinese manufacturing and exports becoming more value added



Extreme valuation divergence is also supportive of China inflows



China is a leader in new technology - robotics, AI, telecom



# Investment Strategy

How are we positioned?

Portfolio themes	Rationale
<b>Internet</b>	Attention is centered on companies that are positioned to benefit from AI advancements, favorable valuations, and a more benign regulatory landscape.
<b>Technology</b>	AI and data center-related opportunities include semiconductors, PCBs, and smartphone components.
<b>Consumption</b>	Selective approach given the weak general consumption environment, with a focus on travel and leisure-related companies as well as consumer companies with strong brands.
<b>Healthcare</b>	Pharmaceutical companies are benefitting from positive measures for innovative drugs, as well as a booming out-licensing trend.
<b>Materials</b>	Heightened geopolitical tensions and USD weakness benefit gold miners and other commodity plays.
<b>Financials</b>	Chinese banks are underweighted as rate reductions put pressure on net interest margins, alongside concerns about asset quality amid a weak macro environment.
<b>Energy/Utilities</b>	An increase in global oil supply and potential improvements in the geopolitical environment may weigh on the oil price outlook, while weak domestic activity depresses utility demand.

# Relative market and sector exposure

Schroder ISF Greater China, 31 August 2025

 Key overweights
  Key underweights

Market / Sector	Australia	China	Hong Kong	Taiwan	Cash & Others	Grand Total
<b>Communication Services</b>	-	-	-0.1	-0.7	-	-0.7
<b>Consumer Discretionary</b>	-	0.6	0.3	-	-	0.9
<b>Consumer Staples</b>	-	0.6	-0.2	-0.3	-	0.1
<b>Energy</b>	-	0.4	-	-	-	0.4
<b>Financials</b>	-	-2.4	0.9	-3.7	-	-5.2
Banks	-	-3.4	-0.5	-2.3	-	-6.2
Financial Services	-	0.7	-0.8	-0.4	-	-0.5
Insurance	-	0.3	2.2	-1.0	-	1.5
<b>Health Care</b>	-	6.1	-	-0.2	-	5.9
<b>Industrials</b>	-	0.7	-0.8	0.4	-	0.4
<b>Information Technology</b>	-	-1.7	-	-5.5	-	-7.3
<b>Materials</b>	-	6.7	-	-0.6	-	6.1
<b>Real Estate</b>	-	1.0	-1.3	-	-	-0.3
<b>Utilities</b>	-	-1.0	-0.8	-	-	-1.8
<b>Unit Trusts</b>	-	-	-	-	-	-
<b>Cash &amp; Others</b>	-	-	-	-	1.6	1.6
<b>Grand Total</b>	-	11.0	-1.9	-10.7	1.6	-

Source: Schroders. For illustrative purposes only and does not constitute to any recommendations to invest in the above-mentioned security/sector/market/country.



# Key positions

Schroder ISF Greater China, 31 August 2025

## Top 10 holdings

Stock	Sector	Portfolio Weight (%)
TSMC	Information Technology	9.7
Tencent	Communication Services	9.6
Alibaba Group	Consumer Discretionary	6.4
AIA	Financials	4.3
Zijin Mining	Materials	2.9
Shangdong Gold Mining	Materials	2.8
Delta Electronics	Information Technology	2.5
Ping An Insurance	Financials	2.4
Mediatek	Information Technology	2.2
China Construction Bank	Financials	2.1

## Major overweight stocks

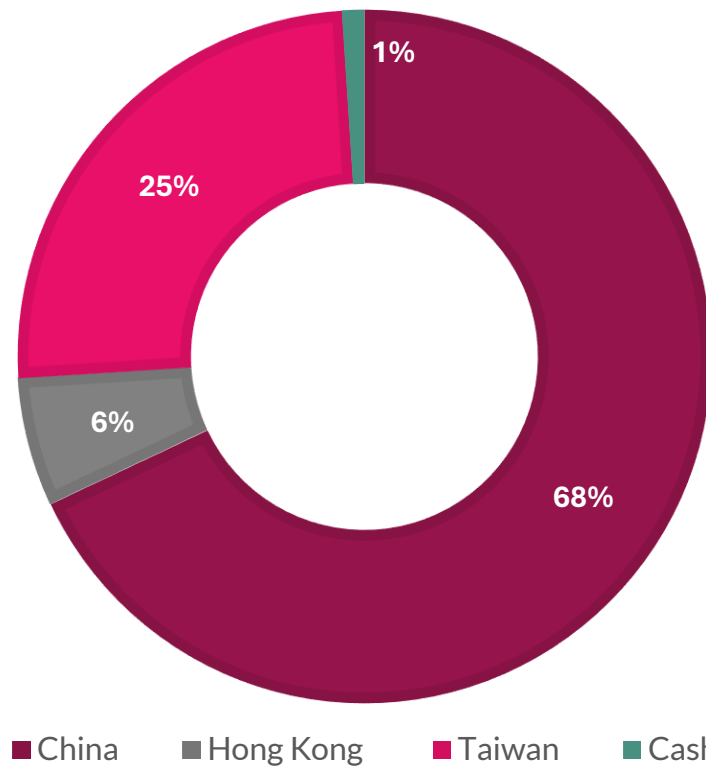
Stock	Active position (%)
Shangdong Gold Mining	2.7
Zijin Mining	2.6
AIA	2.2
Shenzhou International	1.9
Delta Electronics	1.6

## Major underweight stocks

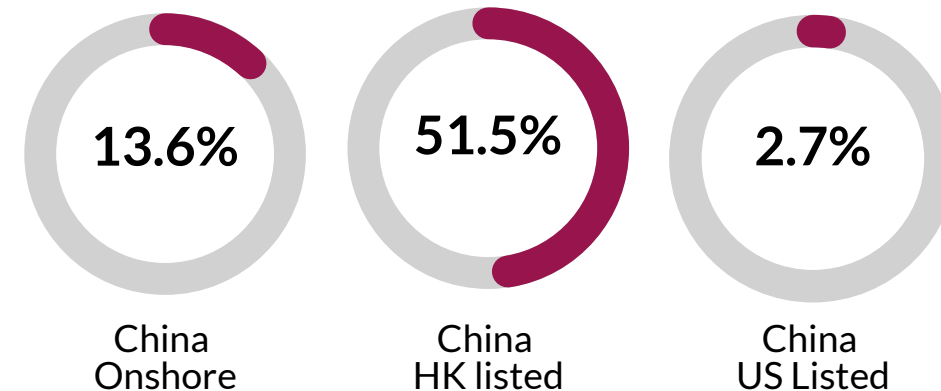
Stock	Active position (%)
TSMC	-9.4
Hon Hai Precision Industry	-1.7
Xiaomi	-1.2
BYD	-1.1
ICBC	-1.0

# Schroder ISF Greater China Investment Strategy

As at 31 August 2025, Asset allocation\*



China exposure breakdown



\*Differences may exist due to rounding | Source: Schroders. The sectors, securities, regions and markets shown are for illustrative purposes only and are not to be considered a recommendation to buy or sell.

# Experienced Investment Manager



**Louisa Lo, CFA**  
Head of Asia ex Japan Equities,  
Based in Hong Kong

- Over 32 years of investment experience.
- Over 28 years with Schroders.
- Louisa joined Schroders in 1996 in our Hong Kong office. Louisa is responsible for all aspects of the investment process and ultimately responsible for products managed by the Greater China investment desk.
- She is the specialist fund manager for Greater China mandates and lead manager of the Schroder ISF\* Emerging Asia, Schroder ISF Taiwanese Equity, Schroder ISF China Opportunities and Schroder ISF Greater China.
- Prior to joining Schroders, Louisa spent three years working as a research analyst with securities firms, focusing on regional electronics stocks.
- Louisa holds a Master's degree in Applied Finance from Macquarie University in Sydney and a Bachelor's degree in Commerce from the University of Melbourne. She also holds the Chartered Financial Analyst designation.

# Fund Facts

## Inception Date

10<sup>th</sup> Feb 2021

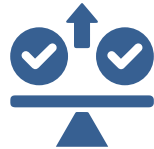


## Name

Axis Greater China Equity Fund of Fund

## Benchmark

MSCI Golden Dragon -  
Total Return Index (INR)



## Category

Fund of Fund scheme

## Minimum Application

100 /100 (SIP) and in  
Multiples of 1/- thereafter



## Fund Manager

Krishnaa N

# Schroder ISF Greater China – Risk considerations

- **Liquidity risk:** In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares.
- **Operational risk:** Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.
- **Derivatives risk – Efficient Portfolio Management:** Derivatives may be used to manage the portfolio efficiently. A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the fund.
- **Onshore renminbi currency risk:** The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses. Currency control decisions made by the Chinese government could affect the value of the fund's investments and could cause the fund to defer or suspend redemptions of its shares.
- **Stock Connect risk:** The fund may be investing in China "A" shares via the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect which may involve clearing and settlement, regulatory, operational and counterparty risks.
- **Emerging Markets & Frontier risk:** Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty, operational and liquidity risk than developed markets.
- **Counterparty risk:** The fund may have contractual agreements with counterparties. If a counterparty is unable to fulfil their obligations, the sum that they owe to the fund may be lost in part or in whole.
- **Higher volatility risk:** The price of this fund may be volatile as it may take higher risks in search of higher rewards.
- **Performance risk:** Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.
- **IBOR:** The transition of the financial markets away from the use of interbank offered rates (IBORs) to alternative reference rates may impact the valuation of certain holdings and disrupt liquidity in certain instruments. This may impact the investment performance of the fund.



# Product Labelling

## Axis Greater China Equity Fund of Fund

An open- ended fund of fund scheme investing in Schroder International Selection Fund Greater China

**Benchmark:** MSCI Golden Dragon Index (in INR Terms)

This product is suitable for investors who are seeking\*

- Capital appreciation over long term.
- Investment in Schroder International Selection Fund Greater China, a fund that aims to provide capital growth by investing in equity and equity related securities of the People's Republic of China, Hong Kong SAR, and Taiwan companies.

\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



# Disclaimer & Risk Factors

## **Past performance may or may not be sustained in the future.**

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**Mutual Fund investments are subject to market risks, read all scheme-related documents carefully.**

# Thank You



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