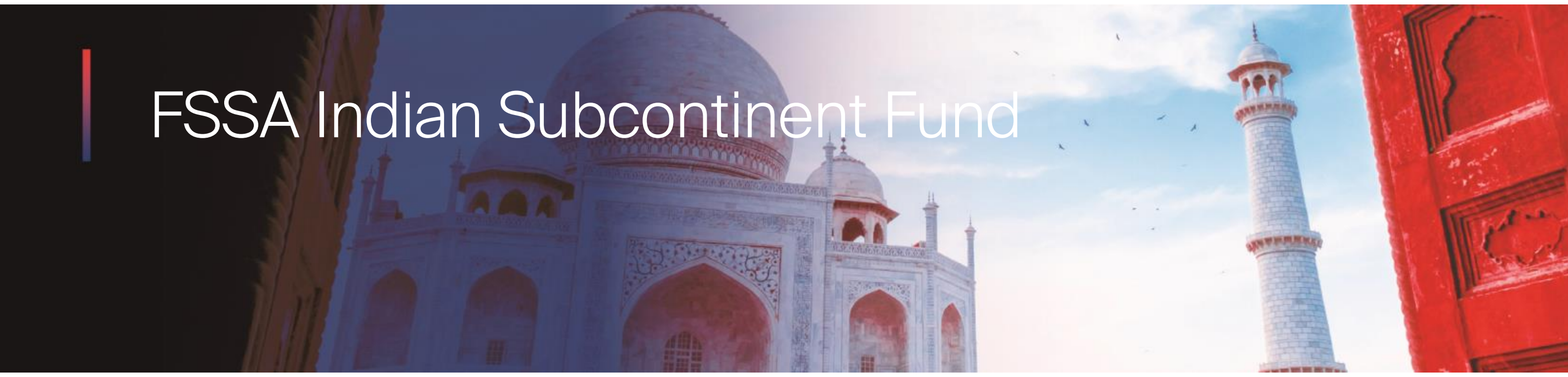
Quarterly Investment Report

30 June 2022



FSSA Indian Subcontinent Fund

- The Fund invests primarily in equity and equity related securities in Indian subcontinent which may expose to potential changes in tax, political, social and economic environment.
- The Fund invests in emerging markets which may have increased risks than developed markets including liquidity risk, currency risk/control, political and economic uncertainties, high degree of volatility, settlement risk and custody risk. Investing in small /mid-capitalisation securities may have lower liquidity and their prices are more volatile to adverse economic developments. The Fund's investments may be concentrated in a single country/ sector, specific region or small numbers of countries/ companies which may have higher volatility or greater loss of capital than more diversified portfolios.
- The Fund may use FDIs for hedging and efficient portfolio management purposes, which may subject the Fund to additional liquidity, valuation, counterparty and over the counter transaction risks.
- It is possible that a part or entire value of your investment could be lost. You should not base your investment decision solely on this document. Please read the offering document including risk factors for details.

Investment objective and strategy

The Fund aims to achieve long term capital appreciation and invests primarily in a diversified portfolio of equity and equity related securities issued by companies of the Indian subcontinent. Countries of the Indian subcontinent include India, Pakistan, Sri Lanka and Bangladesh. The Fund concentrates on securities that are listed, traded or dealt in on regulated markets in the Indian subcontinent and offshore instruments issued by companies established or operating or have significant interests in the Indian subcontinent and listed on other regulated markets.

Fund information

Fund size (US$m)	279.9
Benchmark	MSCI India Net Index
Number of holdings	35

Available share classes

Share class+	Inception date	Nav/per share	ISIN code
Class I (USD - Acc)	23 August 1999	US$119.60	IE0008369930

+ Acc represents share class with dividends accumulated.

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.

Annual performance (% in USD) to 30 June 2022

	12 mths to 30/06/22	12 mths to 30/06/21	12 mths to 30/06/20	12 mths to 30/06/19	12 mths to 30/06/18
FSSA Indian Subcontinent Fund Class I (USD - Acc)	-7.3	48.3	-16.4	-1.9	11.7
FSSA Indian Subcontinent Fund Class II (USD - Acc)	-7.0	48.7	-16.2	-1.6	12.0
MSCI India Net Index	-4.8	56.4	-17.0	7.9	6.5

Cumulative performance (% in USD) to 30 June 2022

	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Indian Subcontinent Fund Class I (USD - Acc)	1096.0	208.1	26.0	15.0	-7.3	-13.7	-13.7	-7.8
FSSA Indian Subcontinent Fund Class II (USD - Acc)	627.6	197.6	27.6	15.8	-7.0	-13.6	-13.6	-7.7
MSCI India Net Index	690.4	118.7	41.9	23.5	-4.8	-15.2	-15.2	-13.6

Performance review

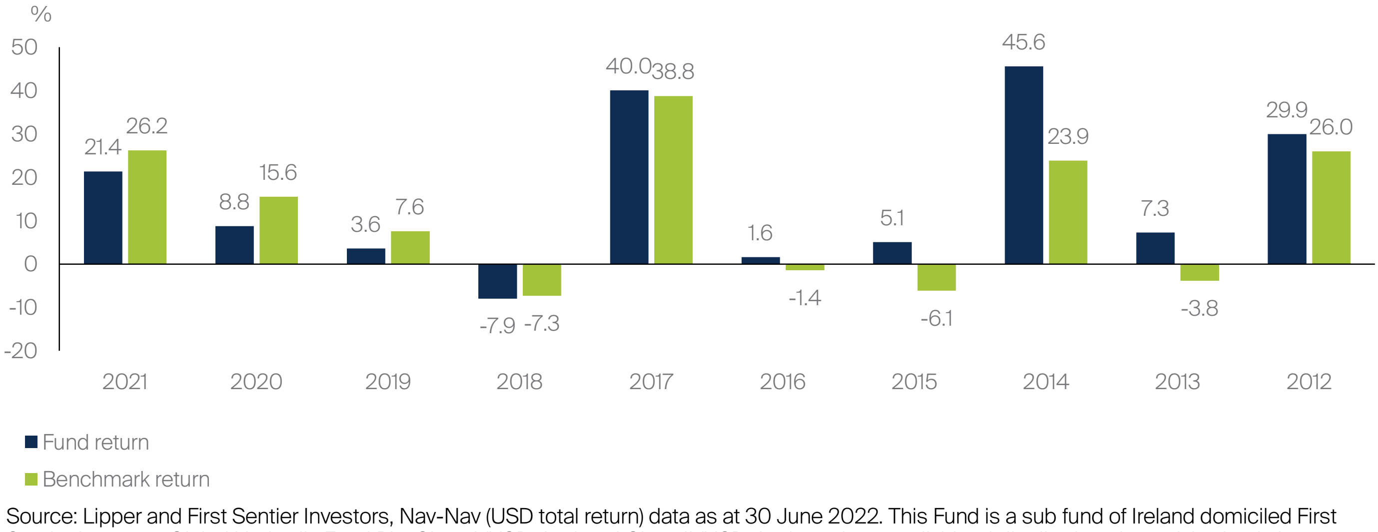
Top Contributors over the past 12 months

Mahindra Lifespaces gained following strong demand for residential property across its key operating markets. The management has communicated its plans to accelerate the company's growth and has picked up the pace of land acquisitions and project launches. The company is expected to benefit from the government's focus on affordable housing and rising income levels, amidst a significantly consolidated real estate industry.
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 cancelled its plans to merge with Aurore, as Aurore did not meet its performance expectations. The CEO of Solara (previously from Aurore) also resigned as part of the cancellation of this transaction. He was replaced by the ex-CEO of Solara who has returned 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 June 2022



Source: Lipper and First Sentier Investors, Nav-Nav (USD total return) data as at 30 June 2022. This Fund is a sub fund of Ireland domiciled First Sentier Investors Global Umbrella Fund Plc. Class I (USD-Acc) and Class II (USD-Acc) are the non-dividend distributing class of the fund, the performance quoted are based on USD total return (non-dividend distributing). Class II (USD-Acc) was launched on 7 February 1994 and has been closed for subscription. Gross of tax benchmark performance is shown before 1 July 2016 and net of tax benchmark performance is shown after the aforementioned date. Class I (USD - Acc) performance is shown in the above chart. Unless otherwise specified, all information contained in this document is as at 30 June 2022. Investment involves risks, past performance is not a guide to future performance. On 22 September 2020, First State Indian Subcontinent Fund was rebranded as FSSA Indian Subcontinent Fund.

Portfolio review

We bought Mahindra & Mahindra Financial Services, a non-bank lending corporation which focuses on vehicle finance. In recent years, operating performance at the company has been weak for several reasons. We believe, with the changes underway across the Mahindra Group, this company is a promising turnaround candidate with inherent high profitability, strong parent oversight and reasonable valuations. We are seeing signs of a positive cultural shift, such as more equity-based incentives for top management. We also purchased a toehold in Akzo Nobel India, which operates in paints and coatings. The parent company has been a significant laggard across Asia, but seems to have greater intent to grow the region's business while raising margins and transparency.

There were no significant disposals over the quarter.

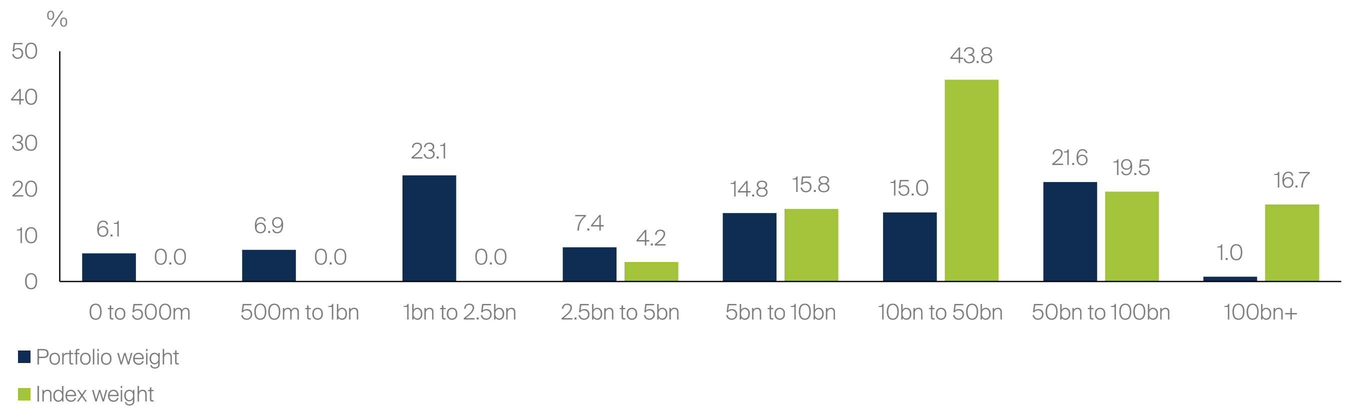
Stock spotlight

We have always held Mahindra & Mahindra (M&M) in high regard for the benchmarks of corporate governance standards they have set in India. However, we have observed a weakness in the group's capital allocation discipline over the last decade. Our engagement with the senior management of M&M culminated in a letter to the chairman, where we highlighted our concerns. In his reply, the chairman acknowledged the issues and pointed towards the initiatives being taken to improve the group's returns. We also noted that there was an ongoing generational change in M&M's board and management team. As longstanding directors and key senior executives retired, younger board members and managers took charge.

We have been encouraged by the management's decision to "walk the talk" by stopping incremental investments and exiting several poorly performing businesses. Our discussions have indicated that there will be more exits from larger operations if they fail to meet ROE targets. The group has increased its focus on growing its core businesses – automotive, farm, financial services and IT services. These businesses have long track records of profitable operations and the opportunity to scale-up significantly in the coming years.

Scanning the radar for signs of management and ownership changes is a critical part of our investment process. We have repeatedly observed that these events can lead to substantial shareholder returns in subsequent periods. We believe we are at the early stages of such a rejuvenation at M&M.

Market capitalisation breakdown (USD)



Data source: First Sentier Investors. 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. 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. The index refers to MSCI India Net Index.

Outlook

In the mid-2000s, when the Indian stock market was melting up (alongside global markets), it was the infrastructure and the real estate companies that were the darlings of the market. It was all about land banks and order books and it seemed certain that these business would become multi-billion-dollar enterprises over the next five to ten years. Then, when the markets began to wobble, these stocks fell quite substantially from their peaks. Without pretending to be a macro expert, it looks like we are probably at a similar stage in India with respect to some of the recent 'new age' initial public offerings (IPOs). Businesses with questionable business models but fancy spreadsheet models listed themselves at ludicrous valuations; and we mostly watched from the sidelines For a time, our conservative stance made us question our convictions, as companies we thought were very expensive to begin with went on to double on the day of listing as a matter of daily occurrence. But now, we are once again seeing a wobble among these present-day market darlings, which might be putting it mildly.

For example, companies such as PayTM, Policybazaar, Cartrade, Zomato and Nykaa have all fallen substantially this year. We are sure that a few of India's leading online businesses will emerge out of the rubble, but for now, we are yet to find any compelling investments.

In a similar vein, we have been assessing several manufacturing businesses which have been recent beneficiaries of the systemic inefficiencies created by the pandemic or by geopolitical tensions. Growth rates for these businesses have accelerated in recent years alongside higher profitability and the market rewarded them with higher valuations too. With our risk-reward hats on, we stayed away. That is, until recently, when we followed one of India's most respected bankers who became chairperson of a seemingly well-run and fairly valued active pharmaceutical ingredient (API) manufacturer. The cycle then turned, as it always does, and the company's shortfalls were exposed. Regardless of the fact that the business is being repaired and should limp back to health in the medium term, this was a mistake that we could have avoided in hindsight. Fresh from our trip to Mumbai and Delhi, it does seem that growth expectations are being reset, cost inflation is being built into margins and some sort of sobriety is returning to how these erstwhile high-flying companies are valued. We remain on guard, keen not to repeat old mistakes.

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 2022

Stock name	Country	Sector	Portfolio weight (%)
HDFC Bank	India	Financials	9.2
ICICI Bank	India	Financials	8.6
Colgate-Palmolive (India) Limited	India	Consumer Staples	6.7
Bajaj Auto Limited.	India	Consumer Discretionary	5.8
Mahindra & Mahindra	India	Consumer Discretionary	4.9
Mahindra Forgings Ltd	India	Consumer Discretionary	4.6
Kotak Mahindra Bank Limited	India	Financials	4.2
Godrej Industries Limited	India	Industrials	4.1
Godrej Consumer Products Limited	India	Consumer Staples	4.0
Blue Star Limited	India	Industrials	3.6

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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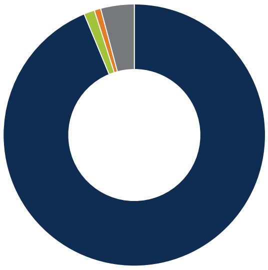
Sector breakdown

*Index weight

Country breakdown



*Index weight

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Top 5 contributors to absolute performance

3 months to 30 June 2022

Stock name	Country	Sector	Value added (bps*)
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	125
Mahindra Forgings Ltd	India	Consumer Discretionary	98
Bosch Limited	India	Consumer Discretionary	5
Lumax Auto Technologies Ltd	India	Consumer Discretionary	2
Akzo Nobel India	India	Materials	1

12 months to 30 June 2022

Stock name	Country	Sector	Value added (bps*)
Mahindra Lifespace Developers Limited	India	Real Estate	193
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	94
KEI Industries Limited	India	Industrials	89
ICICI Bank	India	Financials	81
Bharti Airtel Limited	India	Communication Services	79

Bottom 5 contributors to absolute performance

3 months to 30 June 2022

Stock name	Country	Sector	Value added (bps*)
Solara Active Phar Inr10	India	Health Care	-111
HDFC Bank INR1	India	Financials	-105
Blue Star Limited	India	Industrials	-72
Infosys Limited	India	Information Technology	-68
ICICI Bank	India	Financials	-60

12 months to 30 June 2022

Stock name	Country	Sector	Value added (bps*)
Solara Active Phar Inr10	India	Health Care	-263
HDFC Bank INR1	India	Financials	-153
Godrej Industries Limited	India	Industrials	-143
ICICI Lombard General Insurance Co. Ltd.	India	Financials	-106
Mahanagar Gas Ltd	India	Utilities	-92

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.

Important information