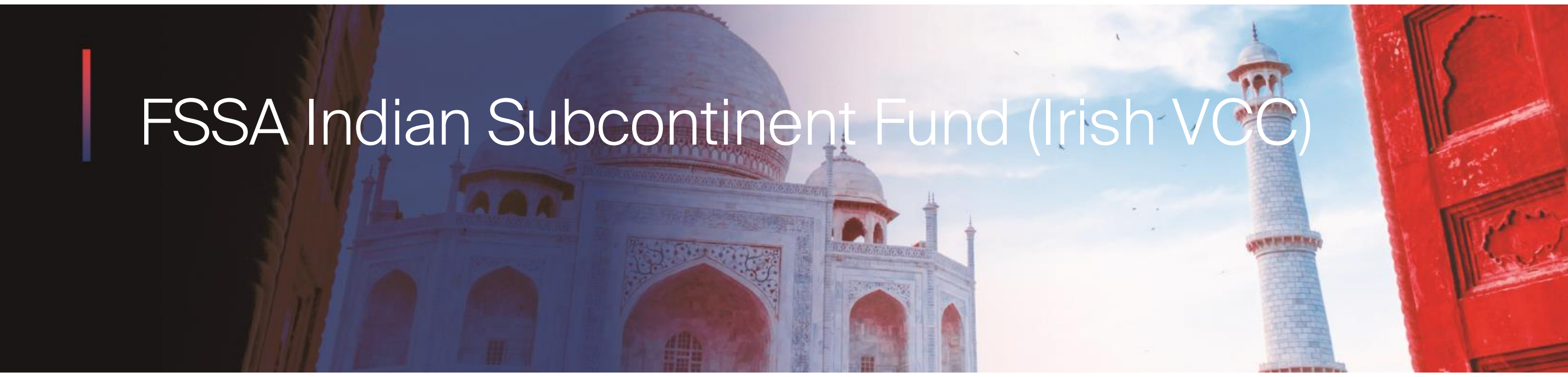
FSSA Investment Managers



FSSA Indian Subcontinent 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 companies based in, or closely associated with, India, Pakistan, Sri Lanka or Bangladesh.
The Fund may invest up to 100% of its assets in Emerging Markets of the Indian subcontinent, in companies of any size or industry.
The Fund may use derivatives with the aim of risk reduction or efficient management.

Fund information

Fund launch date	07 February 1994
Fund size (US$m)	308.2
Benchmark	MSCI India Net Index*
Number of holdings	37
Fund manager(s)	Vinay Agarwal/Sreevardhan Agarwal
Research rating ^	Morningstar®:Gold

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

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

Available share classes

Share class	Sedol	ISIN
FSSA Indian Subcontinent Fund USD Class III (Accumulation)	B6Y13T0	IE00B6Y13T06

Risk factors

This document is a financial promotion for the FSSA Indian Subcontinent 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.**
- 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.
- Indian subcontinent risk: although India has seen rapid economic and structural development, investing there may still involve increased risks of political and governmental intervention, potentially limitations on the allocation of the Fund's capital, and legal, regulatory, economic and other risks including greater liquidity risk, restrictions on investment or transfer of assets, failed/delayed settlement and difficulties valuing securities.
- 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.

FSSA Indian Subcontinent Fund USD Class I (Accumulation)	0843670	IE0008369930
FSSA Indian Subcontinent Fund USD Class I (Distributing)	B0FGLM1	IE00B0FGLM12
FSSA Indian Subcontinent Fund EUR Class VI (Accumulation)	BYXW3H8	IE00BYXW3H84

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 Indian Subcontinent Fund	-8.5	48.2	-6.2	6.0	-3.8
MSCI India Net Index	-9.9	53.1	0.5	4.7	1.1

Cumulative performance in USD (%) to 30 September 2022

	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Indian Subcontinent Fund	1192.8	179.3	29.6	27.1	-8.5	-6.7	-0.3	8.1
MSCI India Net Index	741.7	101.8	46.8	38.7	-9.9	-9.7	-8.0	6.5

Performance review

Top Contributors over the past 12 months

Mahindra & Mahindra 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.

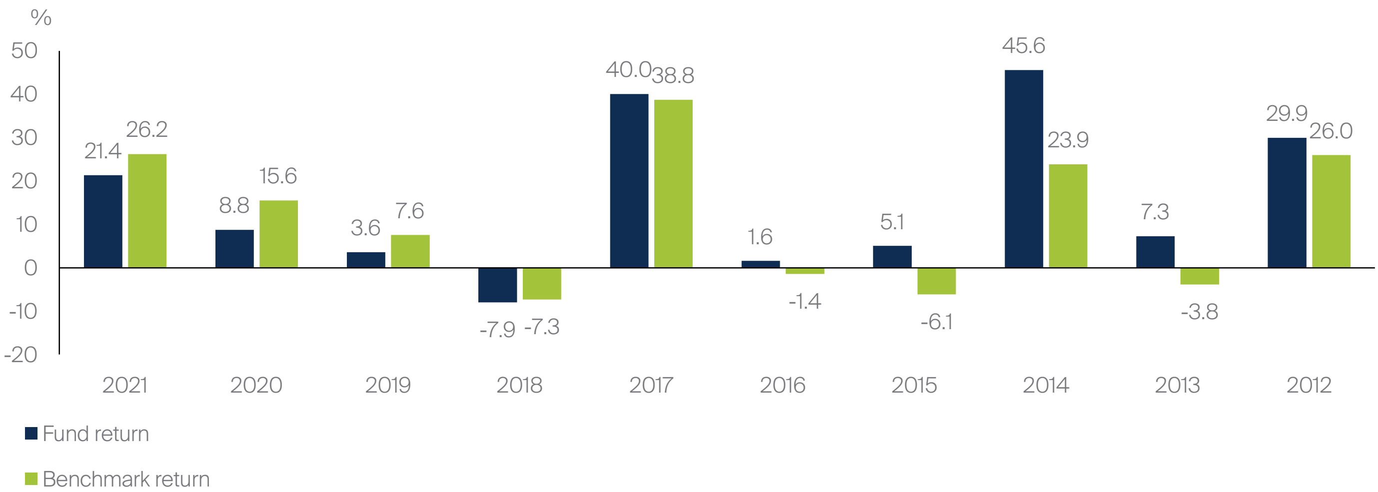
ICICI Bank continues to deliver strong loan growth, improving asset quality and returns. Its digital offerings have helped the bank gain market share. Its competitive position is likely to continue strengthening as large state-owned banks and smaller non-bank finance companies struggle with weak balance sheets and poor asset quality.

Bottom Contributors over the past 12 months

Solara Active Pharma Sciences declined as the company reported poor results after the management, under pressure due to a combination of factors, had resorted to stuffing the distribution channel. Simultaneously, it cancelled its plans to merge with Aurore, as Aurore did not meet its performance expectations. The management team has been changed recently, with the former CEO coming back to the company.

Godrej Industries declined due to weak performance at its subsidiary companies. For example, Godrej Consumer Products has faced some challenges across its geographies in recent years. In response, the board has appointed several strong professionals, including Unilever veteran Sudhir Sitapati as its CEO. Mr Sitapati recently laid out his plans to accelerate Godrej Consumer's growth and improve its profitability over the medium term. We expect the company's performance to improve under his leadership.

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 23 August 1999. All performance data for the FSSA Indian Subcontinent Fund Class I (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 Indian Subcontinent Fund was rebranded as FSSA Indian Subcontinent Fund.

Portfolio review

New purchases over the quarter included Metropolis Healthcare, a leader in the highly fragmented diagnostics industry. The company has witnessed strong growth in revenue and profits, as consumers shift rapidly from small local laboratories to those of established brands like Metropolis, with higher quality standards and accreditations. While we had sold our position earlier in the year on expensive valuations, the recent market volatility has allowed us to buy back a toehold.

We also purchased Grasim, the holding company for the Aditya Birla Group. The Group is a conglomerate with a long illustrious history, and has a wide range of businesses including cement, chemicals, financial services, telecom and retail. Over the last few years, the structure of the group has been simplified, and the alignment of interest has improved. The underlying businesses are dominant in their respective industries, and the quality of each franchise has strengthened while balance sheets have been deleveraged. Furthermore, they are seeding a new business at Grasim, Paints, which can become sizeable over time while being return-accretive. Given these positive changes, and a sizeable holding company discount, we decided to initiate a position.

We divested KEI Industries on expensive valuations and sold Mahindra & Mahindra Financial Services, as the share price had bounced and the risk/reward was no longer attractive.

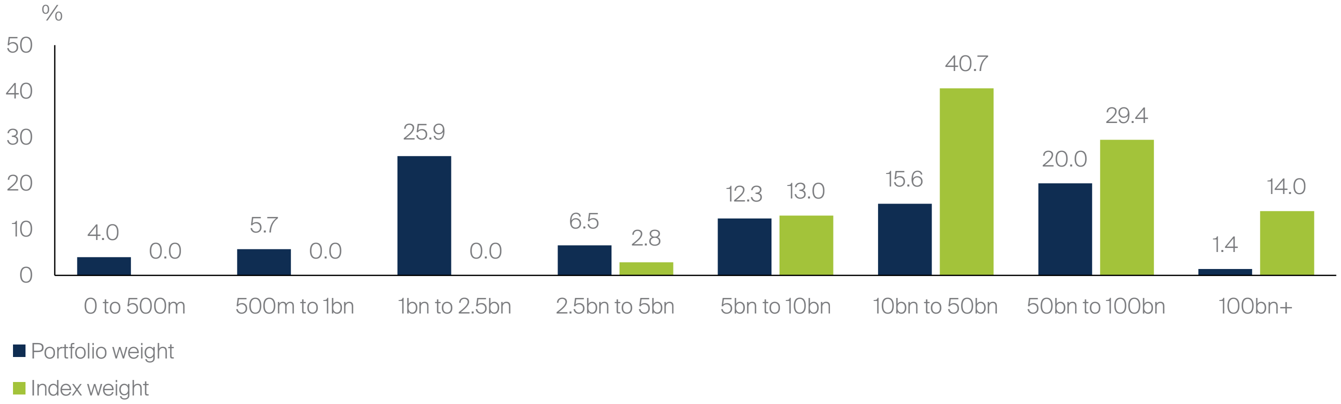
Stock spotlight

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

Our team has met with over 180 Indian companies in the nine months of 2022, including two research trips to Mumbai and New Delhi as travel restrictions eased. We have been pleasantly surprised by how the country has bounced back from the difficult two years of the pandemic, and saw the streets of Mumbai and Delhi abuzz during our visits. In the first half of the year, our conversations with management teams were dominated by discussions around cost inflation and manoeuvring their supply chains in these uncertain times, whereas now, there is more optimism around demand and companies are thinking about capacity addition across a range of industries. The companies we like and own are typically counter-cyclically managed by risk-aware owners/teams and usually tend to emerge from tough periods even stronger – this is pretty much what we would say has happened. Be it private sector banks, Consumer Durables companies, FMCG firms, IT services giants or property companies – nearly all of our holdings would have gained market shares, margins or sometimes both over the past 2 years.

The past decade has been challenging for India, with the country having navigated through a series of events that have dampened domestic demand. Starting with the headline-grabbing corruption scandals in the early 2010s, demonetisation (ostensibly aimed at tackling money laundering and counterfeiting), wide-ranging reforms (the Goods and Services Tax or GST, Real Estate Regulation and Development Act or RERA), the Non-Bank Finance Companies (NBFCs) solvency crisis which sparked off a credit liquidity squeeze in the entire financial system, and finally, by the time all these issues were repaired, the world went headlong into Covid-induced lockdowns. While several of these reforms will have structural benefits over the long-term, the economy has taken some time to adjust to the new ways of working, resulting in lacklustre demand over the recent years.

Despite this difficult environment, well-run, market leading businesses have strengthened their position, gaining share from unorganized and smaller competitors. For example, HDFC Bank has grown its loan book at 21.7% CAGR and its BVPS at 20% CAGR over the last decade, more than doubling its market share. United Breweries, which is Heineken's India-listed subsidiary, has managed to compound its earnings per share (EPS) at a respectable 14% CAGR over the same period. This is also in the context of being beneficiaries of multi-decade tailwinds that have helped them grow despite challenges in the broader economy.

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.
- Infrastructure companies with a strong track record and cash flow improvement.
- Globally competitive exporters with a growing international business.

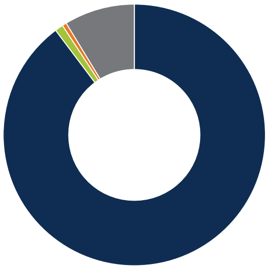
Ten largest company holdings as at 30 September 2022

Stock name	Country	Sector	Portfolio weight (%)
HDFC Bank	India	Financials	8.7
ICICI Bank	India	Financials	7.9
Colgate-Palmolive (India) Limited	India	Consumer Staples	6.2
Kotak Mahindra Bank Limited	India	Financials	5.1
Mahindra Forgings Ltd	India	Consumer Discretionary	4.7
Mahindra & Mahindra	India	Consumer Discretionary	4.1
Godrej Industries Limited	India	Industrials	3.7
Blue Star Limited	India	Industrials	3.4
Mahanagar Gas Ltd	India	Utilities	3.2
IIFL Wealth Management Ltd	India	Financials	3.0

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 September 2022

Stock name	Country	Sector	Value added (bps*)
ICICI Bank	India	Financials	180
Mahindra Forgings Ltd	India	Consumer Discretionary	70
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	70
Blue Star Limited	India	Industrials	65
Godrej Consumer Products Limited	India	Consumer Staples	62

12 months to 30 September 2022

Stock name	Country	Sector	Value added (bps*)
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	157
ICICI Bank	India	Financials	145
Mahindra Lifespace Developers Limited	India	Real Estate	136
KEI Industries Limited	India	Industrials	56
Metropolis Healthcare Ltd	India	Health Care	50

Bottom 5 contributors to absolute performance

3 months to 30 September 2022

Stock name	Country	Sector	Value added (bps*)
Indus Motor Co. Ltd.	Pakistan	Consumer Discretionary	-19
Delta Brac Housing Finance Corporation Ltd.	Bangladesh	Financials	-17
Tata Consultancy Services Limited	India	Information Technology	-11
Infosys Limited	India	Information Technology	-11
Bajaj Auto Limited.	India	Consumer Discretionary	-9

12 months to 30 September 2022

Stock name	Country	Sector	Value added (bps*)
Solara Active Phar Inr10	India	Health Care	-235
HDFC Bank INR1	India	Financials	-163
Godrej Industries Limited	India	Industrials	-155
ICICI Lombard General Insurance Co. Ltd.	India	Financials	-106
Godrej Consumer Products Limited	India	Consumer Staples	-87

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.

FSSA Investment Managers

Portfolio risk analysis - ex-post 3 years annualised to 30 September 2022

Risk measure	Value	Risk description
Beta	0.87	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	-0.13	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	22.87%	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	24.42%	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	8.77%	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)	1.44%	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)	1.27%	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)	3.62	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)	3.56	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)	23.72	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)	22.58	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

FSSA Investment Managers

For further information

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