

FSSA Global Emerging Markets 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 70% in shares of large and mid-sized companies based in emerging markets. This includes companies that are listed on exchanges in developed markets where the majority of their activities take place in emerging markets. These companies generally have a total stock market value of at least US\$1 billion. Emerging market countries are those which are not classified as developed markets by MSCI or FTSE, or which are categorised by the World Bank as middle or low-income, or which are not members of the Organisation for Economic Co-operation and Development. 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	28 September 2017
Fund size (£m)	67.4
UK's investment association sector	Global Emerging Markets
Benchmark	MSCI Emerging Markets Net Index*
Number of holdings	43
Fund manager(s)	Rasmus Nemmoie/Naren Gorthy
Research rating ^	RSM:Rated
Fund yield	0.0%

* The benchmark and IA sector for this Fund have been identified as a means by which investors can compare the performance of the Fund and have been chosen because their constituents most closely represent the scope of the investable assets. The benchmark and sector are not used to limit or constrain how the portfolio is constructed nor are they 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 Global Emerging Markets 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.**
- **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.

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 Global Emerging Markets Focus Fund EUR Class B (Accumulation)	BZCCYF1	GB00BZCCYF18
FSSA Global Emerging Markets Focus Fund GBP Class B (Accumulation)	BZCCYG2	GB00BZCCYG25
FSSA Global Emerging Markets Focus Fund GBP Class E (Accumulation)	BZ8GV67	GB00BZ8GV678

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 Global Emerging Markets Focus Fund	-0.3	46.4	-20.7	0.7	-
MSCI Emerging Markets Net Index	-7.1	42.3	-13.5	-0.3	-
Sector return	-9.0	48.6	-14.9	-1.6	-

Cumulative performance in GBP (%) to 31 March 2022

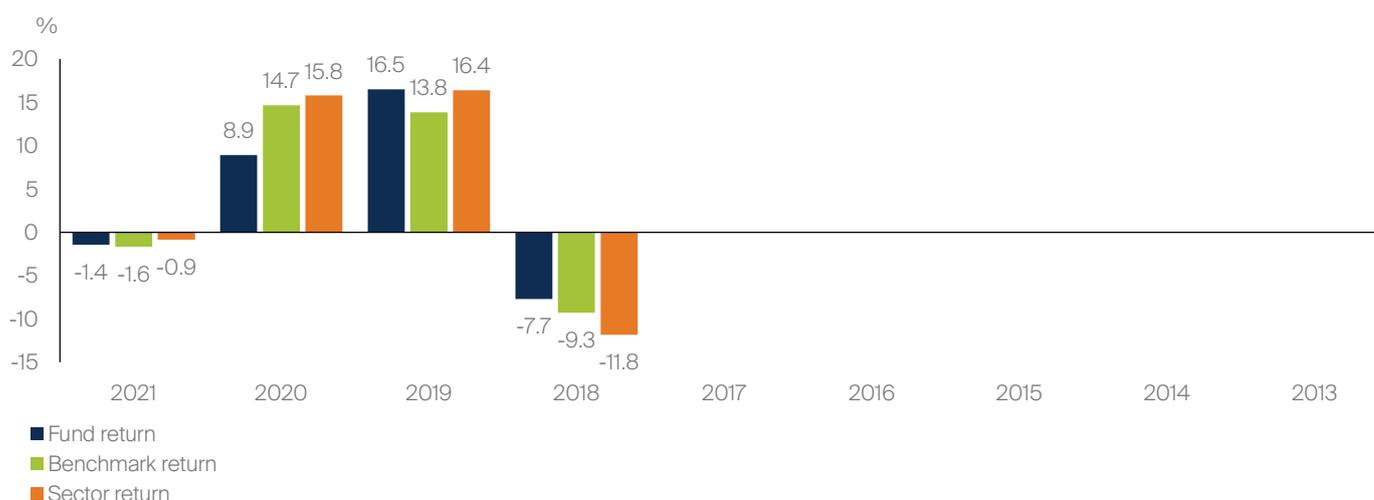
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Global Emerging Markets Focus Fund	23.0	-	-	15.8	-0.3	-0.8	-2.2	-0.8
MSCI Emerging Markets Net Index	15.7	-	-	14.4	-7.1	-4.3	-6.0	-4.3
Sector return	14.6	-	-	15.8	-9.0	-6.8	-8.6	-6.8

Performance review

Key contributors to performance over the past 12 months included Alsea, as positive news about vaccine rollouts in Mexico and South America suggested a recovery may be on the way. ICICI Bank performed well over the year as it continued to focus on changing its culture, improving processes and customer service, and lending to the best customers. We believe 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. Meanwhile, Prosus weakened as its portfolio company Tencent declined on concerns about the regulatory environment and a slowdown in revenue growth, and JD.com weakened on generally negative sentiment about Chinese internet companies.

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 01 December 2017. All performance data for the FSSA Global Emerging Markets 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 Global Emerging Markets Focus Fund was rebranded as FSSA Global Emerging Markets Focus Fund.

Portfolio review

There were no significant new purchases over the quarter.

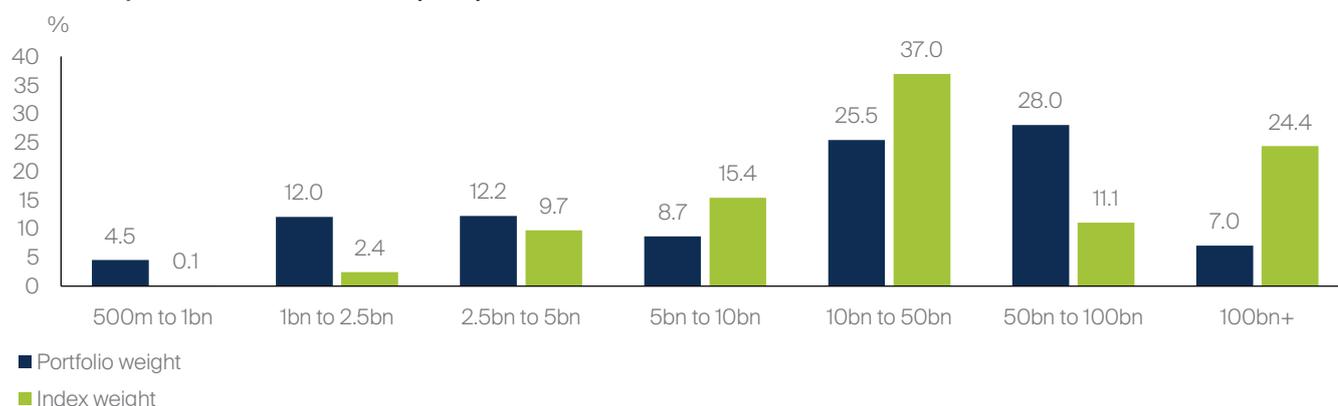
We divested Fomento Economico Mexicano (FEMSA) on concerns about its capital allocation decisions, after it made several acquisitions in the US unrelated to its core Latin America retail business. Disclosures around the US businesses were opaque, which made it harder for outside investors to understand.

Stock spotlight

Anta Group exemplifies the power of a strong domestic brand, which last year helped the company rebound from its initial pandemic weakness. In our view, Anta is China's most successful sportswear company, and one of the few Chinese companies that has proven its ability to build and run multiple strong consumer brands.

Few companies know Chinese consumers better than Anta, as its direct retail sales and data- and survey-driven consumer analytics bring the company much closer to its customers. We believe the "Anta System" that enabled FILA's success can be replicated across its other brands as well. As a fashion-related brand, there will always be some level of customer attrition, but as long as Anta can attract new customers (with Kids, Fusion and its performance sportswear range, as well as more efforts to target the underrepresented female customer segment), we believe it can significantly prolong its brand life-cycle and continue to grow sales.

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

Looking ahead, we continue to be optimistic about the prospects of our holdings. Despite ongoing headwinds – whether from the pandemic, or concerns about higher inflation, or a stock market that is hooked on stimulus that appears to be withdrawing – we believe these factors are transitory in nature and should eventually stabilise.

More importantly, our portfolio is made up of high-quality companies with a track record of navigating challenging environments as demonstrated over the past two years, which allows us to sleep well at night. We continue to expect our holdings to deliver 14-15% annualised earnings and free cash flow growth over the mid-to-long term, which should mean resilience in the face of adverse headwinds. Strong competitive advantages, defensive balance sheets, attractive growth opportunities and solid management teams – the core, timeless pillars of our investment philosophy – should continue to make our holdings well positioned to generate attractive risk-adjusted returns in the coming years.

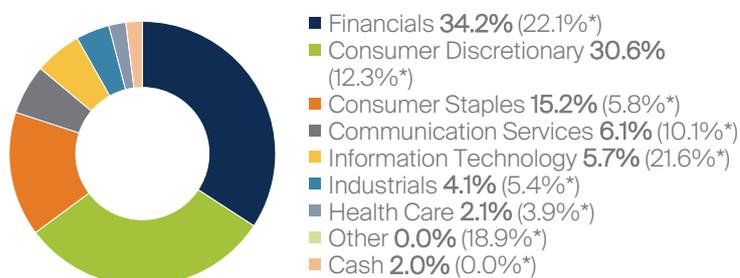
Our long-term investment themes:

- 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 growing trend of digitalisation and online services.

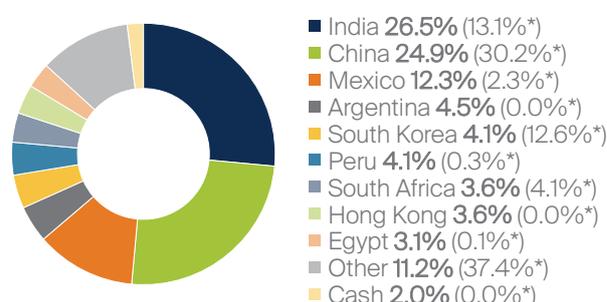
Ten largest company holdings as at 31 March 2022

Stock name	Country	Sector	Portfolio weight (%)
HDFC Bank	India	Financials	6.1
ICICI Bank	India	Financials	6.0
Alsea, S.A.B. de C.V.	Mexico	Consumer Discretionary	5.7
JD.com, Inc. Sponsored ADR Class A	China	Consumer Discretionary	4.6
Despegar.com, Corp.	Argentina	Consumer Discretionary	4.5
Credicorp Ltd.	Peru	Financials	4.1
Tencent Holdings Ltd.	China	Communication Services	4.1
Capitec Bank Holdings Limited	South Africa	Financials	3.6
ICICI Lombard General Insurance Co. Ltd.	India	Financials	3.5
Grupo Aeroportuario del Sureste SA de CV Class B	Mexico	Industrials	3.3

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 31 March 2022

Stock name	Country	Sector	Value added (bps*)
Alesa, S.A.B. de C.V.	Mexico	Consumer Discretionary	153
Credicorp Ltd.	Peru	Financials	125
Despegar.com, Corp.	Argentina	Consumer Discretionary	100
Capitec Bank Holdings Limited	South Africa	Financials	84
PT Bank Central Asia Tbk	Indonesia	Financials	36

12 months to 31 March 2022

Stock name	Country	Sector	Value added (bps*)
Alesa, S.A.B. de C.V.	Mexico	Consumer Discretionary	249
Capitec Bank Holdings Limited	South Africa	Financials	193
ICICI Bank	India	Financials	137
PT Bank Central Asia Tbk	Indonesia	Financials	106
Credicorp Ltd.	Peru	Financials	102

Bottom 5 contributors to absolute performance

3 months to 31 March 2022

Stock name	Country	Sector	Value added (bps*)
Prosus N.V. Eur0.05	China	Consumer Discretionary	-130
JD.com, Inc. Sponsored ADR Class A	China	Consumer Discretionary	-80
Commercial International Bank (Egypt) SAE	Egypt	Financials	-66
Tencent Holdings Ltd.	China	Communication Services	-59
Yum China Holdings Inc Com	China	Consumer Discretionary	-57

12 months to 31 March 2022

Stock name	Country	Sector	Value added (bps*)
Prosus N.V. Eur0.05	China	Consumer Discretionary	-263
JD.com, Inc. Sponsored ADR Class A	China	Consumer Discretionary	-158
Tencent Holdings Ltd.	China	Communication Services	-142
Yum China Holdings Inc Com	China	Consumer Discretionary	-112
TravelSky Technology Ltd. Class H	China	Information Technology	-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 GBP, 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 31 March 2022

Risk measure	Value	Risk description
Beta	1.09	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	0.15	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	17.96%	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	13.81%	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	9.89%	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)	0.72%	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)	2.42%	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)	3.33	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)	2.04	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)	20.71	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)	12.56	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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