

FSSA Asia Pacific All Cap Fund (Irish VOF)

Investment objective and policy

The Fund aims to grow your investment.

The Fund invests at least 70% of its assets in shares of companies based in, or closely associated with, Asia Pacific region (excluding Japan). The Fund may invest up to 100% of its assets in Emerging Markets in the Asia Pacific region, in companies of any size or industry.

The Fund may invest less than 30% of its assets in equity securities other than those described above. 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	25 March 2013
Fund size (US\$m)	22.5
Benchmark	MSCI AC Asia Pacific ex Japan Net Index*
Number of holdings	53
Fund manager(s)	Sophia Li/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 Pacific All Cap Fund USD Class III (Accumulation)	B6RN1X3	IE00B6RN1X37
FSSA Asia Pacific All Cap Fund EUR Class VI (Accumulation)	BYXW3T0	IE00BYXW3T07

Risk factors

This document is a financial promotion for the FSSA Asia Pacific All Cap 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.
- **Smaller companies risk:** investments in smaller companies may be riskier and more difficult to buy and sell than investments in larger companies.

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 Pacific All Cap Fund	-31.4	13.9	8.4	0.1	5.7
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

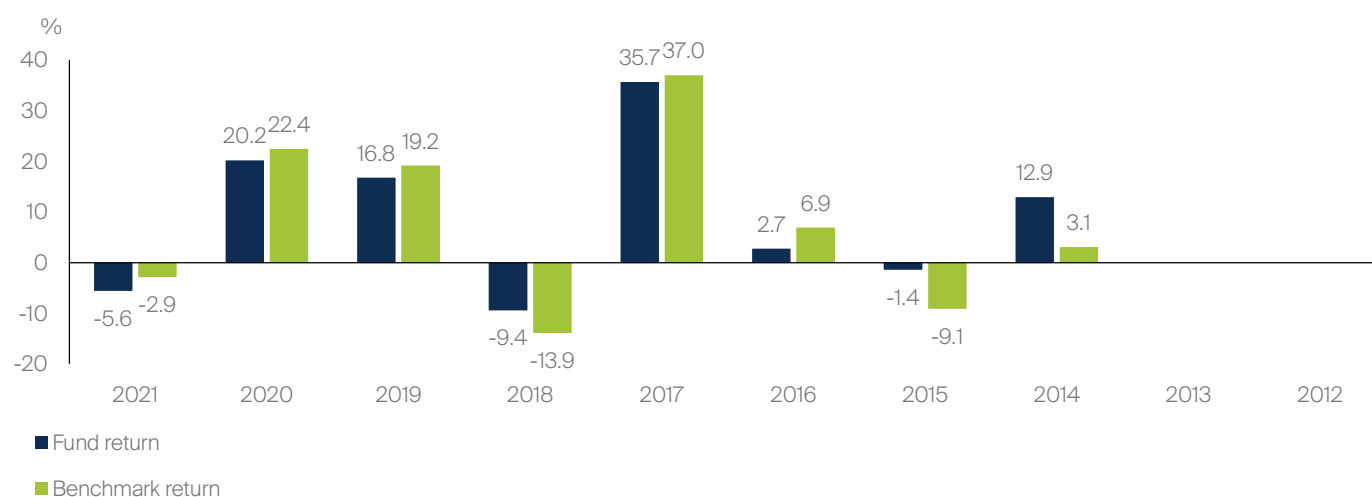
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Asia Pacific All Cap Fund	34.7	-	-10.3	-15.2	-31.4	-31.4	-22.6	-10.5
MSCI AC Asia Pacific ex Japan Net Index	25.7	-	-3.1	-3.3	-27.0	-26.4	-21.9	-12.7

Performance review

Over the past 12 months, the top contributors to performance included Yum China, as lockdown restrictions in China started to ease. Although the group's restaurants have faced multiple headwinds by way of Covid restrictions and rising cost inflation, it has taken firm measures to mitigate the negative impacts. 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. Taiwan Semiconductor (TSMC) was lower on concerns about weaker demand amid a semiconductor down-cycle.

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 25 March 2013. All performance data for the FSSA Asia Pacific All Cap 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 Pacific All Cap Fund was rebranded as FSSA Asia Pacific All Cap Fund.

Portfolio review

New purchases over the quarter included China Mengniu Dairy, one of the two largest dairy companies in China. We believe it 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 DBS Group, the largest bank in Southeast Asia by assets. DBS has a proven track record, with steady return on equity (ROE) in the 9-12% range for 20 years, including through the SARS episode in 2003 and the Global Financial Crisis (GFC) in 2008. We believe its key strengths lie in its wealth management and digitalisation initiatives, while rising interest rates should provide an additional boost due to the bank's high CASA ratio.

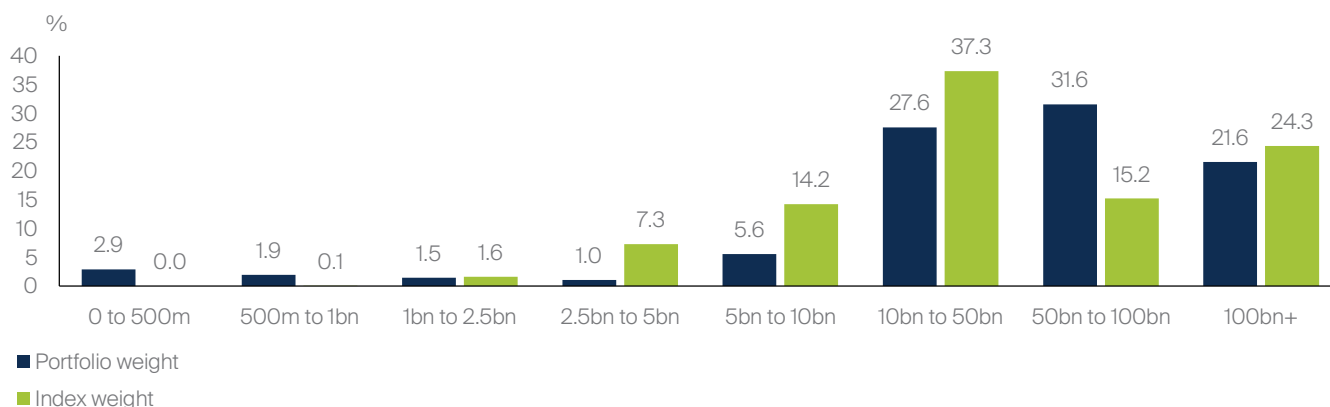
We sold Yihai and TAL Education to consolidate the portfolio and fund better ideas elsewhere.

Stock spotlight

Shenzhen Mindray Bio-Medical Electronics is China's largest domestic medical devices company and a market leader in patient monitors and life support systems. The company has a strong track record and has been gaining market share from global leaders as it expands its presence overseas. We believe there is significant growth opportunities ahead, as the penetration level of medical devices in China is still low and there is a growing preference for import substitutions.

Mindray has multiple growth drivers to support revenue and earnings growth over the next few years. The company's main products cover three areas: patient monitoring and life information, in vitro diagnostics (IVD) and medical imaging. Growth across categories has picked up in recent years, and Mindray's market position for each category has been improving too. In the domestic market, increased hospital spend on medical equipment is estimated to contribute significantly to its annual revenue, while exports should resume growth in 2022 after the high base effect eases.

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 every day brings new concerns to think about, there are two big things that we think will affect the investment outlook for Asian equities. Over the past 20-30 years, neoliberal economics has dominated policy, while politics has largely been relegated to the background. The surfeit of free money has provided a substantial positive tailwind for equities; but that is clearly changing. We appear to be moving from those halcyon days into more ideological, political and conflict-riven times. Long-held certainties are being overturned and we see politicians, especially in Asia, reaching directly into businesses with policy change. Secondly, we are starting to see workers push back against the supposed triumph of capital. Profit, as a share of GDP has increased for the last 20-30 years at the expense of labour. It has now reached a point where, in economies broadly, the age-old social contract is fracturing. While these shifts may ultimately prove to be more sustainable, as investors we believe it may be difficult to generate the returns that we've become used to. Then there are the fiscal deficits associated with governments, higher taxation, strikes, labour, energy and oil prices to worry about. On the other hand, as long as we continue to invest in high-quality businesses run by good people, we believe that is still the best way to protect wealth and deliver attractive absolute returns over time.

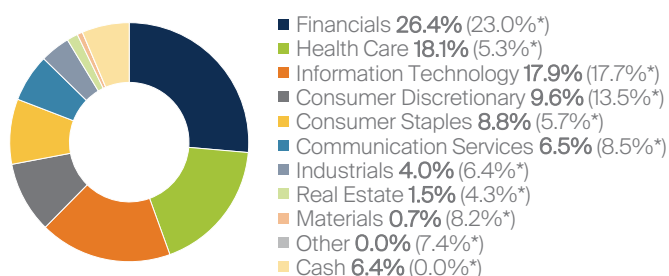
Our long-term investment themes:

- 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.

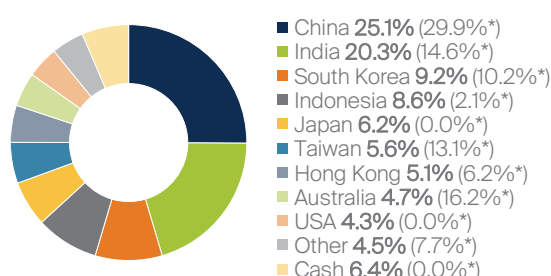
Ten largest company holdings as at 30 September 2022

Stock name	Country	Sector	Portfolio weight (%)
HDFC Bank	India	Financials	7.1
ICICI Bank	India	Financials	5.4
PT Bank Central Asia Tbk	Indonesia	Financials	4.7
CSL	Australia	Health Care	4.7
AIA Group Limited	Hong Kong	Financials	3.7
Tencent Holdings Ltd.	China	Communication Services	3.6
ResMed	USA	Health Care	3.6
JD.com, Inc. Class A	China	Consumer Discretionary	3.6
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	3.3
Shenzhen Mindray Bio-Medic-A	China	Health Care	2.9

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	72
PT Bank Central Asia Tbk	Indonesia	Financials	52
HDFC Bank Ltd-ADR	India	Financials	38
Dabur India Limited	India	Consumer Staples	12
Hoya Corp.	Japan	Health Care	9

12 months to 30 September 2022

Stock name	Country	Sector	Value added (bps*)
PT Bank Central Asia Tbk	Indonesia	Financials	47
ICICI Bank	India	Financials	41
Shanghai International Airport Co., Ltd. Class A	China	Industrials	14
Meituan Dianping	China	Consumer Discretionary	9
TAL Education Group Unsponsored ADR Class A	China	Consumer Discretionary	5

Bottom 5 contributors to absolute performance

3 months to 30 September 2022

Stock name	Country	Sector	Value added (bps*)
Wuxi Biologics Cayman Inc	China	Health Care	-119
Tencent Holdings Ltd.	China	Communication Services	-112
NAVER Corp.	South Korea	Communication Services	-97
AIA Group Limited	Hong Kong	Financials	-94
JD.com, Inc. Class A	China	Consumer Discretionary	-90

12 months to 30 September 2022

Stock name	Country	Sector	Value added (bps*)
NAVER Corp.	South Korea	Communication Services	-297
Wuxi Biologics Cayman Inc	China	Health Care	-275
Tencent Holdings Ltd.	China	Communication Services	-192
Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	Information Technology	-190
Techtronic Industries Co., Ltd.	Hong Kong	Industrials	-154

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 September 2022

Risk measure	Value	Risk description
Beta	1.01	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	-0.55	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	19.31%	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	5.32%	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)	1.67%	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)	3.09	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)	18.96	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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