



Stewart Investors

Stewart Investors Asia Pacific Leaders Sustainability Fund (UK OEIC)

Q3

1 July - 30 September 2023



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Risk Factors

This document is a financial promotion for the Stewart Investors Asia Pacific Leaders Sustainability Fund in the UK, Switzerland and elsewhere where lawful. Investing involves certain risks including:

- **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- **Emerging market risk:** Emerging markets tend to be more sensitive to economic and political conditions than developed markets. Other factors include greater liquidity risk, restrictions on investment or transfer of assets, failed/delayed settlement and difficulties valuing securities.
- **Currency risk:** The Fund invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the Fund and could create losses. Currency control decisions made by governments could affect the value of the Fund's investments and could cause the Fund to defer or suspend redemptions of its shares.
- **Single country / specific region risk:** investing in a single country or specific region may be riskier than investing in a number of different countries or regions. Investing in a larger number of countries or regions helps spread risk.

Reference to specific securities (if any) is included for the purpose of illustration only and should not be construed as a recommendation to buy or sell. Reference to the names of any company is merely to explain the investment strategy and should not be construed as investment advice or a recommendation to invest in any of those companies.

For a full description of the terms of investment and the risks please see the Prospectus and Key Investor Information Document.

If you are in any doubt as to the suitability of our funds for your investment needs, please seek investment advice.

If you are unsure of the terminology used in this report, please seek independent financial advice.

Stewart Investors Asia Pacific Leaders Sustainability Fund

Portfolio Overview

30 September 2023

Investment Philosophy

Our investment approach founded in 1988 is based on:

- Stewardship
- An absolute return mindset*
- Bottom-up analysis*
- Long-term thinking
- Searching for quality companies
- Finding sustainable and predictable growth
- Strong valuation disciplines

Investment objective and policy

The Fund aims to achieve capital growth over the long term (at least five years).

The Fund mainly invests in shares of large and mid-sized companies based in or where the majority of their activities take place in the Asia Pacific region excluding Japan and that are listed on exchanges worldwide. These companies generally have a total stock market value of at least US\$ 1 billion.

The Fund invests in shares of high quality companies which are positioned to contribute to, and benefit from, sustainable development. Investment decisions around high quality companies are based on three key points: (i) Quality of management. (ii) Quality of the company including its social usefulness, their environmental impacts and efficiency and responsible business practices. (iii) Quality of the company's finances and their financial performance. Sustainability is a key part of the approach.

The Fund may invest up to 10% in other funds. The Fund will only use derivatives to reduce risk or to manage the Fund more efficiently in limited cases.

Fund Information

Fund Launch Date	01 December 2003
Fund Size (£m)	6412.8
UK's Investment Association Sector	Specialist
Benchmark	MSCI AC Asia Pacific ex Japan Net Index*
Number Of Holdings	39
Fund Manager(s)	David Gait/Sashi Reddy
Research Rating ^	Morningstar®:Silver Square Mile:Responsible AA RSM:Rated
Fund Yield	0.8%

* The benchmark for this Fund has been identified as a means by which investors can compare the performance of the Fund and has been chosen because its constituents most closely represent the scope of the investable assets. The benchmark is not used to limit or constrain how the portfolio is constructed nor is it part of a target set for Fund performance. Given the diverse nature of the constituent funds within the Specialist IA sector the manager does not compare performance of this Fund with its IA sector.

^ This does not constitute an investment recommendation and is not indicative of future results. Methodology available on rating provider's website.

Available Share Classes

ISIN	Sedol	Share Class
GB0033874214	3387421	Stewart Investors Asia Pacific Leaders Sustainability Fund GBP Class A (Accumulation)
GB00B5750V20	B5750V2	Stewart Investors Asia Pacific Leaders Sustainability Fund GBP Class B (Income)
GB0033874768	3387476	Stewart Investors Asia Pacific Leaders Sustainability Fund GBP Class B (Accumulation)
GB00B54S3722	B54S372	Stewart Investors Asia Pacific Leaders Sustainability Fund GBP Class A (Income)
GB00BQB6BW70	BQB6BW7	Stewart Investors Asia Pacific Leaders Sustainability Fund USD Class B (Accumulation)
GB00BPK40282	BPK4028	Stewart Investors Asia Pacific Leaders Sustainability Fund GBP Class Z (Accumulation)

For further information

Head of Distribution, UK and Europe

Graham Fox +44 (0)20 7332 6530 graham.fox@firstsentier.com

Sales Director, Europe and Third Party Distributions

Marc Bishop +44 (0)20 7332 6556 marc.bishop@firstsentier.com

Sales Director, Europe

Eva von Sydow +33 (0)1 72 25 66 36 eva.vonsydow@firstsentier.com

Sales Directors, Germany and Austria

+49 (0) 69 2443

Emmanuel Litique 71631 emmanuel.litique@firstsentier.com

+49 (0) 69 2443

Robert Retz 71633 robert.retz@firstsentier.com

Senior Institutional Business Development Director, Germany and Austria

+49 (0) 69 2443
Sascha Beisheim 71634 sascha.beisheim@firstsentier.com

Sales Director, South West and Midlands

Carl Tomlin +44 (0)7825 935634 carl.tomlin@firstsentier.com

Sales Director, Scotland, North of England, Ireland and IOM

Ross Stewart +44 (0)131 473 2482 ross.stewart@firstsentier.com

Head of Consultants

Naomi Friend +44 20 7332 6568 Naomi.Friend@stewartinvestors.com

Head of Institutional Distribution, EMEA (Inc UK)

Ketul Nandani +44 (0) 20 7332 9440 ketul.nandani@firstsentier.com

◆ **Absolute return:** a return provided by a share or portfolio which is not measured relative to another share or benchmark index.

• **Bottom-up:** analysis of a company focused principally on its management, franchise and financials rather than the broader industry in which it operates, or macroeconomic factors, such as economic growth.

Performance

30 September 2023

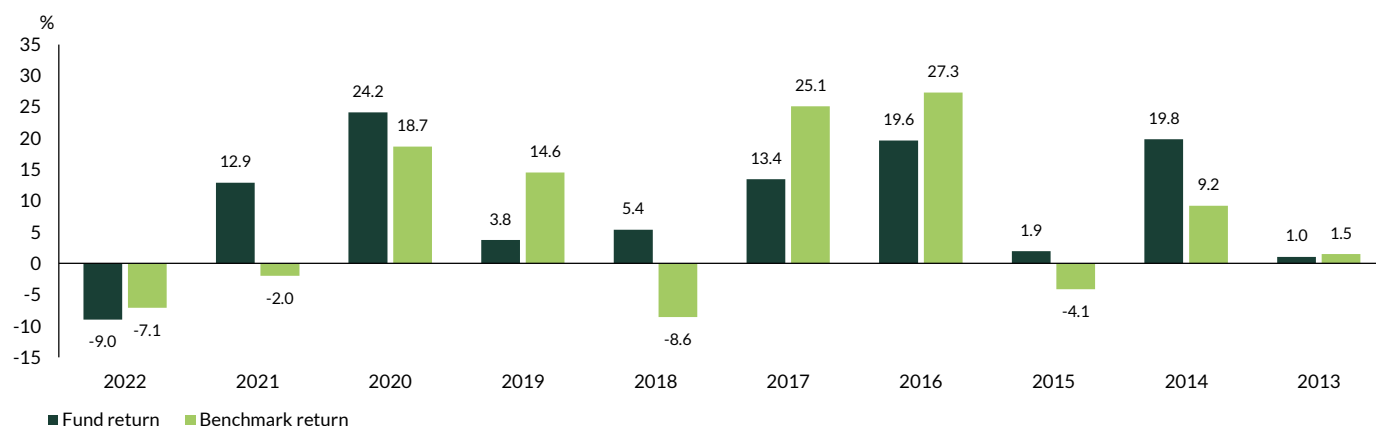
Annual Performance (% in GBP) to 30 September 2023

	12 mths to 30/09/23	12 mths to 30/09/22	12 mths to 30/09/21	12 mths to 30/09/20	12 mths to 30/09/19
Stewart Investors Asia Pacific Leaders Sustainability Fund	-4.8	-4.7	24.5	8.5	5.0
MSCI AC Asia Pacific ex Japan Net Index	2.1	-11.8	11.8	8.3	4.0

Cumulative Performance (% in GBP) to 30 September 2023

	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
Stewart Investors Asia Pacific Leaders Sustainability Fund	864.4	126.9	28.6	13.0	-4.8	-1.6	-1.1	-1.5
MSCI AC Asia Pacific ex Japan Net Index	467.3	85.3	13.3	0.7	2.1	-1.9	-3.1	0.7

Calendar Year Performance (% in GBP) to 30 September 2023



These figures refer to the past. Past performance is not a reliable indicator of future results. For investors based in countries with currencies other than GBP, the return may increase or decrease as a result of currency fluctuations. Since inception performance figures have been calculated from 01 December 2003. All performance data for the Stewart Investors Asia Pacific Leaders Sustainability Fund Class B (Accumulation) GBP as at 30 September 2023. Source for fund - Lipper IM / Stewart Investors. Performance data is calculated on a net basis by deducting fees incurred at fund level (e.g. the management fee and other fund expenses), save that it does not take account of initial charges or switching fees (if any). Income reinvested is included on a net of tax basis. Source for benchmark - MSCI, income reinvested net of tax.

Commentary

30 September 2023

Major Activity

During the quarter, we initiated a position in **Samsung Electronics** (South Korea: Information Technology). We have long admired the strength of the Samsung Electronics franchise which should benefit from strengthening geopolitical headwinds and a desire to reduce dependence on Taiwanese manufacturers. Samsung Electronics demonstrates an impressive ability to generate cash and boasts a solid balance sheet. A recent visit to South Korea prompted a reappraisal of the quality of governance which has improved significantly. We also initiated a position in **Midea** (China: Consumer Discretionary) which is a manufacturer of home appliances. Midea is a high-quality franchise where the stewards are investing cash flow from their dominant market position, in exciting new technologies and automation to enhance growth prospects.

We added to holdings in **OCBC Bank** (Singapore: Financials), **Glodon** (China: Information Technology) and **Telkom Indonesia** (Indonesia: Communication Services).

We sold the holding in **Infosys** (India: Information Technology). We recognise that Infosys is an extremely high-quality company but feel there are better risk-reward opportunities available. We also sold **Foshan Haitian Flavouring** (China: Consumer Staples) where we have increasing concerns about franchise development. In addition to these sales we trimmed holdings in **Tata Consumer Products** (India: Consumer Staples), **Dabur** (India: Consumer Staples) and **Godrej Consumer Products** (India: Consumer Staples) on valuation. We also reduced **Kingmed Diagnostics Group** (China: Health Care) on increasing concerns about governance.

To control position sizes we trimmed holdings in **Mahindra & Mahindra** (India: Consumer Discretionary), **Shenzhen Inovance Tech** (China: Industrials) and **CSL** (Australia: Health Care).

Comment

Over most three-month periods, there should be relatively little change in the portfolio. We aim to build resilient portfolios of high-quality companies with diversified streams of cash flows that have the ability to grow in value over the long term. High-quality companies at reasonable valuations tend not to come along too often. In the absence of such opportunities, we are very comfortable long-term owners of companies in the portfolio.

Outside of the very low valuations of state owned enterprises and banks, the high quality companies in China continued to be priced at a premium to most other markets. This does not reflect the growing rhetoric that many have given up on China. We continue to meet and analyse a growing list of Chinese names in the face of the growing negativity.

We believe companies with exposure to domestic Indian growth, especially the return of capex and infrastructure spend, are some of the most attractive assets to own today.

We do not try to forecast short-term inflation rates or interest rates instead, we focus on owning high quality companies, run by high quality people, who have the ability to generate attractive amounts of growth at a fair price.

Review & Outlook

The Fund provided a negative return over the 12 months to 30 September 2023 and underperformed its benchmark index.

At a stock level, positively contributing to performance over the year was family-owned, Indian conglomerate **Mahindra & Mahindra** (India: Consumer Discretionary) which continues to deliver attractive levels of growth alongside continued investment to build a more robust franchise and improve capital allocation. **Tata Communications** (India: Communications) continues to show evidence of franchise improvement and **Tokyo Electron** (Japan: Information Technology) benefitted from rising demand for semiconductor manufacturing equipment.

On the negative side, short-term currency movements impacted investor sentiment at **CSL** (Australia: Health Care). **Glodon** (China: Information Technology) experienced top-down concerns around economic growth in China. China's largest soy sauce producer, **Foshan Haitian Flavouring** (China: Consumer Staples), declined as the company delivered weaker sales growth while they seek to evolve the business towards more specialist condiments.

Our views on investment opportunities in Asia have not changed; we look to invest in high quality companies that are aligned with sustainable development. We look for stewards who prefer anonymity over notoriety, franchises that are unencumbered by political patronage and financials that are resilient, not frail. Our focus is on quality and we remain indifferent to many of the large, well-known companies, regardless of lower valuations.

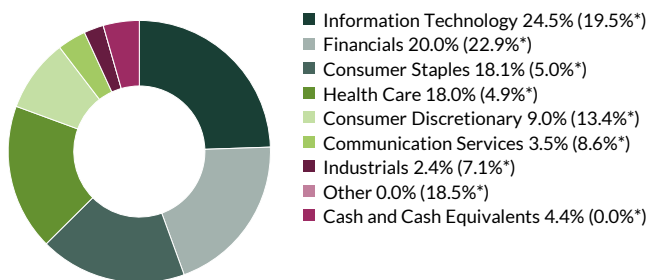
Portfolio Allocation and Stock Holdings

30 September 2023

Ten Largest Holdings as at 30 September 2023

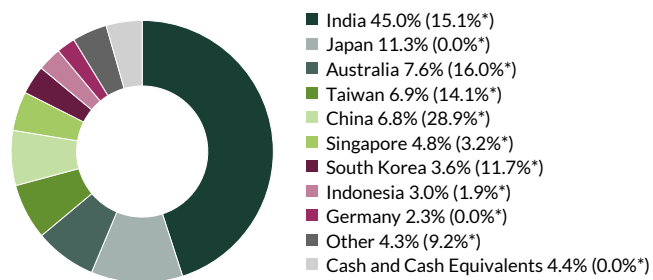
Stock Name	Country	Sector	Portfolio Weight (%)	Index Weight (%)
Mahindra & Mahindra	India	Consumer Discretionary	7.5	0.3
HDFC Bank	India	Financials	6.2	0.8
Unicharm Corporation	Japan	Consumer Staples	5.1	0.0
Oversea-Chinese Banking Corporation	Singapore	Financials	4.8	0.5
Hoya Corporation	Japan	Health Care	4.5	0.0
CSL	Australia	Health Care	4.4	1.1
Kotak Mahindra Bank Limited	India	Financials	4.3	0.3
Tata Consultancy Serv. Ltd	India	Information Technology	4.1	0.6
Tech Mahindra Limited	India	Information Technology	4.1	0.1
Marico Limited	India	Consumer Staples	3.7	0.1

Sector Breakdown



*Index Weight

Country Breakdown



*Index Weight

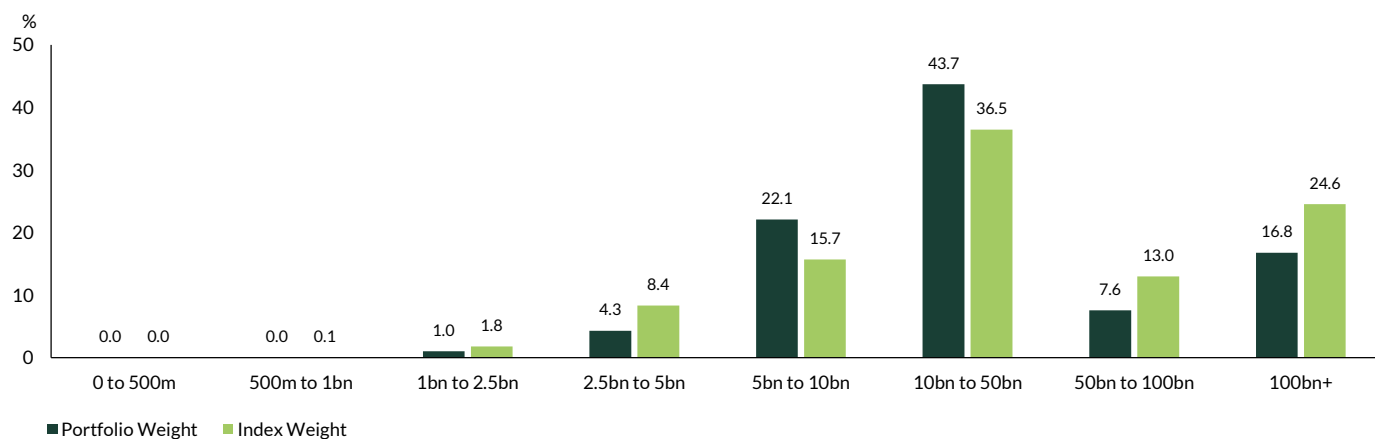
Sector and Country classifications provided by Factset and Stewart Investors.

Cash Equivalents may include T-Bills.

Country Classification

The fund aims to invest in companies listed in, incorporated in, or earning the greater part of their revenues or profits in Asia Pacific ex-Japan markets. The Japan exposure shown in the Country Breakdown represents companies that are listed on the Japanese Stock Market, but produce the majority of their revenues or profits in Asia Pacific ex-Japan markets.

Market Capitalisation Breakdown (GBP)



Data source: For illustration purposes only. Portfolio weights may not add up to 100% as cash holdings are excluded and full coverage of stocks is not always available. This information is calculated by Stewart Investors.

Stock Contribution

30 September 2023

Top 5 contributors to absolute performance

3 months to 30 September 2023

Stock Name	Country	Sector	Value added (bps*)
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	78
Tech Mahindra Limited	India	Information Technology	49
Tata Communications Limited	India	Communication Services	43
Oversea-Chinese Banking Corporation Limited	Singapore	Financials	42
Tata Consultancy Services Limited	India	Information Technology	37

12 months to 30 September 2023

Stock Name	Country	Sector	Value added (bps*)
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	82
Tata Communications Limited	India	Communication Services	72
Tokyo Electron Ltd.	Japan	Information Technology	57
Tech Mahindra Limited	India	Information Technology	45
Dr. Reddy's Laboratories Ltd.	India	Health Care	44

Bottom 5 contributors to absolute performance

3 months to 30 September 2023

Stock name	Country	Sector	Value added (bps*)
CSL	Australia	Health Care	-48
Hoya Corporation	Japan	Health Care	-45
Infineon Technologies AG	Germany	Information Technology	-42
Glodon Company Limited Class A	China	Information Technology	-28
ResMed	USA	Health Care	-28

12 months to 30 September 2023

Stock name	Country	Sector	Value added (bps*)
CSL	Australia	Health Care	-123
Glodon Company Limited Class A	China	Information Technology	-66
Foshan Haitian Flavouring A	China	Consumer Staples	-65
Kotak Mahindra Bank Limited	India	Financials	-62
Infosys Limited	India	Information Technology	-54

Stock Contributions show the impact of the individual stock's performance to the total fund performance. These stock contributions show the top 5 and bottom 5 contributors to the fund and are not representative of the performance of the fund as a whole.

These figures refer to the past. Past Performance is not a reliable indicator of future results. For investors based in countries with currencies other than GBP, the return may increase or decrease as a result of currency fluctuation.

This stock information does not constitute any offer or inducement to enter into investment activity.

Contributions are calculated at the investee company level before the deduction of any fees incurred at fund level (e.g. the management fee and other fund expenses) but after the deduction of transactional costs.

Stocks held/listed in non-index countries have economic activity > 50% from developing economies.

* A basis point is a unit of measure used in finance to describe the percentage change in value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form.

Data source: This information is calculated by Stewart Investors.

Risk Analysis

30 September 2023

Portfolio Risk Analysis - Ex-Post 3 Years Annualised to 30 September 2023

Risk Measure	Value	Risk Description
Information Ratio	0.47	The fund's excess return divided by its tracking error. It is designed to assess a portfolio's performance relative to its level of benchmark risk. The higher the fund's information ratio, the more excess return it generates for each unit of tracking error.
Portfolio Standard Deviation	11.42%	A measure of how much the returns of the fund vary relative to the arithmetical average. The higher the fund's standard deviation, the more its returns tend to deviate from the mean.
Benchmark Standard Deviation	14.40%	A measure of how much the returns of the index vary relative to the arithmetical average. The higher the index's standard deviation, the more its returns tend to deviate from the mean.
Tracking Error	10.98%	The standard deviation of the difference between the fund's returns and those of the index. The higher the fund's tracking error, the more its performance relative to the benchmark may vary.

Portfolio Risk Analysis - Ex-Ante at 30 September 2023

Risk Measure	Value	Risk Description
Dividend Yield (Fund)	1.62%	The annual dividend yield paid per share divided by the share price. This factor measures the value of company shares according to the stream of dividend income resulting from share ownership.
Dividend Yield (Index)	2.98%	The annual dividend yield paid per share divided by the share price. This factor measures the value of company shares according to the stream of dividend income resulting from share ownership.
Price to Book (Fund)	3.65	The ratio of the company's book value (the sum of shareholders' equity plus accumulated retained earnings from the P & L account) to its share price. This factor has been one of the most successful measures of the intrinsic value of company shares.
Price to Book (Index)	1.77	The ratio of the company's book value (the sum of shareholders' equity plus accumulated retained earnings from the P & L account) to its share price. This factor has been one of the most successful measures of the intrinsic value of company shares.
Price to Earnings (Fund)	22.22	Annual earnings (adjusted for amortizations of intangibles, extraordinary charges and credits) per share divided by the share price. This factor measures the worth of a company's ability to support each share with after tax earnings.
Price to Earnings (Index)	13.55	Annual earnings (adjusted for amortizations of intangibles, extraordinary charges and credits) per share divided by the share price. This factor measures the worth of a company's ability to support each share with after tax earnings.

Data source: Ex-post information is calculated by Stewart Investors, ex-ante information is provided by FactSet.

Disclaimer

30 September 2023

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The benchmarks for our funds have been identified as a means by which investors can compare the funds' performance and have been chosen because the relevant benchmark's constituents most closely represent the scope of the relevant fund's investable assets. The benchmarks are not used to limit or constrain how the funds' portfolios are constructed, nor are they part of a target set for the funds' performance.

We also compare the performance of our funds against their Investment Association sector, except for funds in the Specialist IA sector given the diverse nature of that sector's constituent funds. Please refer to www.firstsentierinvestments.com for details on the benchmarks and IA sectors used.

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