

FSSA Asia Focus Fund (Irish VCC)

Investment objective and policy

The Fund aims to grow your investment.
The Fund invests at least 70% of its assets in shares of large and mid-sized companies based in or closely associated with the Asia Pacific region (excluding Japan). These companies generally have a total stock market value of at least US \$1 billion.
The Fund may invest up to 100% of its assets in Emerging Markets in the Asia Pacific region and in any industry. The Fund will not invest more than 50% of its assets in China A Shares. The Fund may use derivatives with the aim of risk reduction or efficient management.

Fund information

Fund launch date	11 March 2010
Fund size (US\$m)	166.8
Benchmark	MSCI AC Asia Pacific ex Japan Net Index*
Number of holdings	49
Fund manager(s)	Vinay Agarwal/Martin Lau

* The benchmark of the Fund changed from MSCI AC Asia Pacific ex Japan Gross to MSCI AC Asia Pacific ex Japan Net with effect from 1 July 2016. This change has been reflected in the calculation of the benchmark performance.

Available share classes

Share class	Sedol	ISIN
FSSA Asia Focus Fund USD Class III (Accumulation)	B0169M1	IE00B0169M10
FSSA Asia Focus Fund USD Class I (Accumulation)	B0169L0	IE00B0169L03
FSSA Asia Focus Fund EUR Class VI (Accumulation)	BYXW345	IE00BYXW3453
FSSA Asia Focus Fund USD Class I (Distributing)	B521340	IE00B5213400

Risk factors

This document is a financial promotion for the FSSA Asia Focus Fund in the EEA 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.**
- **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.

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 USD (%) to 30 September 2022

	12 mths to 30/09/22	12 mths to 30/09/21	12 mths to 30/09/20	12 mths to 30/09/19	12 mths to 30/09/18
FSSA Asia Focus Fund	-15.5	21.9	8.8	1.5	9.9
MSCI AC Asia Pacific ex Japan Net Index	-27.0	16.6	13.6	-1.8	2.0

Cumulative performance in USD (%) to 30 September 2022

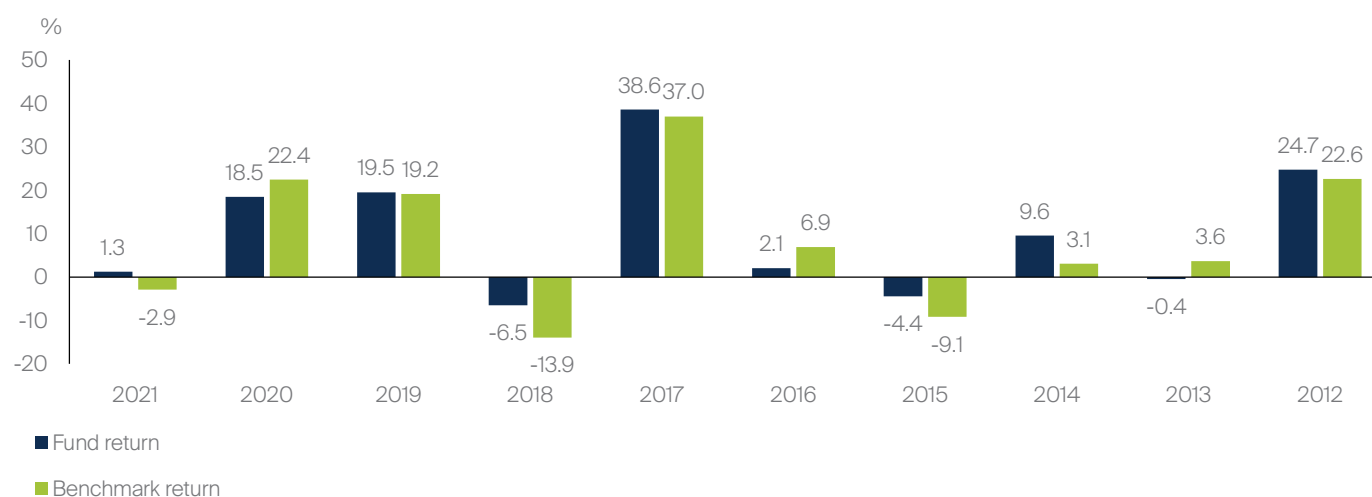
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Asia Focus Fund	125.3	71.1	24.8	12.0	-15.5	-15.1	-11.1	-4.4
MSCI AC Asia Pacific ex Japan Net Index	56.5	35.3	-3.1	-3.3	-27.0	-26.4	-21.9	-12.7

Performance review

Over the past 12 months, key contributors to performance included Mahindra & Mahindra, which rose on the back of strong growth in sales of passenger and commercial vehicles. The company is seeking to regain market share in sports utility vehicles (SUVs) and overcome supply chain constraints. ICICI Bank benefitted from a strong growth outlook and higher interest rates, with indications that near-term margins are likely to improve. On the negative side, Sony Group declined on concerns about weak demand for its

games and consumer electronics goods amid a recession. That said, the company has been communicating about it since early this year; and we do not see a huge risk in its other business segments. We assume the overall business trend will be in line with the company's forecast. LG Household & Health Care posted lower-than-expected operating margins after heavy spending in the China online marketing channel.

Calendar year performance (% in USD) to 30 September 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 USD, the return may increase or decrease as a result of currency fluctuations. Since inception performance figures have been calculated from 11 March 2010. All performance data for the FSSA Asia Focus Fund Class III (Accumulation) USD as at 30 September 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.

▲On 22 September 2020, First State Asia Focus Fund was rebranded as FSSA Asia Focus Fund.

Portfolio review

New purchases over the quarter included China Mengniu Dairy, one of the two largest dairy companies in China. We believe the company is well-positioned to tap into China's 'premiumisation' trend. Despite being one of the largest markets in the world for dairy products, China's per capita consumption of yoghurt, ice-cream and cheese – higher margin products compared to milk – is still relatively low. As incomes rise, we believe the growing appetite for these products should provide a structural tailwind for Mengniu. We also bought Newcrest Mining as a hedge against inflation and the strong US dollar.

There were no complete disposals during the quarter.

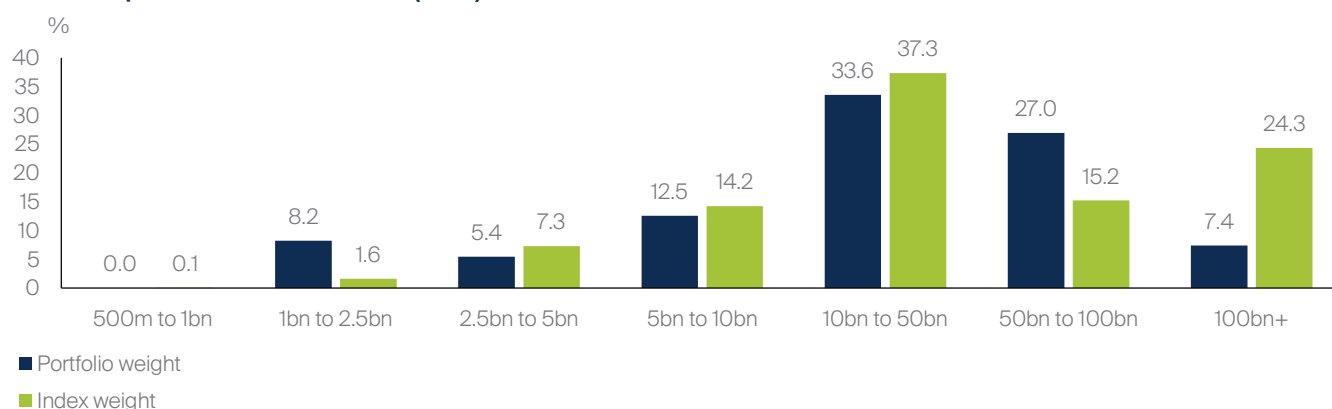
Stock spotlight

Colgate-Palmolive (India) is an extremely profitable company, but has latterly been struggling with growth as locally-based Patanjali shifted the market-place towards natural products. Nonetheless, we believe that the group's business prospects are improving and consider toothpaste to be a resilient category.

A new CEO was recently appointed; she has been hired locally from Hindustan Unilever, where she was most recently been running the home care business after 23 years with the group. Colgate's market share remains over 50% and returns are still impressive.

Meanwhile, like so many businesses, in the short term margins have been eroded by input price increases. But this is a high-margin business (70% gross) and we believe these pressures should, in time, be passed onto customers. We expect more of a leadership-growth mindset in future, while the valuation is attractive by comparison to the rest of the consumer sector.

Market capitalisation breakdown (USD)



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 USD, the return may increase or decrease as a result of currency fluctuations.

Outlook

While Asian equities may be going through a challenging period at the moment, one of the key attributes in our search for quality companies is sustainable business models that are attractive not only from a one to two year perspective, but throughout the business cycle. We continue to invest in businesses that have proven management teams and competitive advantages that allows them to capitalise on the long-term secular trends across Asia. Whether it is the formalisation of the Indian economy, the premiumisation trend as incomes continue to rise, or conservative banks gaining market share, we believe the investment opportunities are plenty. And, despite even the worst macroeconomic backdrop, great management teams are experienced at navigating tough environments and usually find ways to emerge from them in a stronger position than before. We believe the prospects for our portfolio holdings remain bright over the long term.

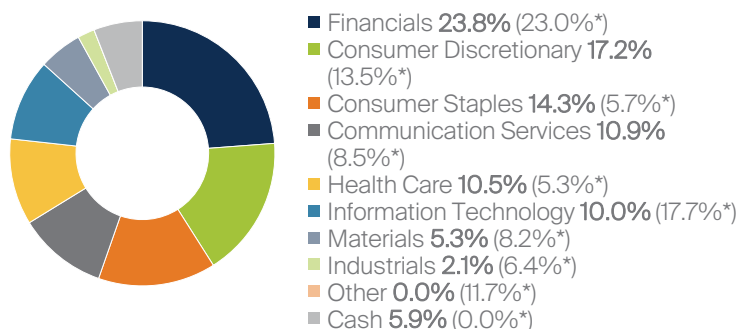
Our long-term investment themes:

- 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.

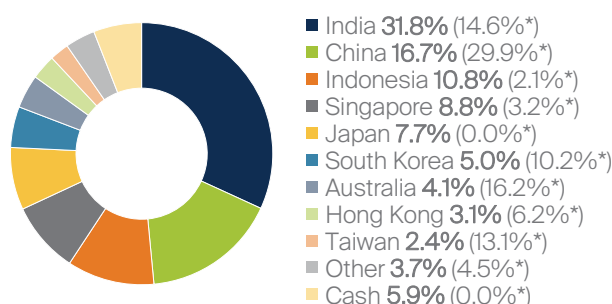
Ten largest company holdings as at 30 September 2022

Stock name	Country	Sector	Portfolio weight (%)
HDFC Bank	India	Financials	6.6
ICICI Bank	India	Financials	6.4
Singapore Telecommunications LTD	Singapore	Communication Services	6.0
PT Astra International Tbk	Indonesia	Consumer Discretionary	4.7
Colgate-Palmolive (India) Limited	India	Consumer Staples	4.5
Sony Corporation	Japan	Consumer Discretionary	3.7
Mahindra & Mahindra	India	Consumer Discretionary	3.1
Uni-President China Holdings Ltd.	China	Consumer Staples	2.7
CSL	Australia	Health Care	2.5
Samsung Electronics Co Ltd Pfd NV	South Korea	Information Technology	2.5

Sector breakdown



Country breakdown



*Index weight

*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 September 2022

Stock name	Country	Sector	Value added (bps*)
ICICI Bank	India	Financials	121
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	50
Colgate-Palmolive (India) Limited	India	Consumer Staples	27
PT Bank Central Asia Tbk	Indonesia	Financials	26
Singapore Telecommunications LTD	Singapore	Communication Services	23

12 months to 30 September 2022

Stock name	Country	Sector	Value added (bps*)
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	125
ICICI Bank	India	Financials	85
PT Astra International Tbk	Indonesia	Consumer Discretionary	61
PT Bank Central Asia Tbk	Indonesia	Financials	39
Singapore Telecommunications LTD	Singapore	Communication Services	32

Bottom 5 contributors to absolute performance

3 months to 30 September 2022

Stock name	Country	Sector	Value added (bps*)
Sony Corporation	Japan	Consumer Discretionary	-92
Ping An Insurance (Group) Company of China, Ltd. Class H	China	Financials	-60
Tencent Holdings Ltd.	China	Communication Services	-55
Sunny Optical Technology Group Co Limited	China	Information Technology	-52
Samsung Electronics Co Ltd Pfd Non-Voting	South Korea	Information Technology	-52

12 months to 30 September 2022

Stock name	Country	Sector	Value added (bps*)
Sony Corporation	Japan	Consumer Discretionary	-200
LG Household & Health Care Ltd	South Korea	Consumer Staples	-157
Samsung Electronics Co Ltd Pfd Non-Voting	South Korea	Information Technology	-135
HDFC Bank INR1	India	Financials	-103
Vitasoy International Holdings	Hong Kong	Consumer Staples	-95

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 USD, 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 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 September 2022

Risk measure	Value	Risk description
Beta	0.79	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	0.92	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	15.39%	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	18.36%	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	6.44%	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 2022

Risk measure	Value	Risk description
Dividend Yield (Fund)	2.46%	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)	3.38%	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)	2.43	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)	1.67	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)	16.80	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)	10.88	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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