

FSSA Asia Focus Fund (UK OEIC)

Investment objective and policy

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

The Fund invests at least 80% 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 are listed on exchanges worldwide. This includes companies that are listed on exchanges worldwide which provide to exposure to the Asia Pacific region (excluding Japan). These companies generally have a total stock market value of at least US\$1 billion. The Fund may also invest up to 20% in shares of companies around the world. 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	24 August 2015
Fund size (£m)	694.8
UK's investment association sector	Asia Pacific Excluding Japan
Benchmark	MSCI AC Asia Pacific ex Japan Net Index*
Number of holdings	45
Fund manager(s)	Martin Lau/Rizi Mohanty
Research rating ^	Morningstar@:Gold Square Mile:Responsible AA RSM:Rated
Fund yield	1.5%

* 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. This Fund is managed with a view to remaining within its IA Sector and its performance is shown against that IA sector but the performance of the sector is not part of a target set for Fund performance.

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

Risk factors

This document is a financial promotion for the FSSA Asia Focus Fund in the UK 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 substantially less than the original amount invested.**
- **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.
- **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.
- **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.

Available share classes

Share class	Sedol	ISIN
FSSA Asia Focus Fund GBP Class B (Accumulation)	BWNGXJ8	GB00BWNGXJ86
FSSA Asia Focus Fund EUR Class B (Accumulation)	BWNGXH6	GB00BWNGXH62
FSSA Asia Focus Fund USD Class B (Accumulation)	BWNGXK9	GB00BWNGXK91

About FSSA Investment Managers

FSSA Investment Managers is an autonomous investment management team within First Sentier Investors, with dedicated investment professionals based in Hong Kong and Singapore. We are specialists in Asia Pacific and Global Emerging Markets equity strategies, managing assets on behalf of clients globally.

We are bottom-up investors, using fundamental research and analysis to construct high-conviction portfolios. We conduct more than a thousand direct company meetings a year, seeking to identify high quality companies to invest in. We look for founders and management teams that act with integrity and risk awareness; and dominant franchises that have the ability to deliver sustainable and predictable returns over the long term. As responsible, long-term shareholders, we have integrated ESG analysis into our investment process and engage extensively on environmental, labour and governance issues.

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Annual performance in GBP (%) to 30 June 2024

	12 mths to 30/06/24	12 mths to 30/06/23	12 mths to 30/06/22	12 mths to 30/06/21	12 mths to 30/06/20
FSSA Asia Focus Fund	4.2	-0.2	-7.8	22.6	2.9
MSCI AC Asia Pacific ex Japan Net Index	13.7	-3.7	-12.8	24.6	2.7
Sector return	10.4	-3.6	-11.3	26.8	3.4

Cumulative performance in GBP (%) to 30 June 2024

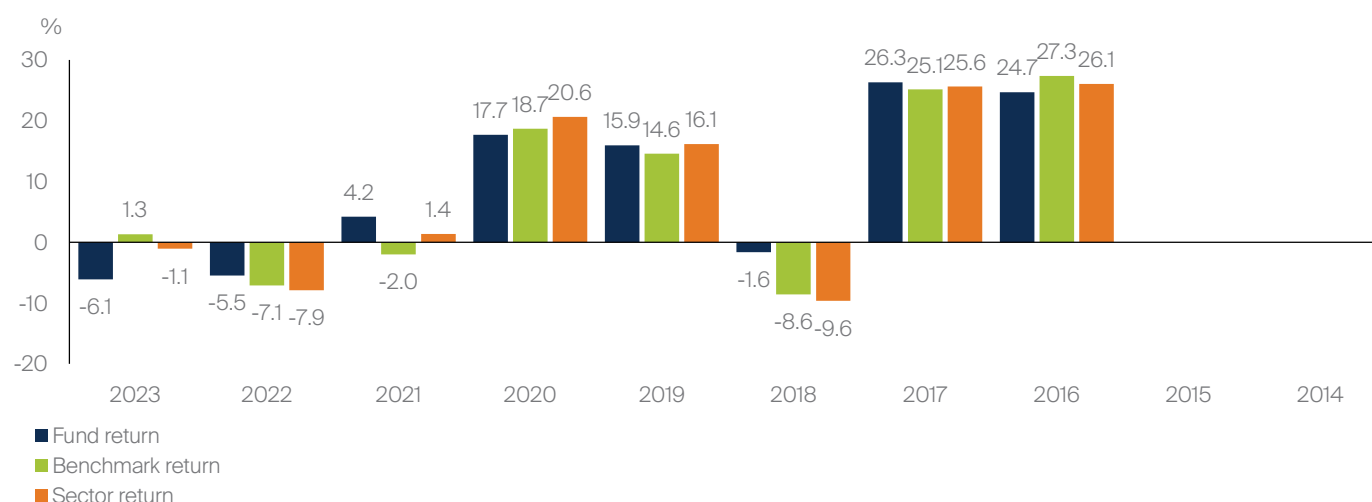
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Asia Focus Fund	133.0	-	21.0	-4.1	4.2	7.4	7.4	6.9
MSCI AC Asia Pacific ex Japan Net Index	129.8	-	22.1	-4.5	13.7	9.4	9.4	6.2
Sector return	134.3	-	25.6	-5.0	10.4	8.9	8.9	5.7

Performance review

Over the past 12 months, key contributors to performance included Mahindra & Mahindra, as it reported better-than-expected earnings results led by higher average selling prices (ASPs) and improved gross margins. Auto sales trends remain healthy and the group remains committed to improving the operational performance of two key subsidiaries, Tech Mahindra and Mahindra & Mahindra Financial Services. Taiwan Semiconductor (TSMC) rose as it continued to benefit from AI-related demand for its cutting-edge chips. The company also announced it would increase its cash dividend due to improving free cash flow and a slowdown in capex.

On the negative side, China Mengniu Dairy has been affected by weak consumer demand as China's economic recovery remains fragile. The company recently announced that Jeffrey Lu would be stepping down as CEO. The new CEO, Gao Fei, has been with the company for 25 years and had been groomed for succession in recent years. Mr Lu will stay on for the next 1-3 years as vice chairman to oversee the transition. China Resources Beer continued to face weak consumer demand amid a tough operating environment, though the premium beer segment has been solid. The company has maintained its full year guidance and paid a special dividend in addition to the regular dividend, making the total payout at around 59%.

Calendar year performance (% in GBP) to 30 June 2024



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 24 August 2015. All performance data for the FSSA Asia Focus Fund Class B (Accumulation) GBP as at 30 June 2024. Source for fund - Lipper IM / First Sentier Investors (UK) Funds Limited. 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.

☒ Sector returns calculated by Lipper and denote the arithmetic mean performance of funds in the relevant UK's Investment Association Sector. On 22 September 2020, First State Asia Focus Fund was rebranded as FSSA Asia Focus Fund.

Portfolio review

New purchases over the quarter included HCL Technologies, a leading IT services company which has around 60% ownership by the founding Nadar family. The company has shown improved performance with an internally promoted management team and has solid capabilities in high-potential areas like cloud and engineering services.

We also bought Netease, the second-largest gaming company in China. The company has a portfolio of mid-sized games with high user stickiness and longevity. It also has a strong pipeline that should support decent growth prospects. With a long track record and impressive returns over the past 20 years, we like the company's strong alignment and mind-set for returning value to shareholders.

We sold China Resources Land and Naver to consolidate the portfolio into higher-conviction ideas.

Stock spotlight

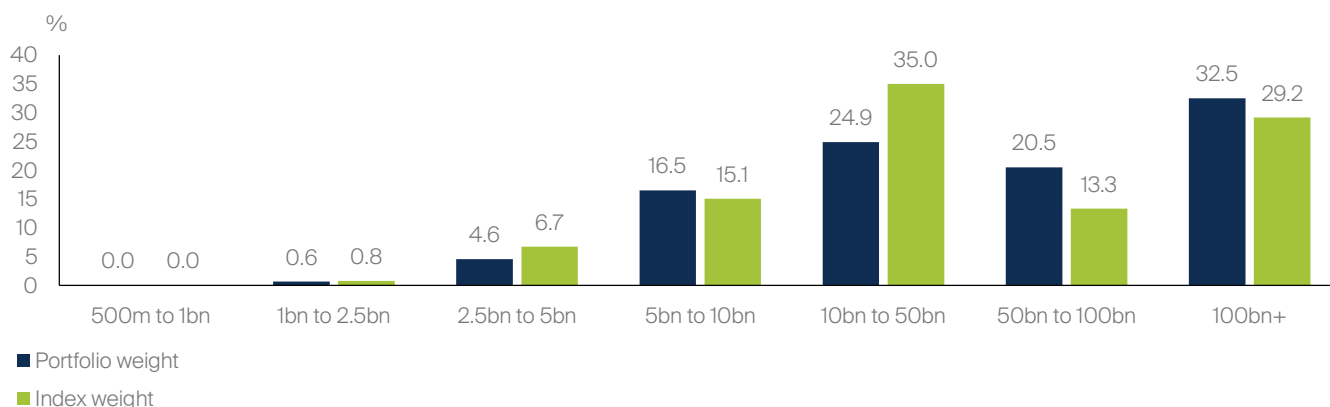
Oversea-Chinese Banking Corporation (OCBC) was formed in 1932 through the merger of three banks. Headquartered in Singapore, it now has significant operations in Malaysia, Indonesia and Greater China.

Backed by the prominent Lee and Tan families in Singapore (the Lee family still owns around 25%), OCBC is a high quality, conservatively-managed bank with a sensible attitude to risk. It has a strong base in two regional hubs: Singapore – to capture growth in Southeast Asia; and Hong Kong – for the Greater China region.

The bank is fundamentally sound, but innately conservative – there is much to be done in terms of maximising returns with existing customers and investing more into digital, for example. The current CEO, Helen Wong, joined at the beginning of 2021, and her mandate is to grow the bank within the bounds of their usual conservatism and familiar customers.

Its wealth management business is undergoing platform upgrades and should benefit from the growing wealth of Asia's middle classes over the longer term. Meanwhile, the well-diversified ASEAN business has further room to grow from the "China + 1" trend.

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 First Sentier Investors. Past performance is not indicative of future performance. 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 the same. All securities mentioned herein may or may not form part of the holdings of First Sentier Investors' portfolios at a certain point in time, and the holdings may change over time. 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.

Outlook

While Asian markets have bounced somewhat, there doesn't appear to be much evidence of underlying economic transformation. Exports and more investment continue to do the heavy lifting. At the margin, though, we do expect positive policy changes and a greater focus on returns.

We think the environment for equities is nevertheless likely to remain broadly weak. On the other hand, while GDP growth may well be lower, a higher cost of capital and greater financial as well as management discipline are often necessary prerequisites for better markets.

We expect quality to perform better in such times, with less competition and a greater focus by investors on certainty, persistency, track-record, management capability and even survivability (i.e. balance sheets). This is the reason our performance, at least historically, has typically held up in more difficult times.

The portfolio has seldom looked better, in our view. In turn, our confidence in our bottom-up stock selection is supported by the collective ROE outcome. The combination of people, franchise and a reasonable valuation remains our North Star, particularly in these uncertain days.

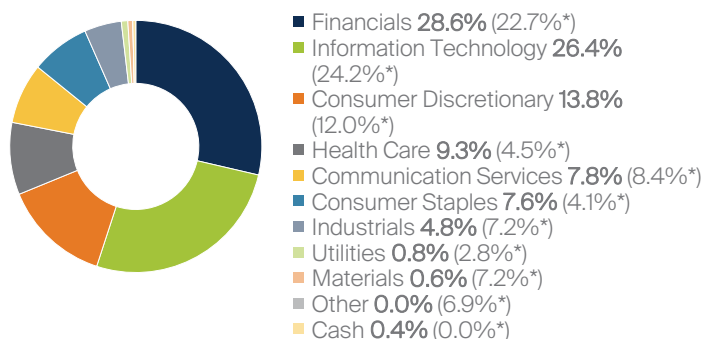
Our long-term investment themes:

- Dominant consumer franchises which have an edge in brand, distribution and innovation.
- High quality financials, supported by a strong deposit franchise or a specific loan niche.
- The rise in healthcare spending, due to increasing incomes and healthy consumer choices.
- Beneficiaries of a smarter, more connected world.
- An ageing population and the growing trend of automation.

Ten largest company holdings as at 30 June 2024

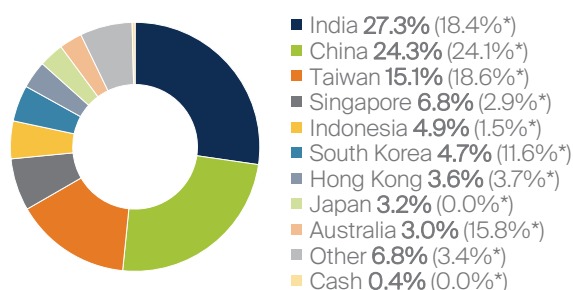
Stock name	Country	Sector	Portfolio weight (%)
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	9.7
HDFC Bank	India	Financials	9.4
Tencent Holdings Ltd.	China	Communication Services	6.8
ICICI Bank Limited	India	Financials	4.4
Midea Group	China	Consumer Discretionary	4.4
Samsung Electronics Co Ltd Pfd NV	South Korea	Information Technology	3.9
Oversea-Chinese Banking Corporation	Singapore	Financials	3.5
MediaTek Inc	Taiwan	Information Technology	3.1
CSL	Australia	Health Care	3.0
Axis Bank Limited	India	Financials	2.8

Sector breakdown



*Index weight

Country breakdown



*Index weight

Sector and Country classifications provided by Factset and First Sentier Investors. The Fund may hold multiple equity securities in the same company, which have been combined to provide the Fund's total position in that company. Index weights, if any, typically include only the main domestic-listed security. The above Fund weightings may or may not include reference to multiple securities. Allocation percentage is rounded to the nearest one decimal place and the total allocation percentage may not add up to 100%.

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Top 5 contributors to absolute performance

3 months to 30 June 2024

Stock name	Country	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	198
HDFC Bank INR1	India	Financials	149
Tencent Holdings Ltd.	China	Communication Services	134
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	91
FPT Corp.	Vietnam	Information Technology	53

12 months to 30 June 2024

Stock name	Country	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	443
MediaTek Inc	Taiwan	Information Technology	147
FPT Corp.	Vietnam	Information Technology	123
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	104
ICICI Bank Limited	India	Financials	100

Bottom 5 contributors to absolute performance

3 months to 30 June 2024

Stock name	Country	Sector	Value added (bps*)
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	-47
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	-40
Samsung Electronics Co Ltd Pfd Non-Voting	South Korea	Information Technology	-35
Techtronic Industries Co., Ltd.	Hong Kong	Industrials	-27
ANTA Sports Products Ltd.	China	Consumer Discretionary	-18

12 months to 30 June 2024

Stock name	Country	Sector	Value added (bps*)
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	-209
Ping An Insurance (Group) Company of China, Ltd. Class H	China	Financials	-90
AIA Group Limited	Hong Kong	Financials	-87
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	-55
JD.com, Inc. Class A	China	Consumer Discretionary	-50

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.

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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 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 First Sentier Investors.

Portfolio risk analysis - ex-post 3 years annualised to 30 June 2024

Risk measure	Value	Risk description
Beta	0.90	Beta is a measure of volatility relative to the market. A beta of 1 would indicate that the fund tended to move in line with the market; a beta greater than 1 would indicate that the fund has been more volatile than the market; whereas a beta less than 1 would indicate that the fund has been less volatile than the market.
Information Ratio	0.19	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	14.09%	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	14.83%	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	5.09%	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 June 2024

Risk measure	Value	Risk description
Dividend Yield (Fund)	2.26%	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)	2.62%	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.
Price to Book (Fund)	2.86	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)	2.05	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)	19.08	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)	16.70	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 First Sentier Investors, ex-ante information is provided by FactSet.

Important information

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References to "we" or "us" are references to First Sentier Investors.

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