

# 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). 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 may use derivatives to reduce risk or to manage the Fund more efficiently.

## Fund information

Fund launch date	24 August 2015
Fund size (£m)	1038.8
UK's investment association sector	Asia Pacific Excluding Japan
Benchmark	MSCI AC Asia Pacific ex Japan Net Index*
Number of holdings	63
Fund manager(s)	Martin Lau/Richard Jones
Research rating ^	Morningstar@:Gold Square Mile:Responsible AA RSM:Rated
Fund yield	0.5%

\* 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 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 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 EUR Class B (Accumulation)	BWNGXH6	GB00BWNGXH62
FSSA Asia Focus Fund GBP Class B (Accumulation)	BWNGXJ8	GB00BWNGXJ86
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 31 March 2022

	12 mths to 31/03/22	12 mths to 31/03/21	12 mths to 31/03/20	12 mths to 31/03/19	12 mths to 31/03/18
FSSA Asia Focus Fund	-2.9	39.9	-6.8	7.2	11.1
MSCI AC Asia Pacific ex Japan Net Index	-6.6	42.6	-10.9	3.9	7.6
Sector return	-6.1	48.8	-10.8	3.2	7.6

### Cumulative performance in GBP (%) to 31 March 2022

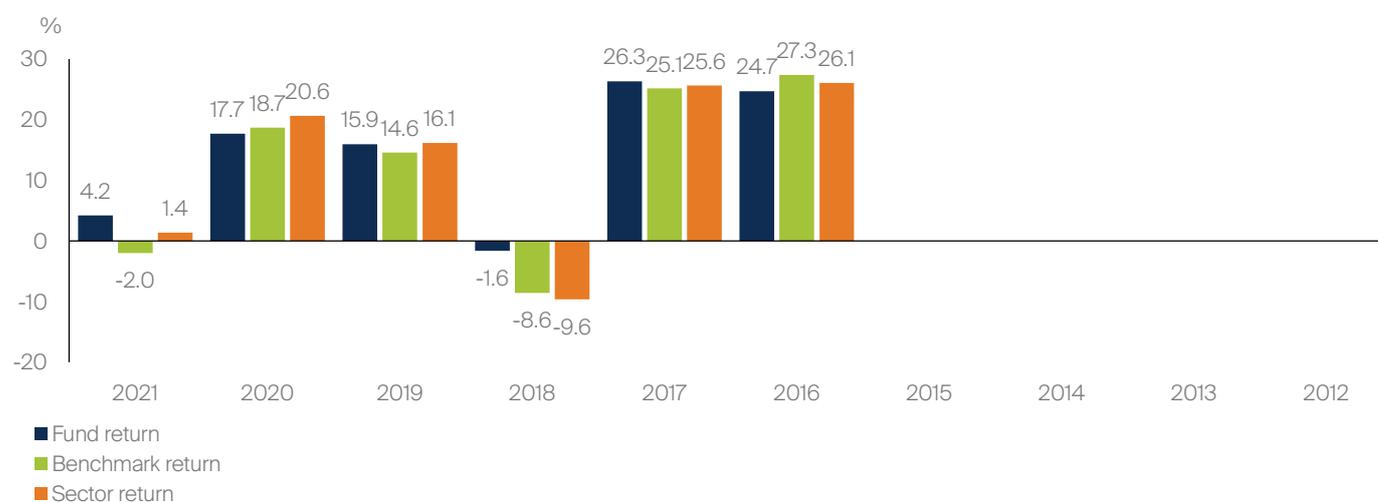
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Asia Focus Fund	130.5	-	50.7	26.6	-2.9	-5.6	-6.0	-5.6
MSCI AC Asia Pacific ex Japan Net Index	116.5	-	32.6	18.6	-6.6	-3.0	-4.2	-3.0
Sector return	124.7	-	38.5	25.1	-6.1	-4.1	-4.5	-4.1

### Performance review

Over the past 12 months, the top contributors to performance included Mphasis, which rose to a record high after acquiring US-based Blink UX, a user experience research, strategy and design firm, for a total consideration of USD 94m. The acquisition is expected to provide access to Blink's top-tier clients, strengthen Mphasis' experience business and leadership team, and is revenue accretive. Bank Central Asia (BCA) increased on

expectations of a loans recovery, stable margins and a resilient customer base. On the negative side, Tencent weakened on concerns about the regulatory environment and a slowdown in revenue growth. LG Household & Health Care posted lower than expected operating margins after heavy spending in the China online marketing channel.

### Calendar year performance (% in GBP) to 31 March 2022



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 31 March 2022. 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.

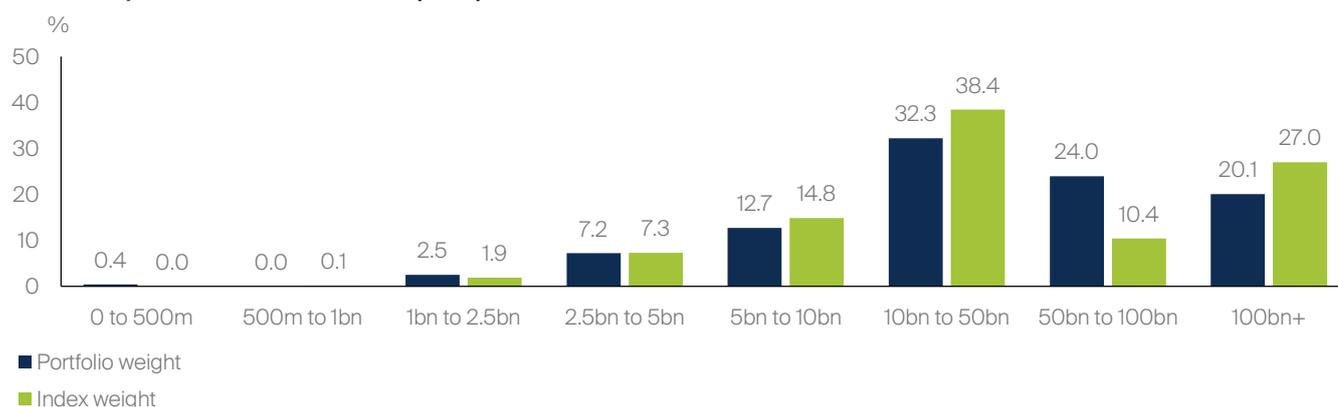
### Portfolio review

New additions over the quarter included Nippon Paint, Asia's largest paint company. Paint, being a consumer business, has high return characteristics and attractive cash flows; and we believe the company will be materially larger in a decade. Importantly, the ownership was restructured in January 2021 with the Goh family's direct control of the Asian businesses swapped into a larger holding at the parent company level. This ensures that the alignment between the owners, shareholders and the business is now much clearer and, in our view, better than the complicated structure of the past. We divested Zhejiang Chint to consolidate the portfolio and raise cash to purchase other companies with better risk/reward. We sold President Chain Store Corporation on concerns about headwinds from rising labour costs.

### Stock spotlight

Midea Group is China's largest home appliances company, with a comprehensive product portfolio that includes air conditioners, refrigerators, washing machines and small home appliances. We believe Midea is well-positioned to benefit from rising income levels and the "premium-isation" trend in China (as incomes rise, consumers demand better quality and more expensive products). While higher costs for raw materials and shipping have put pressure on margins, in the longer term, we believe it should be able to pass through additional costs – either by increasing prices or by upgrading the product mix. It has also been streamlining its distribution channels and increasing the use of automation in the production process. We believe the core business can deliver around 10% earnings growth per year via moderate gains in selling prices, growing market share and margin expansion.

### 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

The outlook for Asian equities remains uncertain, particularly with recent developments between Russia and Ukraine and its impact on energy and commodity prices. Persistently high inflation, monetary tightening from the US Federal Reserve and a slowdown in global growth all have the potential to weigh on financial markets. Meanwhile, Covid variants, rolling lockdowns and border closures mean that a recovery in international tourism and consumer spending will remain challenging, though we expect the situation to normalise gradually after the pandemic-related events of the last two years.

Against this backdrop, we continue to adhere to our investment philosophy, and have ensured that the portfolio is well diversified ahead of any changes in the market climate. Our conviction in the long-term growth story for Asia remains unchanged. We believe that investing in high-quality companies across the region should deliver attractive absolute returns in the long run.

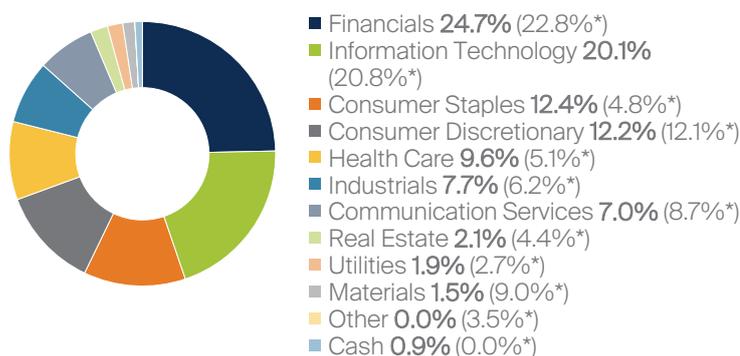
## Our long-term investment themes:

- 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 31 March 2022

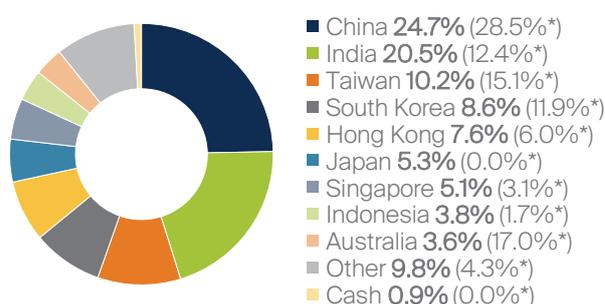
Stock name	Country	Sector	Portfolio weight (%)
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	5.6
HDFC Bank	India	Financials	5.5
Tencent Holdings Ltd.	China	Communication Services	4.0
CSL	Australia	Health Care	3.6
Samsung Electronics Co Ltd Pfd NV	South Korea	Information Technology	3.4
AIA Group Limited	Hong Kong	Financials	3.1
ResMed	USA	Health Care	3.0
NAVER Corp.	South Korea	Communication Services	3.0
Tata Consultancy Serv. Ltd	India	Information Technology	2.9
Midea Group	China	Consumer Discretionary	2.9

## 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 31 March 2022

Stock name	Country	Sector	Value added (bps*)
PT Bank Central Asia Tbk	Indonesia	Financials	35
Jardine Cycle & Carriage Limited	Singapore	Industrials	26
China Resources Land Limited	China	Real Estate	23
Oversea-Chinese Banking Corporation Limited	Singapore	Financials	22
FPT Corp.	Vietnam	Information Technology	19

### 12 months to 31 March 2022

Stock name	Country	Sector	Value added (bps*)
Mphasis Limited	India	Information Technology	93
PT Bank Central Asia Tbk	Indonesia	Financials	91
ResMed	USA	Health Care	83
Zhejiang Chint Electrics Co., Ltd Class A	China	Industrials	81
ICICI Bank	India	Financials	64

## Bottom 5 contributors to absolute performance

### 3 months to 31 March 2022

Stock name	Country	Sector	Value added (bps*)
Midea Group Co. Ltd	China	Consumer Discretionary	-69
Keyence Corporation	Japan	Information Technology	-62
Minth Group Limited	China	Consumer Discretionary	-55
Tencent Holdings Ltd.	China	Communication Services	-50
Realtek Semiconductor Corp	Taiwan	Information Technology	-39

### 12 months to 31 March 2022

Stock name	Country	Sector	Value added (bps*)
Tencent Holdings Ltd.	China	Communication Services	-162
LG Household & Health Care Ltd	South Korea	Consumer Staples	-109
Alibaba Group Holding	China	Consumer Discretionary	-80
Midea Group Co. Ltd	China	Consumer Discretionary	-70
Samsung Electronics Co Ltd Pfd Non-Voting	South Korea	Information Technology	-58

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 31 March 2022

Risk measure	Value	Risk description
Beta	0.86	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	0.58	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	12.26%	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	13.05%	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	5.16%	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 31 March 2022

Risk measure	Value	Risk description
Dividend Yield (Fund)	1.60%	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)	2.66%	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)	2.82	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)	1.97	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)	19.00	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)	13.54	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

This document has been prepared for informational purposes only and is only intended to provide a summary of the subject matter covered and does not purport to be comprehensive. The views expressed are the views of the writer at the time of issue and may change over time. It does not constitute investment advice and/or a recommendation and should not be used as the basis of any investment decision. This document is not an offer document and does not constitute an offer or invitation or investment recommendation to distribute or purchase securities, shares, units or other interests or to enter into an investment agreement. No person should rely on the content and/or act on the basis of any material contained in this document.

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

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### For further information

**Head of Distribution, UK & Europe**

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

**Sales Director, Europe & Third Party Distributions**

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

**Business Development Manager – Scotland, North of England & Ireland**

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

**Sales Director, London, South East and Channel Islands**

Tom Burton +44 (0)20 7332 6559 [tom.burton@firstsentier.com](mailto:tom.burton@firstsentier.com)

**Sales Director, Midlands and South West**

Carl Tomlin +44 (0)7825 935634 [carl.tomlin@firstsentier.com](mailto:carl.tomlin@firstsentier.com)

**Institutional Relationship Director FSSA**

Fraser Wood +44 (0)131 473 2529 [fraser.wood@fssaim.com](mailto:fraser.wood@fssaim.com)

**Head of Distribution, Ireland**

Frank Glennon +44(0)7776 138105 [frank.glennon@firstsentier.com](mailto:frank.glennon@firstsentier.com)

**Sales Director, Europe**

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

**Sales Manager, Europe**

Robert Retz +49 (0) 69 710 456 304 [robert.retz@firstsentier.com](mailto:robert.retz@firstsentier.com)

**Head of Institutional Sales, UK & EMEA**

Peter Swan +44 (0)20 7332 9428 [peter.swan@firstsentier.com](mailto:peter.swan@firstsentier.com)

**UK Consultant Relations**

Sam Roberts +44 (0)20 7332 6577 [sam.roberts@firstsentier.com](mailto:sam.roberts@firstsentier.com)