

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)	376.0
Benchmark	MSCI India Net Index*
Number Of Holdings	44
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 I (Accumulation)	0843670	IE0008369930
FSSA Indian Subcontinent Fund USD Class I (Distributing)	BOFGLM1	IE00BOFGLM12
FSSA Indian Subcontinent Fund USD Class III (Accumulation)	B6Y13T0	IE00B6Y13T06
FSSA Indian Subcontinent Fund EUR Class VI (Accumulation)	BYXW3H8	IE00BYXW3H84

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.

Quarterly Investment Report

30 June 2021

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, Singapore and Edinburgh. 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 June 2021

	12 mths to 30/06/21	12 mths to 30/06/20	12 mths to 30/06/19	12 mths to 30/06/18	12 mths to 30/06/17
FSSA Indian Subcontinent Fund	48.3	-16.4	-1.9	11.7	17.5
MSCI India Net Index	56.4	-17.0	7.9	6.5	17.5

Cumulative Performance in USD (%) to 30 June 2021

	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Indian Subcontinent Fund	1189.6	172.4	59.7	21.6	48.3	12.9	12.9	5.6
MSCI India Net Index	730.2	71.3	75.1	40.0	56.4	12.4	12.4	6.9

Performance Review

Top Contributors over the past 12 months

ICICI Bank continues to benefit after its strong performance in the most recent quarter. 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. Infosys Limited is expected to benefit from the acceleration in demand for digital transformation and cloud services among clients. The recent depreciation of the Indian rupee against the US dollar is also likely to support its profitability.

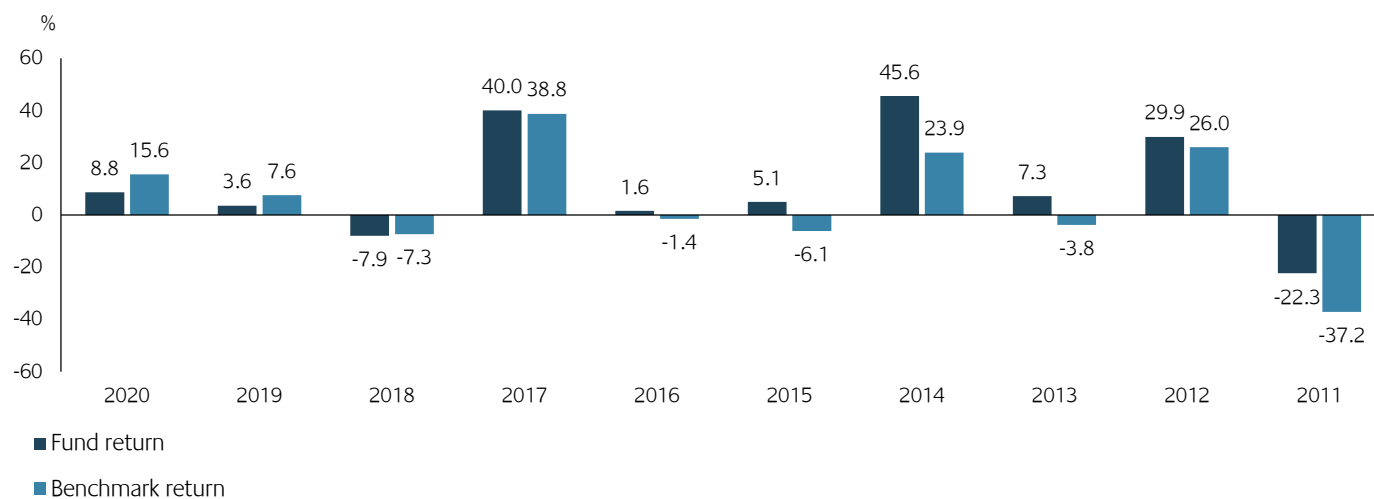
Mahindra Lifespaces gained following strong demand for residential property in Mumbai, its key operating market. The management has communicated its plans to accelerate the company's growth with a revenue target of INR 25 billion in fiscal year (FY) 2025 compared to INR 7 billion in FY 2021.

Bottom Contributors over the past 12 months

Delta Brac Housing Finance Corporation was among the weaker performers over the period, as the Dhaka stock market was closed over much of last year due to Covid.

New additions to the portfolio such as Britannia Industries and Stride Pharma Science were minor detractors from performance, mainly due to their relatively short holding period compared to the strong performance of the portfolio over the past 12 months.

Calendar Year Performance (% in USD) to 30 June 2021



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 June 2021. 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.

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Portfolio Review

We initiated a position in Solara Active Pharma a pure-play Indian API manufacturer, as well as its parent company Strides Pharma Science. After finding that Mr Aditya Puri (who had recently retired as CEO of HDFC Bank) had accepted the position of advisor to the Strides Group, we spoke to the CEOs of various Strides Group companies, their competitors, ex-employees and engaged with Mr Arun Kumar, the group's founder and majority owner. Mr Kumar has a track record of creating significant shareholder value through organic growth and mergers & acquisitions (M&A). We gained confidence that Solara Active Pharma Sciences, a group company, is strongly positioned to capitalise on the opportunities arising from the changes to pharmaceutical supply chains after repeated disruptions in recent years. We believe the growth opportunity ahead of it and its valuations are attractive.

We divested Exide Industries and Aster DM Healthcare, both small holdings to which we lacked the conviction to add.

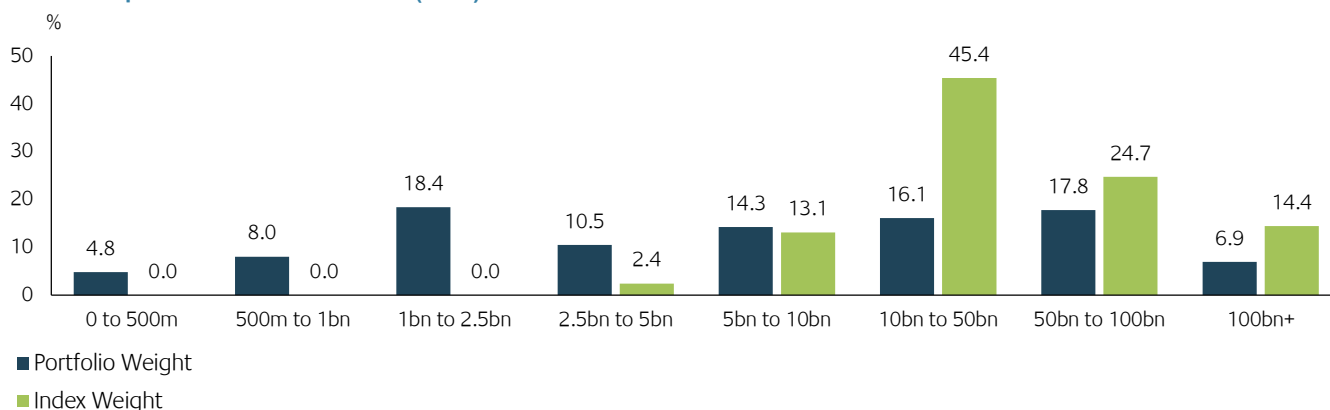
Stock Spotlight

Blue Star is a leading air-conditioner brand in which we have been invested for many years. Mr Vir Advani, from the third generation of its founding family, was appointed CEO in 2016. Under his leadership, the company has gained market share in every year since.

In our past meetings with Mr Advani, he talked about how the company is navigating the increasingly competitive landscape, or about the inevitability for the air-conditioner industry to find alternatives which release less polluting gases. This leads us to believe that he has set his sails prudently for a long-term haul.

More recently, this has been highlighted in Blue Star's performance amid the pandemic. The company reported growth in sales and operating profit in the quarter ended March 2021, compared to the same period in the previous year. Mr Advani remains optimistic about an improvement in Blue Star's profitability despite a significant increase in raw material costs, and has continued to invest in expanding capacity.

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.

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Outlook

Corporate India's resilience was severely tested over the previous decade, as it dealt with a long-drawn downturn. The material price hikes taken by companies indicates a return of confidence which we have not seen for a long time. In our view, it signals strong underlying demand as well as significant gains in market share by these resilient businesses.

One of the key reasons for weak corporate earnings growth in nominal terms in recent years was low inflation. It seems like this is changing and our companies are exercising their pricing power. It is difficult to predict their performance over the next few quarters, as most businesses have been affected by the explosive second wave of Covid-19. Rural demand which had remained strong last year is also likely to be weak in the coming months. Despite this, our conviction in the businesses that we own has become stronger during this period. Their recent performance gives us confidence that as our companies emerge from the pandemic, they will deliver exceptionally strong earnings growth in the years ahead.

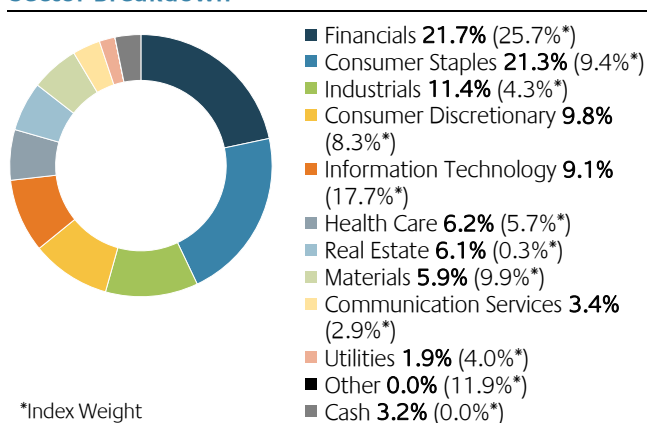
Our long-term investment themes:

- 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.

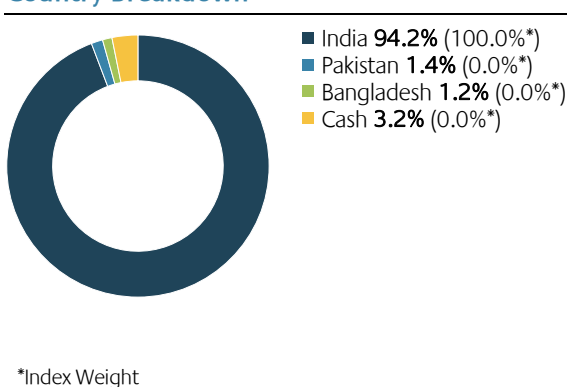
Ten Largest Company Holdings as at 30 June 2021

Stock Name	Country	Sector	Portfolio Weight (%)	Index Weight (%)
ICICI Bank	India	Financials	9.1	5.1
HDFC Bank	India	Financials	5.8	0.0
Infosys Limited	India	Information Technology	5.7	8.5
Godrej Consumer Products Limited	India	Consumer Staples	5.5	0.5
Colgate-Palmolive (India) Limited	India	Consumer Staples	4.5	0.3
Mahindra Forgings Ltd	India	Consumer Discretionary	4.1	0.0
Godrej Industries Limited	India	Industrials	4.0	0.0
Dabur India Limited	India	Consumer Staples	3.7	0.6
Bharti Airtel Limited	India	Communication Services	3.3	2.0
Mahindra Lifespace Developers Limited	India	Real Estate	3.1	0.0

Sector Breakdown



Country Breakdown



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 2021

Stock Name	Country	Sector	Value added (bps*)
Mahindra Forgings Ltd	India	Consumer Discretionary	141
Godrej Consumer Products Limited	India	Consumer Staples	90
Infosys Limited	India	Information Technology	73
ICICI Bank	India	Financials	68
KEI Industries Limited	India	Industrials	49

12 months to 30 June 2021

Stock Name	Country	Sector	Value added (bps*)
ICICI Bank	India	Financials	508
Infosys Limited	India	Information Technology	471
Mahindra Lifespace Developers Limited	India	Real Estate	331
Mahindra Forgings Ltd	India	Consumer Discretionary	290
Emami Limited	India	Consumer Staples	280

Bottom 5 contributors to absolute performance

3 months to 30 June 2021

Stock name	Country	Sector	Value added (bps*)
Blue Star Limited	India	Industrials	-56
Kansai Nerolac Paints Ltd	India	Materials	-20
IIFL Wealth Management Ltd	India	Financials	-14
HDFC Bank INR1	India	Financials	-10
Exide Industries Ltd	India	Consumer Discretionary	-9

12 months to 30 June 2021

Stock name	Country	Sector	Value added (bps*)
Exide Industries Ltd	India	Consumer Discretionary	-30
Strides Pharma Science Limited	India	Health Care	-10
Delta Brac Housing Finance Corporation Ltd.	Bangladesh	Financials	-9
Britannia Industries Ltd	India	Consumer Staples	-6
Biocon Ltd	India	Health Care	-3

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.

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Portfolio Risk Analysis - Ex-Post 3 Years Annualised to 30 June 2021

Risk Measure	Value	Risk Description
Beta	0.91	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	-0.28	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	23.70%	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	24.50%	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	8.24%	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 2021

Risk Measure	Value	Risk Description
Dividend Yield (Fund)	1.05%	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)	1.04%	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)	4.56	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 Book (Index)	3.66	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)	35.15	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)	27.81	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.



Disclaimer

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

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Representative and Paying Agent in Switzerland: The representative and paying agent in Switzerland is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. Place where the relevant documentation may be obtained: The prospectus, key investor information documents (KIIDs), the instrument of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

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