

# FSSA Asia Opportunities Fund



## Investment objective and strategy

The Fund aims to achieve long term capital appreciation and invests all or substantially all of its assets in the FSSA Asia Opportunities Fund (the "Underlying Sub-Fund"), under the Dublin registered First Sentier Investors Global Umbrella Fund plc. The Underlying Sub-Fund invests primarily (at least 70% of its net asset value) in equity securities or equity-related securities of companies that are listed, or have their registered offices in, or conduct a majority of their economic activity in the Asia region (excluding Australia, New Zealand and Japan).

On 22 September 2020, First State Asia Opportunities Fund was rebranded as FSSA Asia Opportunities Fund.

## Fund information

|                    |                              |
|--------------------|------------------------------|
| Fund size (S\$m)   | 19.7                         |
| Benchmark          | MSCI AC Asia ex Japan Index▲ |
| Number of holdings | 41                           |

## Available share classes

| Share class            | Inception date   | Nav/per share | ISIN code    |
|------------------------|--|---------------|--------------|
| Class A (SGD - Acc)    | 26 Nov 1999  | S\$1.3057     | SG9999000152 |
| ▲Inception - 30 Nov 08 | : MSCI AC Asia Information Technology Index (Previously known as MSCI AC Asia Free Information Technology Index) |               |              |
| From 1 Dec 08          | : MSCI AC Asia ex Japan Index  |               |              |

## 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.

### Annualised performance in SGD (%) to 30 June 2022 ^

|                            | Since Inception | 10yrs | 5yrs | 3yrs | 1yr   |
|----------------------------|-----------------|-------|------|------|-------|
| Fund (Ex initial charges)  | 1.4             | 6.3   | 2.6  | 1.3  | -15.4 |
| Fund (Inc initial charges) | 1.2             | 5.8   | 1.5  | -0.4 | -19.7 |
| Benchmark                  | 0.8             | 6.8   | 3.6  | 3.4  | -22.1 |

### Cumulative performance in SGD (%) to 30 June 2022 ^

|                            | Since Inception | 5yrs | 3yrs | 1yr   | 3mths |
|----------------------------|-----------------|------|------|-------|-------|
| Fund (Ex initial charges)  | 37.4            | 13.6 | 3.9  | -15.4 | -9.1  |
| Fund (Inc initial charges) | 30.6            | 8.0  | -1.3 | -19.7 | -13.6 |
| Benchmark                  | 19.9            | 19.4 | 10.5 | -22.1 | -6.3  |

<sup>^</sup>The performance prior to 18 Oct 02 is in relation to the Fund before its conversion to a feeder fund.

### Performance review

Over the past 12 months, the top contributors to performance included Tech Mahindra as it reported decent earnings results and strong client deal wins. Growth and margins were better than expected across its business lines. Bank Central Asia (BCA) increased on expectations of a loans recovery, stable margins and a resilient customer base. On the negative side, Taiwan

Semiconductor (TSMC) was lower on concerns about weaker demand amid a semiconductor down-cycle. Techtronic declined on concerns about a slowdown in consumer demand in the US, its largest market, as rising gas prices and broad inflation dampened spending.

### Calendar year performance (%) in SGD to 30 June 2022



Source: Lipper and First Sentier Investors, single pricing basis with net income reinvested. 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.

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.

### Portfolio review

New purchases over the quarter included Kalbe Farma, a leading pharmaceuticals and nutrition company in Indonesia. We think its earnings growth is picking up, following a protracted period of weak demand. The company has been investing in oncology and biologics, which should boost the company's growth and margins. We thought the valuations looked decent, with a price-to-earnings ratio at around 20 times.

The Fund also bought Jardine Matheson, a family-controlled conglomerate with businesses such as Dairy Farm and Mandarin Oriental. Given the well-known difficulties in Hong Kong, we were pleasantly surprised by the company's recent robust profits. Meanwhile it is trading at the lowest valuations since 2008, and we believe alignment is good, based on increasing buy-backs and dividends.

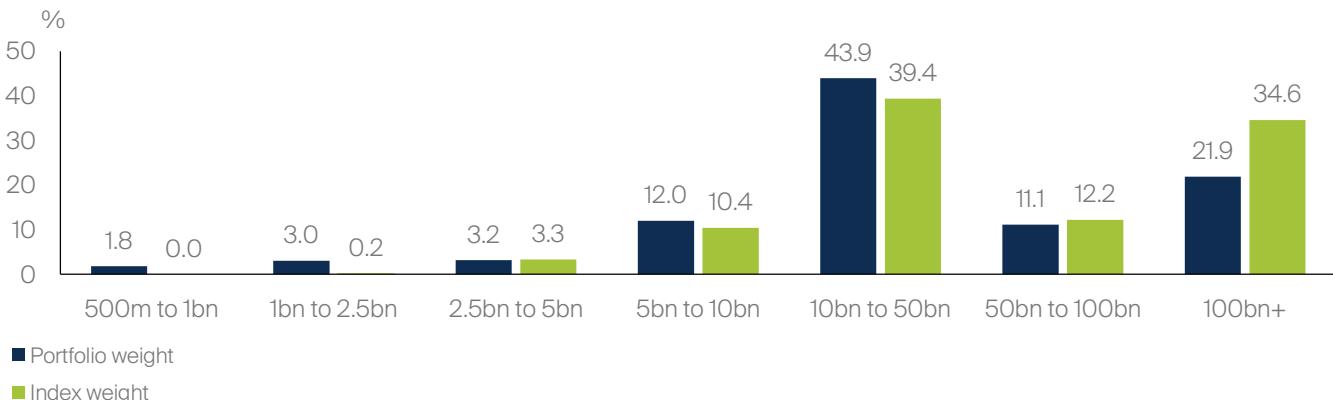
There were no major disposals during the quarter.

### Stock spotlight

China Resources Beer (CRB) is the largest beer company in China, with around 31% market share. As Chinese GDP and the middle class cohort have grown, so the opportunity has been about premiumising, modernising and improving unit economics. CRB's share of premium sales has grown rapidly in recent years and is now just under 20% of turnover, helped in part by a 2019 merger with Heineken China.

The group has a strong balance sheet with net cash, and cash-flow generation is strong. Investor concerns about higher input prices (50% of beer's cost-of-goods-sold consists of packaging like aluminium cans) has temporarily depressed the share price, but we believe CR Beer's gross profit margin of circa 40% should limit the impact of inflation on net profit. Additionally, beer companies have usually been able to pass on costs through higher average selling prices, in common with most consumer goods companies. With attractive valuations and relatively undemanding assumptions, we believe CR Beer should provide a solid and dependable real rate of return.

### Market capitalisation breakdown (SGD)



Source: First Sentier Investors as at 30 June 2022. 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.

### Outlook

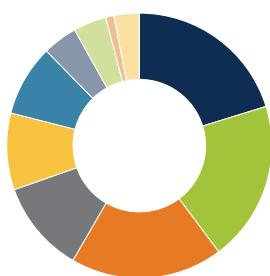
The outlook for Asian equities remains uncertain, particularly with recent developments between Russia and Ukraine and its impact on energy and commodity prices. Persistently high inflation, monetary tightening from the US Federal Reserve and a slowdown in global growth all have the potential to weigh on financial markets. Meanwhile, Covid variants, rolling lockdowns and border closures mean that a recovery in international tourism and consumer spending will remain challenging, though we expect the situation to normalise gradually after the pandemic-related events of the last two years.

Against this backdrop, we continue to adhere to our investment philosophy, and have ensured that the portfolio is well diversified ahead of any changes in the market climate. Our conviction in the long-term growth story for Asia remains unchanged. We believe that investing in high-quality companies across the region should deliver attractive absolute returns in the long run.

### Ten largest company holdings as at 30 June 2022

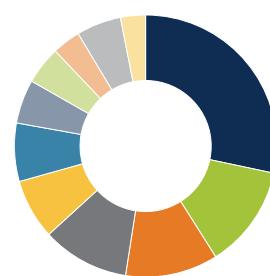
| Stock name                      | Country     | Sector                 | Portfolio weight (%) |
|---------------------------------|-------------|------------------------|----------------------|
| Tata Consultancy Serv. Ltd      | India       | Information Technology | 5.1                  |
| HDFC Bank                       | India       | Financials             | 4.7                  |
| CSL                             | Australia   | Health Care            | 4.7                  |
| Mahindra & Mahindra             | India       | Consumer Discretionary | 4.3                  |
| Techtronic Industries Co., Ltd. | Hong Kong   | Industrials            | 4.2                  |
| Taiwan Semiconductor (TSMC)     | Taiwan      | Information Technology | 3.7                  |
| AIA Group Limited               | Hong Kong   | Financials             | 3.6                  |
| NAVER Corp.                     | South Korea | Communication Services | 3.5                  |
| PT Bank Central Asia Tbk        | Indonesia   | Financials             | 3.3                  |
| China Mengniu Dairy Co. Ltd.    | China       | Consumer Staples       | 3.3                  |

### Sector breakdown



- Consumer Staples **20.2%** (5.3%\*)
- Financials **19.6%** (20.4%\*)
- Information Technology **18.6%** (21.4%\*)
- Industrials **11.3%** (6.6%\*)
- Consumer Discretionary **9.4%** (15.8%\*)
- Health Care **8.7%** (4.0%\*)
- Communication Services **4.2%** (10.4%\*)
- Materials **4.0%** (5.2%\*)
- Real Estate **1.0%** (4.1%\*)
- Other **0.0%** (6.7%\*)
- Cash **3.1%** (0.0%\*)

### Country breakdown



- India **28.3%** (14.2%\*)
- Hong Kong **12.7%** (7.8%\*)
- China **11.4%** (39.5%\*)
- Taiwan **10.8%** (16.0%\*)
- Singapore **7.4%** (3.4%\*)
- Indonesia **7.2%** (2.0%\*)
- Australia **5.4%** (0.0%\*)
- Japan **4.7%** (0.0%\*)
- South Korea **3.5%** (12.5%\*)
- Other **5.5%** (4.5%\*)
- Cash **3.1%** (0.0%\*)

\*Index weight

\*Index weight

Source: First Sentier Investors as at 30 June 2022. 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.

### 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 | 65                 |
| China Resources Beer (Holdings) Co. Ltd.         | China     | Consumer Staples       | 51                 |
| Jardine Cycle & Carriage Limited                 | Singapore | Industrials            | 36                 |
| Shanghai International Airport Co., Ltd. Class A | China     | Industrials            | 20                 |
| AIA Group Limited                                | Hong Kong | Financials             | 16                 |

**12 months to 30 June 2022**

| Stock name                               | Country   | Sector                 | Value added (bps*) |
|--|-----------|------------------------|--------------------|
| Jardine Cycle & Carriage Limited         | Singapore | Industrials            | 62                 |
| Tech Mahindra Limited                    | India     | Information Technology | 54                 |
| Mahindra & Mahindra Ltd.                 | India     | Consumer Discretionary | 53                 |
| China Resources Beer (Holdings) Co. Ltd. | China     | Consumer Staples       | 52                 |
| PT Bank Central Asia Tbk                 | Indonesia | Financials             | 36                 |

### Bottom 5 contributors to absolute performance

**3 months to 30 June 2022**

| Stock name   | Country     | Sector                 | Value added (bps*) |
|--|-------------|------------------------|--------------------|
| Techtronic Industries Co., Ltd.                    | Hong Kong   | Industrials            | -195               |
| NAVER Corp.  | South Korea | Communication Services | -161               |
| Taiwan Semiconductor Manufacturing Co. Ltd.        | Taiwan      | Information Technology | -127               |
| Tata Consultancy Services Limited                  | India       | Information Technology | -87                |
| Cognizant Technology Solutions Corporation Class A | USA         | Information Technology | -71                |

**12 months to 30 June 2022**

| Stock name                                  | Country     | Sector                 | Value added (bps*) |
|---|-------------|------------------------|--------------------|
| NAVER Corp.                                 | South Korea | Communication Services | -276               |
| Techtronic Industries Co., Ltd.             | Hong Kong   | Industrials            | -207               |
| LARGAN Precision Co., Ltd.                  | Taiwan      | Information Technology | -149               |
| Taiwan Semiconductor Manufacturing Co. Ltd. | Taiwan      | Information Technology | -136               |
| Shiseido Company,Limited                    | Japan       | Consumer Staples       | -112               |

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

This document is prepared by First Sentier Investors (Singapore) ("FSI") (Co. Reg No. 196900420D.) whose views and opinions expressed or implied in the document are subject to change without notice. FSI accepts no liability whatsoever for any loss, whether direct or indirect, arising from any use of or reliance on this document. This document is published for general information and general circulation only and does not have any regard to the specific investment objectives, financial situation and particular needs of any specific person who may receive this document. Investors may wish to seek advice from a financial adviser and should read the Prospectus, available from First Sentier Investors (Singapore) or any of our Distributors before deciding to subscribe for the Fund. In the event that the investor chooses not to seek advice from a financial adviser, he should consider carefully whether the Fund in question is suitable for him. Past performance of the Fund or the Manager, and any economic and market trends or forecast, are not indicative of the future or likely performance of the Fund or the Manager. The value of units in the Fund, and any income accruing to the units from the Fund, may fall as well as rise. Investors should note that their investment is exposed to fluctuations in exchange rates if the base currency of the Fund and/or underlying investment is different from the currency of your investment. Units are not available to US persons. Applications for units of the Fund must be made on the application forms accompanying the prospectus. Investments in unit trusts are not obligations of, deposits in, or guaranteed or insured by First Sentier Investors (Singapore), and are subject to risks, including the possible loss of the principal amount invested.

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. In the event of discrepancies between the marketing materials and the Prospectus, the Prospectus shall prevail. In Singapore, this document is issued by First Sentier Investors (Singapore) whose company registration number is 196900420D. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

First Sentier Investors (registration number 53236800B) and FSSA Investment Managers (registration number 53314080C) are business divisions of First Sentier Investors (Singapore). The FSSA Investment Managers logo is a trademark of the MUFG (as defined below) or an affiliate thereof.

First Sentier Investors (Singapore) 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. MUFG and its subsidiaries are not responsible for any statement or information contained in this document. Neither MUFG nor any of its subsidiaries guarantee the performance of any investment or entity referred to in this document 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.