

FSSA Japan Equity Fund

-The Fund invests primarily in equity securities and equity related securities which are established or have significant operations in Japan and which are listed, traded or dealt in on regulated markets worldwide.

-The Fund's investments will be concentrated in Japan or may be concentrated in a single sector which may have higher volatility or greater loss of capital than more diversified portfolios.

-Investing in small /mid-capitalisation securities may have lower liquidity and their prices are more volatile to adverse economic developments.

-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 portfolio of equity and equity related securities which are established or have significant operations in Japan and which are listed, traded or dealt in on regulated markets worldwide.

Fund information

Fund size (US\$m)	209.8
Benchmark	TOPIX Net Total Return Index [▲]
Number of holdings	52

Available share classes

Share class ⁺	Inception date	Nav/per share	ISIN code
Class I (USD - Acc)	06 September 2016	US\$13.22	IE00BSJWPN04

⁺ Acc represents share class with dividends accumulated.

[▲] With effect from 9 December 2021 the benchmark has been changed from MSCI Japan Index to TOPIX (Tokyo Stock Price Index) (Net Total Return).

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 September 2023

	12 mths to 30/09/23	12 mths to 30/09/22	12 mths to 30/09/21	12 mths to 30/09/20	12 mths to 30/09/19
FSSA Japan Equity Fund Class I (USD - Acc)	1.5	-45.0	24.8	30.8	-1.4
TOPIX Net Total Return Index	25.4	-28.2	22.1	6.9	-4.7

Cumulative performance (% in USD) to 30 September 2023

	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Japan Equity Fund Class I (USD - Acc)	32.2	-	-10.2	-30.4	1.5	-10.4	-13.3	-10.2
TOPIX Net Total Return Index	39.1	-	11.9	9.9	25.4	10.7	4.4	-0.9

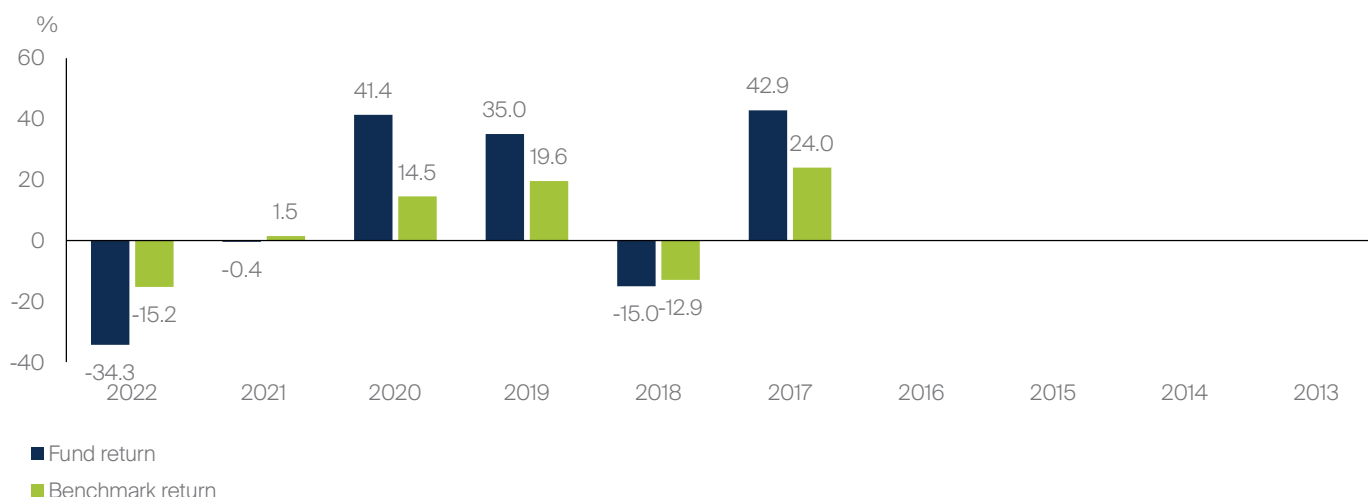
Performance review

Over the last 12 months, key contributors to performance included SHIFT, which reported a significant beat in sales and operating profit, driven by higher average unit prices for its engineers along with higher gross margins and lower costs. Sony gained on positive expectations for its pipeline of games and related adaptations, while supply constraints for its Playstation 5 console have eased.

On the negative side, Olympus was weak due to lower-than-expected earnings results, with rising costs around quality

assurance and regulatory affairs being a key headwind. The company faces a number of FDA-related issues related to product safety, which, although serious is also a common trend within the medical devices industry. We believe Olympus should manage to resolve these issues within the next 2-3 years. MonotaRO declined after reporting weaker-than-expected monthly sales growth, citing sluggish demand from existing clients in major client segments.

Calendar year performance (% in USD) to 30 September 2023



Source: Lipper and First Sentier Investors, Nav-Nav (USD total return) data as at 30 September 2023. This Fund is a sub fund of Ireland domiciled First Sentier Investors Global Umbrella Fund Plc. Class I (USD-Acc) is the non-dividend distributing class of the fund, the performance quoted are based on USD total return (non-dividend distributing). With effect from 9 December 2021, the benchmark has been changed from MSCI Japan Index to TOPIX (Tokyo Stock Price Index) (Net Total Return). Unless otherwise specified, all information contained in this document is as at 30 September 2023. Investment involves risks, past performance is not a guide to future performance. On 22 September 2020, First State Japan Equity Fund was rebranded as FSSA Japan Equity Fund.

Portfolio review

New purchases included Roland Corporation, a leading electronic musical instruments manufacturer that makes digital pianos, portable keyboards, electronic and acoustic drums, as well as related products like amps, synthesizers and mixers. It is well positioned in a niche market with a leading market share in the US (the world's biggest market for musical instruments) across a number of categories. We believe the quality of the management team and board of directors is good, with a high independence ratio and fast decision-making, while the business strategy, operational efficiency, margins and return on capital employed have all improved significantly since the management buy-out in 2014.

We also bought Nissan Chemical, a high-quality specialty chemical company with a strong global market presence. It has a net cash balance sheet, high return on equity (ROE), and consistent double-digit growth in operating profit. We attribute these qualities to a distinct corporate culture and an open-minded and capable management team, which focuses on efficiently investing into producing essential products in highly profitable fields. The company faces challenges such as a mature market for its core products, and cyclical performance in the consumer electronics and semiconductor industries. That said, it has a proven track record of launching profitable new products and we are willing to back the management team, which focuses on ROE as its most important financial metric.

Finally, we bought eGuarantee, the largest Japanese underwriter of receivables in business-to-business (B2B) transactions. It was founded in 2000 by Itochu Corp, one of the top 5 general trading companies in Japan, which confers some credibility. Meanwhile it operates in a niche market that is generally too small to attract competition from banks and non-life insurance companies. We like the management's highly prudent style and the strong ownership mindset of the president, Mr Masanari Eto, who has built up his stake to 6% from zero initially. The balance sheet is strong with no debt and over 70% equity-to-asset ratio. The company has a robust track record of growing both revenue and profit consecutively in the past 20 years, and around 90% of its contracts are renewed every year, so nearly all of its sales are recurring.

We sold Nippon Paint on weakness in the China market. We also sold Unicharm and Asahi Intecc on expensive valuations.

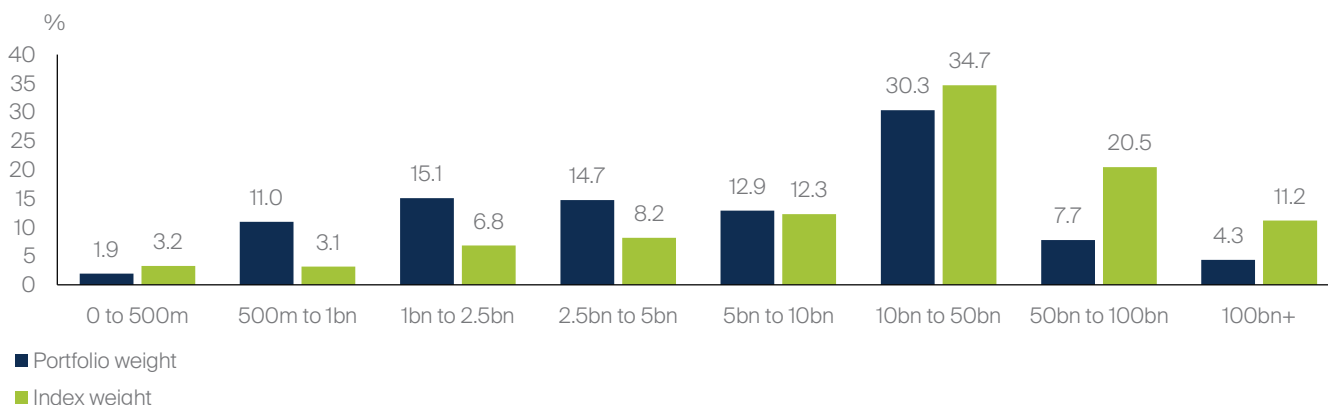
Stock spotlight

Ajinomoto is a niche food manufacturer with dominant share in umami seasoning and consommé, 30% share in soups and other seasonings, and the #2 player in frozen foods (with a 50% share in gyoza, a Japanese dumpling). It has been successful in passing through higher costs and aims to build up a business model that decouples from raw material price changes.

In contrast to consumer companies that primarily sell products in Japan, Ajinomoto's sales are predominantly from overseas markets, which helped mitigate the weaker yen. As a market leader in less price-elastic food categories, gradual price hikes in the domestic market are progressing smoothly, with margin recovery expected for the seasoning and foods business.

In addition, the company has made meaningful progress to build up other growth pillars including functional materials and healthcare business. Ajinomoto is a monopoly player in insulating materials for high-performance semiconductors, which was originally invented as a monosodium glutamate (MSG) by-product. Besides its strong products, Ajinomoto's management plans to restructure the business to improve the return on invested capital (ROIC) – it has started to dispose of non-core businesses to enhance efficiency. The company's ROIC has already reached 9% in the fiscal year through March 2023 (FY3/23), from 2% in FY3/20.

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 TOPIX (Tokyo Stock Price Index) (Net Total Return).

Outlook

Amid rising concerns about the global economy, the FSSA Japan portfolio has maintained a balanced approach by investing in global franchises with dominant market share in niche industries with secular growth drivers; and domestic leaders in industries that are underpenetrated but well-proven in other developed markets.

The companies we like to own are managed by strong management teams and can generate sustainable earnings growth and return on equity without relying on leverage or the macro environment. We also own regional consumer companies, global industrials and medical equipment/services companies with dominant franchises, strong balance sheets and steady cash flow. These businesses should remain relatively defensive in the event of a recession.

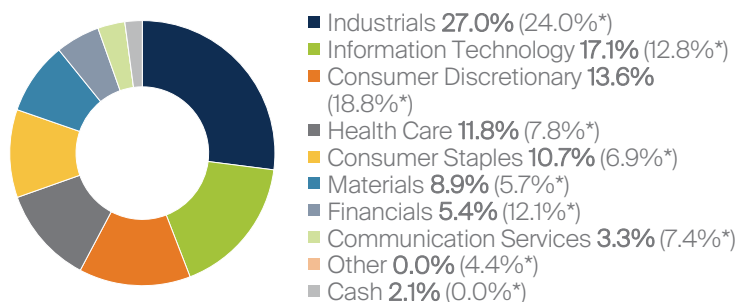
Our long-term investment themes:

- Global factory automation and robotics leaders.
- Best-in-class consumer franchises that are dominant in the Asia Pacific region.
- Manufacturers in niche industries which have a leading edge globally.
- Solutions providers for Japan's structural labour shortage.
- Leading internet verticals that disrupt old-school industries.

Ten largest company holdings as at 30 September 2023

Stock name	Geography	Sector	Portfolio weight (%)
Ajinomoto Co., Inc.	Japan	Consumer Staples	5.0
BayCurrent Consulting, Inc.	Japan	Industrials	4.9
Lasertec Corp.	Japan	Information Technology	4.9
Sony Group Corporation	Japan	Consumer Discretionary	4.3
RAKUS Co., Ltd.	Japan	Information Technology	4.1
Olympus Corp.	Japan	Health Care	3.9
GMO Payment Gateway, Inc.	Japan	Financials	3.7
Recruit Holdings Co., Ltd.	Japan	Industrials	3.7
Fuso Chemical Co., Ltd.	Japan	Materials	3.0
SHIFT, Inc.	Japan	Information Technology	3.0

Sector breakdown



*Index weight

Sector 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.

The index refers to TOPIX (Tokyo Stock Price Index) (Net Total Return).

Top 5 contributors to absolute performance

3 months to 30 September 2023

Stock name	Geography	Sector	Value added (bps*)
Lasertec Corp.	Japan	Information Technology	19
Japan Elevator Service Holdings Co., Ltd.	Japan	Industrials	18
KeePer Technical Laboratory Co.Ltd.	Japan	Materials	15
Chugai Pharmaceutical Co., Ltd.	Japan	Health Care	12
Tosoh Corporation	Japan	Materials	9

12 months to 30 September 2023

Stock name	Geography	Sector	Value added (bps*)
Lasertec Corp.	Japan	Information Technology	119
Sony Group Corporation	Japan	Consumer Discretionary	116
SHIFT, Inc.	Japan	Information Technology	106
Keyence Corporation	Japan	Information Technology	93
BayCurrent Consulting, Inc.	Japan	Industrials	85

Bottom 5 contributors to absolute performance

3 months to 30 September 2023

Stock name	Geography	Sector	Value added (bps*)
GMO Payment Gateway, Inc.	Japan	Financials	-122
Olympus Corp.	Japan	Health Care	-81
RAKUS Co., Ltd.	Japan	Information Technology	-81
Nihon M&A Center Holdings Inc.	Japan	Industrials	-62
Keyence Corporation	Japan	Information Technology	-56

12 months to 30 September 2023

Stock name	Geography	Sector	Value added (bps*)
Olympus Corp.	Japan	Health Care	-175
Nihon M&A Center Holdings Inc.	Japan	Industrials	-122
MonotaRO Co., Ltd.	Japan	Industrials	-109
Benefit One Inc.	Japan	Industrials	-86
GMO Payment Gateway, Inc.	Japan	Financials	-79

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.

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.

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

Investment involves risks, past performance is not a guide to future performance. Refer to the offering documents of the respective funds for details, including risk factors. The information contained within this document has been obtained from sources that First Sentier Investors ("FSI") believes to be reliable and accurate at the time of issue but no representation or warranty, expressed or implied, is made as to the fairness, accuracy or completeness of the information. To the extent permitted by law, neither FSI, nor any of its associates, nor any director, officer or employee accepts any liability whatsoever for any loss arising directly or indirectly from any use of this. It does not constitute investment advice and should not be used as the basis of any investment decision, nor should it be treated as a recommendation for any investment.

The information in this document may not be edited and/or reproduced in whole or in part without the prior consent of FSI.

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.

This document is issued by First Sentier Investors (Hong Kong) Limited and has not been reviewed by the Securities and Futures Commission in Hong Kong. First Sentier Investors and FSSA Investment Managers are business names of First Sentier Investors (Hong Kong) Limited. The FSSA Investment Managers logo is a trademark of the MUFG (as defined below) or an affiliate thereof.

First Sentier Investors (Hong Kong) Limited is part of the investment management business of First Sentier Investors, which is ultimately owned by Mitsubishi UFJ Financial Group, Inc. ("MUFG"), a global financial group. First Sentier Investors includes a number of entities in different jurisdictions. To the extent permitted by law, MUFG and its subsidiaries are not responsible for any statement or information contained in this material. Neither MUFG nor any of its subsidiaries guarantee the performance of any investment or entity referred to in this material or the repayment of capital. Any investments referred to are not deposits or other liabilities of MUFG or its subsidiaries, and are subject to investment risk, including loss of income and capital invested.