

# FSSA Global Emerging Markets 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 in emerging markets or whose business is predominantly based in emerging markets. This includes companies that are listed on exchanges in developed markets whose activities predominantly take place in emerging market countries. Large and mid sized companies generally have a total stock market value of at least US\$1 billion.

The Fund may invest up to 100% in Emerging Markets, or in any industry. The Fund will not invest more than 50% of its assets in China A Shares.

The Fund may use derivatives to reduce risk or to manage the Fund more efficiently.

## Fund information

Fund launch date	23 November 2018
Fund size (US\$m)	45.3
Benchmark	MSCI Emerging Markets Net Index
Number of holdings	38
Fund manager(s)	Rasmus Nemmoe

## Available share classes

Share class	Sedol	ISIN
FSSA Global Emerging Markets Focus Fund GBP Class VI (Accumulation)	BGV7N02	IE00BGV7N029
FSSA Global Emerging Markets Focus Fund USD Class VI (Accumulation)	BZ1NMJ5	IE00BZ1NMJ50
FSSA Global Emerging Markets Focus Fund EUR Class VI (Accumulation)	BGV7N13	IE00BGV7N136
FSSA Global Emerging Markets Focus Fund USD Class I (Accumulation)	BKMDQ97	IE00BKMDQ976
FSSA Global Emerging Markets Focus Fund USD Class E (Accumulation)	BSKSK09	IE000VDFMOQ9
FSSA Global Emerging Markets Focus Fund GBP Class E (Accumulation)	BSKSJZ7	IE000C5AFK35
FSSA Global Emerging Markets Focus Fund EUR Class E (Accumulation)	BSKSJX5	IE000SVP8HD5
FSSA Global Emerging Markets Focus Fund SGD Class I (Accumulation)	BGV7N24	IE00BGV7N243

## 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.

#### Risk factors

This document is a financial promotion for the FSSA Global Emerging Markets 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.

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 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.**

#### Annual performance in USD (%) to 30 June 2025

	12 mths to 30/06/25	12 mths to 30/06/24	12 mths to 30/06/23	12 mths to 30/06/22	12 mths to 30/06/21
FSSA Global Emerging Markets Focus Fund	18.8	10.1	5.1	-15.7	38.6
MSCI Emerging Markets Net Index	15.3	12.5	1.7	-25.3	40.9

#### Cumulative performance in USD (%) to 30 June 2025

	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Global Emerging Markets Focus Fund	45.3	-	60.6	37.5	18.8	15.3	15.3	12.5
MSCI Emerging Markets Net Index	42.0	-	39.0	32.0	15.3	15.3	15.3	12.0

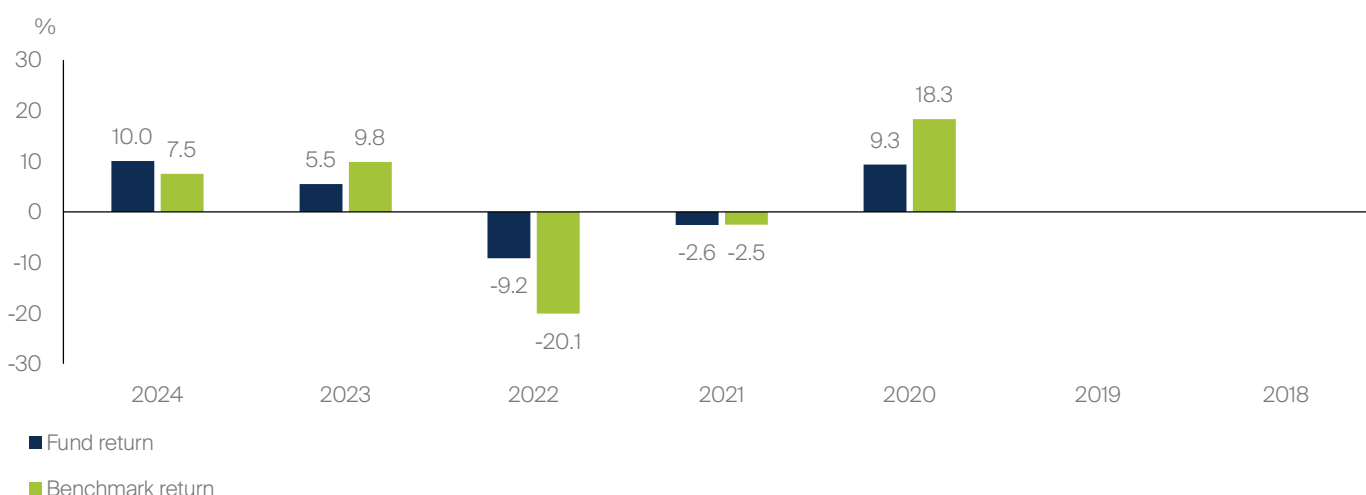
#### Performance review

Over the past 12 months, key contributors to performance included **Tencent**, as its rapid integration of the DeepSeek model into WeChat as well as various other business segments suggests that it should be able to continue to strengthen its ecosystem – and continue to enjoy the network effects – in the coming AI era. **Mercadolibre** rose as it continued to see strong growth in ecommerce across its major markets of Brazil, Mexico and Argentina. In addition, there should be limited direct impact from tariffs as it mainly targets domestic customers in Latin America.

On the negative side, our Mexican holdings have suffered from the broad sell-off in the market. **Alsea** also declined, despite strong

performance in its home market Mexico, due to the weakness in its European business (Starbucks has been subject to boycotts). The company was also negatively impacted by the Mexican peso depreciation during 2024, as it held considerable US dollar and euro denominated debt. This has now been refinanced into peso and euro borrowings (in proportion to its European cash flows), which should improve its non-operating costs. Raia Drogasil declined after reporting weaker-than-expected earnings results. Same store sales growth slowed sharply in the first quarter of 2025, while gross margin was under pressure due to higher inventory losses as well as the sales mix and pricing/promotions.

#### Calendar year performance (% in USD) to 30 June 2025



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 04 September 2019. All performance data for the FSSA Global Emerging Markets Focus Fund Class VI (Accumulation) USD as at 30 June 2025. 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.

## Portfolio review

New purchases over the quarter included **Trip.com**, China's largest online travel booking app. The company has a well-established domestic franchise and a growing contribution from overseas travel, which generates higher margins. Trip.com has executed well so far – both operationally and in terms of capital allocation – and we believe it could grow significantly over the next 5-10 years. Meanwhile, we have seen progress from our engagement with management, and we believe corporate governance, management incentive structures and disclosures are improving.

There were no significant disposals over the quarter.

## Stock spotlight

We believe **Taiwan Semiconductor (TSMC)** is one of the best ways to capture the rising trend of artificial intelligence (AI), smart devices and the Internet of Things (IoT). Established in 1987, TSMC was the pioneer of the foundry model, which separated semiconductor chip designs (produced by fabless companies) from the fabrication or manufacturing process (outsourced to a foundry).

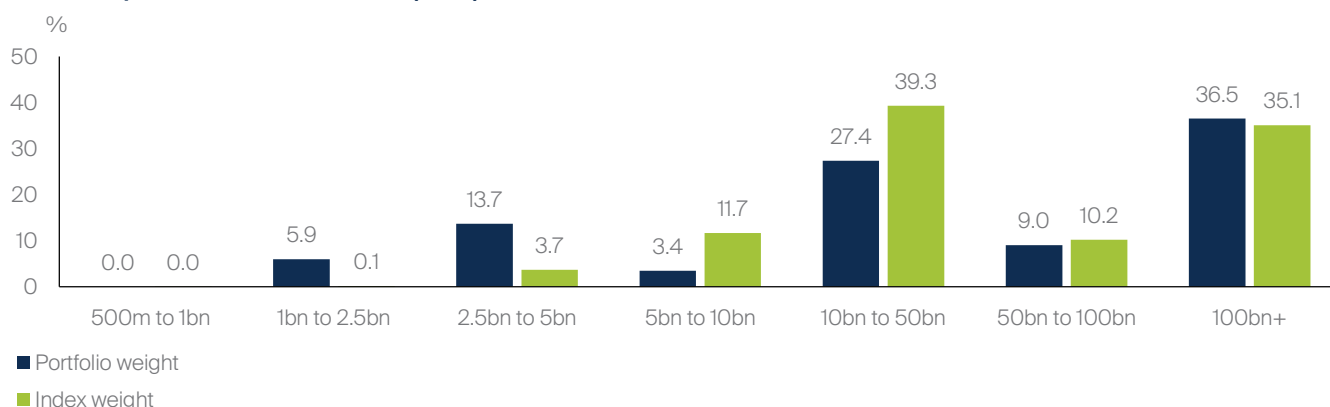
TSMC has become the world's largest dedicated contract chip manufacturer, with more than 50% market share. Growth has remained strong due to its advanced technology and strategy of partnering with, instead of competing with, its customers. The benefits of this are twofold – its customers don't have to worry about intellectual property transfer, while TSMC gains exposure to the latest technology trends and doesn't have to worry about tech obsolescence. This strengthens TSMC's economic resilience and reinforces its leading position within the ecosystem.

Although its growth will eventually taper off due to the law of large numbers (it is now among the 10 largest companies in the world), for now it should continue to gain market share and outpace the overall industry. It has demonstrated pricing power amid strong customer demand, which can in turn drive more investments in a virtuous cycle.

Despite its asset intensive nature, TSMC has maintained attractive returns on equity, while profitability is near record highs driven by operating leverage and higher utilisation rates. But while the management are still very confident, we worry that the industry is getting carried away with the AI-hype.

A recent risk is the added complexity from geopolitics and de-globalisation. As TSMC diversifies geographically and capital expenditure increases, there are grounds for expecting lower marginal returns on capital. For example, TSMC's expansion into the US is turning out to be harder than expected, due to issues around recruitment and training. Having plants outside Taiwan is likely going to dilute returns.

## 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 ongoing news about US tariffs continue to affect global markets, the Fund's holdings are likely to remain resilient through this period. The Fund invests in businesses that have proven management teams and competitive advantages that allow them to capitalise on the long-term secular trends that exist across emerging markets. Whether it is the formalisation of the Indian economy, the continued financialisation of the South African population or the growing adoption of enterprise resource planning (ERP) software by small-to-medium-sized Brazilian companies, the investment opportunities are plenty. Yet, these kinds of businesses are often not well represented in broader indices; thus, a bottom-up active investment approach has much value to add.

Competitive advantages in the form of strong brands, distribution advantages, cost leadership or simply providing a service/product that customers cannot live without, are the main traits that characterise our companies. We believe the current correction in share prices presents an excellent opportunity for long-term investors like us to accumulate leading franchises at attractive prices.

The Fund's holdings continue to offer long-term attractive compounding opportunities, and our analysis suggests that they can grow earnings at mid to high teens on a weighted average basis over the medium term. For this kind of growth, the portfolio's aggregate valuations, at around 6% free cash flow yield or a 18x price-to-earnings ratio (PER) seem reasonable (and sustainable) to us. This makes us optimistic from both an absolute and a relative perspective.

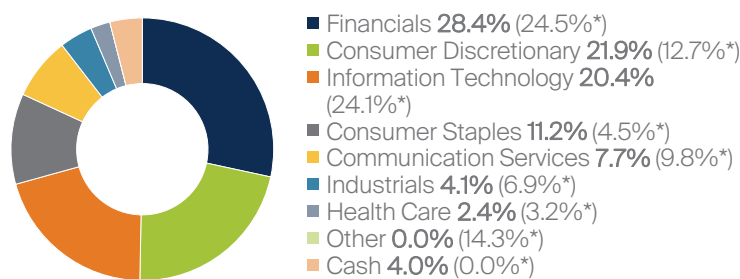
### Our long-term investment themes:

- 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 30 June 2025

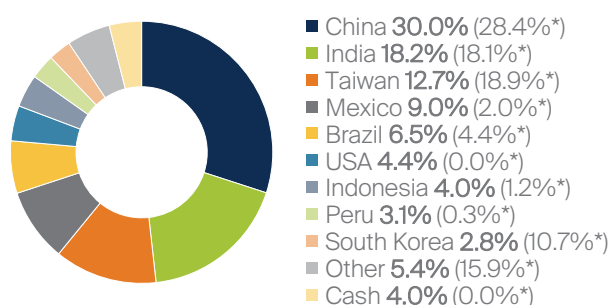
Stock name	Country	Sector	Portfolio weight (%)
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	7.9
Tencent Holdings Ltd	China	Communication Services	6.3
Prosus N.V. Eur0.05	China	Consumer Discretionary	5.9
MercadoLibre, Inc.	USA	Consumer Discretionary	4.4
ICICI Lombard General Insurance Co. Ltd.	India	Financials	3.8
Totvs S.A.	Brazil	Information Technology	3.8
ICICI Bank Limited	India	Financials	3.7
ANTA Sports Products Ltd.	China	Consumer Discretionary	3.5
HDFC Bank	India	Financials	3.2
Credicorp Ltd.	Peru	Financials	3.1

## 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%.

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.

## Top 5 contributors to absolute performance

### 3 months to 30 June 2025

Stock name	Country	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	226
MercadoLibre, Inc.	USA	Consumer Discretionary	131
SK hynix Inc.	South Korea	Information Technology	125
Prosus N.V. Eur0.05	China	Consumer Discretionary	117
Totvs S.A.	Brazil	Information Technology	110

### 12 months to 30 June 2025

Stock name	Country	Sector	Value added (bps*)
Prosus N.V. Eur0.05	China	Consumer Discretionary	262
MercadoLibre, Inc.	USA	Consumer Discretionary	213
Tencent Holdings Ltd	China	Communication Services	200
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	175
Despegar.com, Corp.	Argentina	Consumer Discretionary	168

## Bottom 5 contributors to absolute performance

### 3 months to 30 June 2025

Stock name	Country	Sector	Value added (bps*)
Sichuan Swellfun 'A' CNY1	China	Consumer Staples	-29
PDD Holdings Inc. Sponsored ADR Class A	China	Consumer Discretionary	-17
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	-13
Raia Drogasil S.A.	Brazil	Consumer Staples	-13
Huazhu Group Ltd USD0.00001	China	Consumer Discretionary	-11

### 12 months to 30 June 2025

Stock name	Country	Sector	Value added (bps*)
Alsea, S.A.B. de C.V.	Mexico	Consumer Discretionary	-181
Shenzhen Mindray Bio-Medic-A	China	Health Care	-49
Raia Drogasil S.A.	Brazil	Consumer Staples	-43
PT Bank Rakyat Indonesia (Persero) Tbk Class B	Indonesia	Financials	-37
Amorepacific Corp.	South Korea	Consumer Staples	-26

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 June 2025**

Risk measure	Value	Risk description
Beta	0.97	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	0.43	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	17.27%	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	16.90%	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	5.74%	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 2025**

Risk measure	Value	Risk description
Dividend Yield (Fund)	1.86%	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)	2.56%	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)	3.80	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)	2.11	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)	18.68	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)	14.22	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

This document has been prepared for informational purposes only and is only intended to provide a summary of the subject matter covered and does not purport to be comprehensive. The views expressed are the views of the writer at the time of issue and may change over time. It does not constitute investment advice and/or a recommendation and should not be used as the basis of any investment decision. This document is not an offer document and does not constitute an offer or invitation or investment recommendation to distribute or purchase securities, shares, units or other interests or to enter into an investment agreement. No person should rely on the content and/or act on the basis of any material contained in this document.

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

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Certain funds referred to in this document are identified as sub-funds of First Sentier Investors Global Umbrella Fund plc, an umbrella investment company registered in Ireland ("VCC"). Further information is contained in the Prospectus and Key Information Documents of the VCC which are available free of charge by writing to: Client Services, First Sentier Investors, 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland or by telephoning +353 1 635 6798 between 9am and 5pm (Dublin time) Monday to Friday or by visiting [www.firstsentierinvestors.com](http://www.firstsentierinvestors.com). Telephone calls may be recorded. The distribution or purchase of shares in the funds, or entering into an investment agreement with First Sentier Investors may be restricted in certain jurisdictions.

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