

of the seven members of the key Standing Committee owing their promotion to Xi Jinping with the only exception being Wang Huning.

There is an apparent fundamental lack of dissenters in the main governing bodies, and the dramatic removal of the former leader Hu Jintao at the Party Congress – premeditated or not – further served to highlight Xi’s grip on power. This is prima facie a negative long-term development, given that there are few, if any, examples in history where having a long-standing autocratic leader has resulted in a positive long-term development for a country. Having said that, a positive spin on this is that policy decisions can be decided upon and executed much more swiftly than previously, and it could be an advantage that President Xi is now surrounded by people that he trusts. Also, it must be noted that these Politburo members are still technocrats and have strong economic and technical backgrounds that are relevant in terms of China’s focus on pushing self-reliance and development across a slew of technological areas. It remains to be seen whether their backgrounds will be relevant, or whether President Xi will exercise full authority over decision-making.

“The dramatic removal of the former leader Hu Jintao at the Party Congress – premeditated or not – further served to highlight Xi’s grip on power.”

Is China Uninvestable?

Nevertheless, the key question that we are contending with is whether China is uninvestable going forward? The short answer is likely not. There is little doubt that there will be a much more dominant state-oriented mindset where the emphasis will be on national security and social stability in China. ‘Security’ was a term mentioned more times than ‘economy’ during the Party Congress. Going forward, China’s goal is not to maximize economic growth but rather to see this as a part of the overarching objective of achieving stability and security. Other elements mentioned by Xi Jinping, including gradually reaching the goal of common prosperity – i.e. redistributing wealth and creating a larger middle class, increasing reliance on state-owned entities,



“We are monitoring actions, announcements and policy decisions extremely closely to determine the direction of travel and the impact on our views on Chinese investments.”

and boosting self-reliance across various areas, including technology, food and energy, should also be viewed in similar fashion.

Opportunities Within i.a. Renewable Energy and Technology

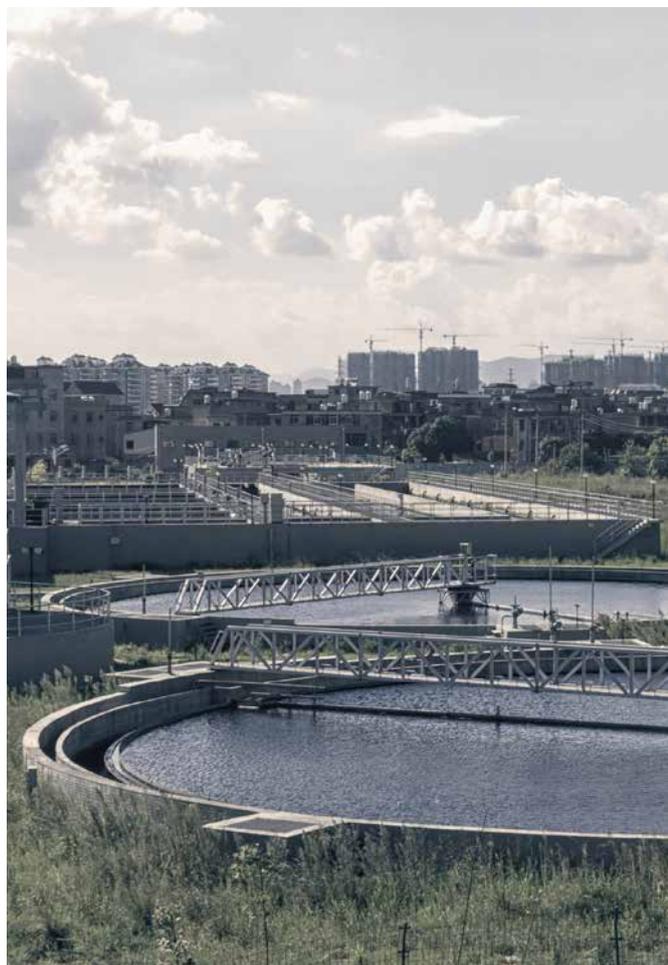
It is precisely the increased self-reliance as well as the focus on boosting renewable energy that create investment opportunities, in our view. As we have always stressed, being on the right side of politics has always been important in China, and political support has helped us identify areas of growth.

The increasingly harsh actions and restrictions by the US on the technology front clearly serve to accelerate China’s push up the technological value chain. There is a lot of state-directed capital focused on investing in the ‘little giants’ of technology in China, and these will potentially lead to an increased number of possible investment opportunities in the coming years.

In terms of renewable energy, China has been acutely focused on boosting its capacity and developing the supply chains, and today China is a clear leader within solar, wind and EV supply chains, globally. This remains an area in which we find interesting investment opportunities. Finally, what we continue to seek are strong investment opportunities exposed to a growing middle class as a result of common prosperity.

Company Research and Political Understanding are Essential

We must stress, however, that although we see areas of potential investment opportunity in the coming years in China, we are clearly monitoring the negative impacts of an



increasingly state-controlled backdrop on companies' ability to generate profits as well as adverse actions with respect to the desired reunification with Taiwan, which Xi Jinping has moved up the agenda in terms of priority. Recent developments in China have widened the spectrum of potential outcomes and made us more concerned on the margin in terms of investment opportunities. We are monitoring actions, announcements and policy decisions extremely closely to determine the direction of travel and the impact on our views on Chinese investments.

China's Investment Landscape Going Forward

We have more than 20 years' experience of China's complex investment universe and have closely followed China's development journey from President Hu Jintao to President Xi Jinping.

China as a growing global superpower with an expanding consumer market and not least a clear technological potential, has been widely perceived as an investment opportunity for decades. Historically, China has achieved its ambitious goals, and it is likely that China under President Xi Jinping will achieve most of the stated ambitions in Vision 2049. China's firm ambitions to move-up both the industrial and social value chain have important investment implications. The leading Western companies will eventually face massive competition as Chinese companies with a strong foundation from a huge domestic market seek to expand internationally. In this respect, it is important to understand that China's worldview differs significantly from that of the West's, which is a key consideration when implementing a successful investment strategy in China.



Disclaimers

EU: This is marketing material. This publication is prepared by C WorldWide Asset Management Fondsmæglersekskab A/S. It is provided for information purposes only and does not constitute, and shall not be considered as, an offer, solicitation or invitation to engage in investment operations, as investment advice or as investment research. The publication has thus not been prepared in accordance with legal requirements designed to promote the independence of investment research, and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. Opinions expressed are current opinions only as of the date of the publication. The publication has been prepared from sources C WorldWide Asset Management Fondsmæglersekskab A/S believes to be reliable and all reasonable precautions have been taken to ensure the correctness and accuracy of the information. However, the correctness and accuracy is not guaranteed and C WorldWide Asset Management Fondsmæglersekskab A/S accepts no liability for any errors or omissions. The publication may not be reproduced or distributed, in whole or in part, without the prior written consent of C WorldWide Asset Management Fondsmæglersekskab A/S. Past performance does not indicate future performance.

US: This is marketing material. This publication has been prepared by C WorldWide Asset Management Fondsmæglersekskab A/S (CWW AM). CWW AM is a registered Danish investment firm located at Dampfaergevej 26, DK-2100 Copenhagen, Denmark. CWW AM's Danish company registration no is 78420510. CWW AM is registered with the SEC as an investment adviser with CRD no 173234. This publication is provided for information purposes only and does not constitute, and shall not be considered as, an offer, solicitation or invitation to engage in investment operations, as investment advice or as investment research. The publication has thus not been prepared in accordance with legal requirements designed to promote the independence of investment research, and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. Opinions expressed are current opinions only as of the date of the publication. The publication has been prepared from sources CWW AM believes to be reliable and all reasonable precautions have been taken to ensure the correctness and accuracy of the information. However, the correctness and accuracy is not guaranteed and CWW AM accepts no liability for any errors or omissions. The publication may not be reproduced or distributed, in whole or in part, without the prior written consent of CWW AM. All figures are based on past performance. Past performance does not indicate future performance. The return may increase or decrease as a result of currency fluctuations.

UK: This document has been prepared by C WorldWide Asset Management Fondsmæglersekskab A/S (CWW AM). CWW AM is a focused asset manager registered as an investment firm with the Danish FSA. CWW AM is located at Dampfaergevej 26, DK-2100 Copenhagen, Denmark, CVR registration number 7842 0510. This document is directed at persons having professional experience of participating in unregulated schemes (investment professionals) and high net worth companies (as defined under art. 14 and 22 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001). The document and any investment or investment activity to which it relates is available only to such persons and will be engaged in only with such persons. Any other person should not rely or act on the statements made in this document. The content of this presentation is confidential, and redistribution or reproduction is prohibited. The presentation is provided for information purposes only and does not constitute, and shall not be considered as, an offer, solicitation or invitation to engage in investment operations as investment advice or as investment research. CWW AM is not responsible for the suitability of the information in the presentation. Opinions expressed are current opinions only as of the date of the presentation. The presentation has been prepared from resources CWW AM believes to be reliable and all reasonable precautions have been taken to ensure the correctness and accuracy of the information. However, the correctness and accuracy are not guaranteed and CWW AM accepts no liability for any errors or omissions. This presentation contains information on investments which does not constitute independent research. Accordingly, it is not subject to the protections afforded to independent research and CWW AM, and its employees may have dealt in the investments concerned. It is emphasized that past performance is no reliable indicator of future performance and that the return on investments may vary as a result of currency fluctuations. For further information please see prospectus, KIID and latest annual and semiannual report on www.cww.lu.

C WORLDWIDE ASSET MANAGEMENT FONDSMAEGLERSELSKAB A/S

Dampfaergevej 26 · DK-2100 Copenhagen

Tel: +45 35 46 35 00 · Fax: +45 35 46 36 00 · VAT 78 42 05 10 · cworldwide.com

Q4 2022