

FSSA Dividend Advantage Fund

Investment objective and strategy

The Fund aims to provide investors with regular distributions and long term growth, and invests all or substantially all of its assets in FSSA Asian Equity Plus 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 Pacific region (excluding Japan). Such companies will be selected on the basis of their potential dividend growth and long term capital appreciation.

On 22 September 2020, First State Dividend Advantage was rebranded as FSSA Dividend Advantage Fund.

Fund information

Fund size (S\$m)	4,977.0
Benchmark	MSCI AC Asia Pacific ex Japan Index
Number of holdings	47

Available share classes

Share class	Inception date	Nav/per share	Distribution frequency*	ISIN code
Class A (SGD - Q Dist)	20 Dec 2004	S\$1.8004	Quarterly	SG9999002083

* Dividends are not guaranteed and may be paid out of capital.

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 September 2024

	Since Inception	10yrs	5yrs	3yrs	1yr
Fund (Ex initial charges)	7.8	5.7	3.0	-4.3	11.9
Fund (Inc initial charges)	7.5	5.2	1.9	-5.9	6.3
Benchmark	6.5	5.8	5.6	0.2	21.9

Cumulative performance in SGD (%) to 30 September 2024

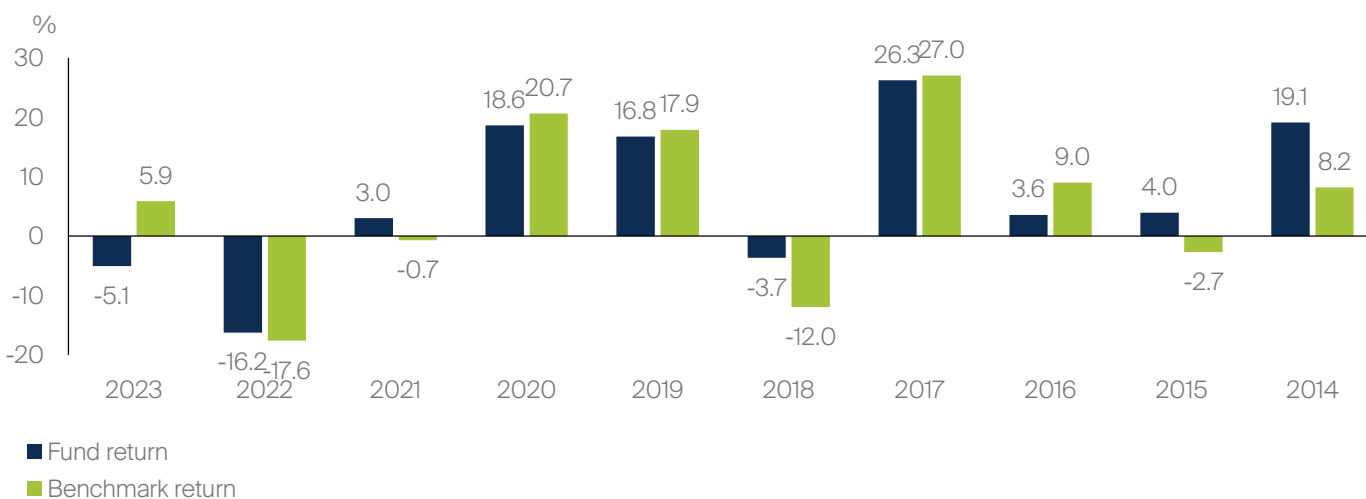
	Since Inception	5yrs	3yrs	1yr	3mths
Fund (Ex initial charges)	341.8	15.8	-12.3	11.9	3.0
Fund (Inc initial charges)	319.7	10.0	-16.7	6.3	-2.1
Benchmark	246.6	31.4	0.5	21.9	4.7

Performance review

Over the past 12 months, key contributors to performance included Tencent, as the business continued to execute well on multiple levers. New game approvals have picked up, while its high-margin businesses such as Video Accounts ads, mini-games service fees, e-commerce service fees have all grown strongly. Midea reported solid revenue growth over the first half of 2024, with overseas demand a key driver. The company successfully listed its shares on the Hong Kong stock exchange, which will boost its international business as it uses part of the proceeds to expand capacity overseas. On the negative side, China Mengniu Dairy has been affected by weak consumer

demand as China's economic recovery remains fragile. However, it rose in the most recent quarter after the government announced that it would encourage dairy consumption and explore measures to provide support to the dairy industry (though the shape and scale of the subsidies was unclear at the time of writing). Unilever Indonesia continued to be affected by the boycott against companies that support Israel, as called for by Indonesia's top Islamic body in support of Palestine. We believe its longer-term prospects should be more positive, as the turnaround under the new CEO starts to make progress.

Calendar year performance (% in SGD) to 30 September 2024



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 September 2024. Investment involves risks, past performance is not a guide to future performance.

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Portfolio review

New purchases over the quarter included Realtek, a Taiwanese communications chip designer with a solid track record. We believe the trend of increasing connectivity should continue to support demand for its products. It spends significantly on research and development (R&D), creating quality products which increases revenue, which it then ploughs back into further R&D – thus creating a virtuous cycle of growth. Additionally, it has a longstanding management team and established relationships with Taiwanese foundries, which makes it a reliable design partner to work with compared to peers.

We sold JD.com and Universal Robina Corp (URC) to consolidate the portfolio into higher-conviction ideas. JD.com's competitive moat seems increasingly questionable, while URC's return on equity/return on capital employed had been below expectations.

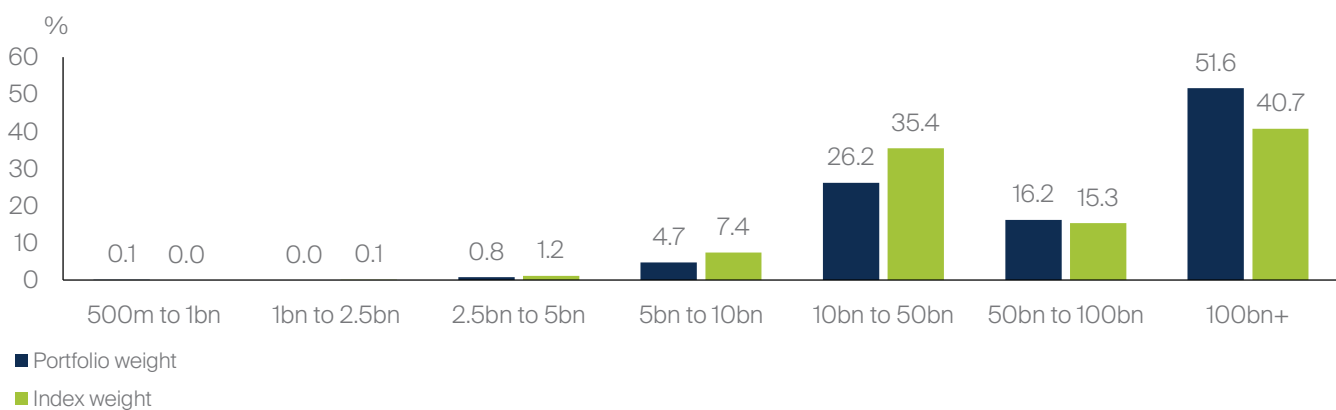
Stock spotlight

ICICI Bank is one of the largest Indian private sector banks, with a strong retail franchise. In the past, it had highly aggressive lending practices and a risk-taking culture. This culminated in the former CEO being forced to step down in 2018 amidst a corruption scandal. But since then, CEO Sandeep Bakhshi has been revamping the bank's culture.

He removed credit growth as a key performance indicator, aligning the entire bank's focus on growing its risk-calibrated operating profit. Now, only products that are "good for the bank and good for the customer" are sold. Other changes include exiting the project finance space (where corruption is common), empowering risk teams with veto power over loan proposals, and putting more focus on governance guardrails in the lending process. Mr Bakhshi believes that "an entrepreneur who doesn't respect the environment or his community will not respect the lender either." These changes seem to be bearing fruit – ICICI Bank has tightened its lending criteria and come out of the non-banking financial companies (NBFC) crisis and Covid without any major asset quality issues. The asset quality as improved significantly while the book value per share has compounded handsomely. Profit has increased from USD1.2bn in FY18 to USD5.3bn in FY24. There has also been a significant improvement in return on assets (ROA), to among the highest in the industry.

Meanwhile, amid a flight to quality, the company's market share jumped along with its deposit base. Given the dominance of inefficient and capital starved state-owned banks in the Indian banking industry at nearly 60%, ICICI Bank still has a long runway for growth ahead, while maintaining attractive returns on assets.

Market capitalisation breakdown (SGD)



Source: First Sentier Investors as at 30 September 2024. 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

FSSA's investment approach is focused on bottom-up stock selection – instead of trying to predict the direction of interest rates or currencies, we look for high-quality businesses operated by competent management teams which have an established track record of performing well across multiple cycles. We travel frequently across the Asia region to review our portfolio holdings and meet companies for potential investment. These research trips also inform our outlook for Asian equities, based on our observations on the ground. We note that India, Indonesia and the Philippines have steadily recovered from pandemic disruptions and the business outlook seems positive – though in some instances this is also reflected in higher valuations.

In China, companies have been weighed down by numerous challenges, though the weak environment has provided opportunities for well-run companies to gain market share. Meanwhile, the recent stimulus measures and monetary easing have also been a welcome respite. Taiwan and Korea have been elevated by the enthusiasm for artificial intelligence, as reflected in the increase in valuations across parts of the market. However, we remain cautious on a bottom-up basis as our past experience suggests that these periods of technological disruption usually come with low levels of predictability about the eventual winners.

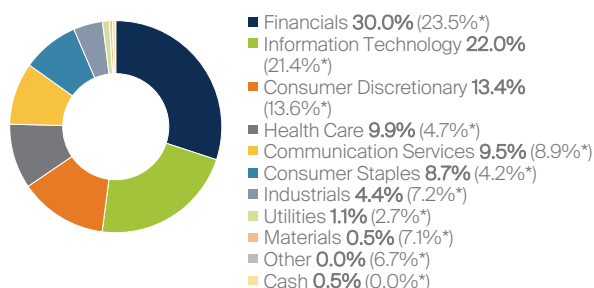
Our long-term investment themes:

- 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 rise in healthcare spending, due to increasing incomes and healthy consumer choices.
- Beneficiaries of a smarter, more connected world.
- An ageing population and the growing trend of automation.

Ten largest company holdings as at 30 September 2024

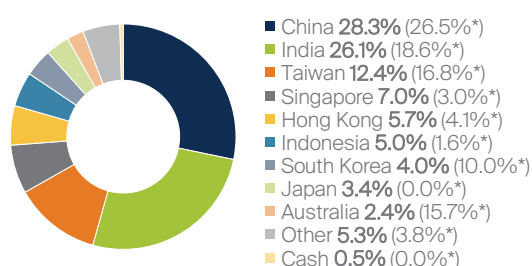
Stock name	Geography	Sector	Portfolio weight (%)
HDFC Bank	India	Financials	8.7
Tencent Holdings Ltd.	China	Communication Services	7.9
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	7.2
ICICI Bank Limited	India	Financials	4.5
Oversea-Chinese Banking Corp	Singapore	Financials	3.9
Midea Group	China	Consumer Discretionary	3.7
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	3.1
PT Bank Central Asia Tbk	Indonesia	Financials	3.1
Samsung Electronics Co Ltd Pfd NV	South Korea	Information Technology	3.1
AIA Group Limited	Hong Kong	Financials	2.9

Sector breakdown



*Index weight

Geographic breakdown



*Index weight

Source: First Sentier Investors as at 30 September 2024. 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 30 September 2024

Stock name	Geography	Sector	Value added (bps*)
Tencent Holdings Ltd.	China	Communication Services	144
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	84
AIA Group Limited	Hong Kong	Financials	80
Midea Group Co. Ltd. Class A	China	Consumer Discretionary	76
Techtronic Industries Co., Ltd.	Hong Kong	Industrials	65

12 months to 30 September 2024

Stock name	Geography	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	570
Tencent Holdings Ltd.	China	Communication Services	297
Midea Group Co. Ltd. Class A	China	Consumer Discretionary	188
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	139
ICICI Bank Limited	India	Financials	136

Bottom 5 contributors to absolute performance

3 months to 30 September 2024

Stock name	Geography	Sector	Value added (bps*)
Samsung Electronics Co Ltd Pfd Non-Voting	South Korea	Information Technology	-63
MediaTek Inc	Taiwan	Information Technology	-37
PT Unilever Indonesia Tbk	Indonesia	Consumer Staples	-17
Advantech	Taiwan	Information Technology	-13
Realtek Semiconductor Corp	Taiwan	Information Technology	-10

12 months to 30 September 2024

Stock name	Geography	Sector	Value added (bps*)
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	-105
Ping An Insurance (Group) Company of China, Ltd. Class H	China	Financials	-74
PT Unilever Indonesia Tbk	Indonesia	Consumer Staples	-47
China Resources Land Limited	China	Real Estate	-43
Shiseido Company,Limited	Japan	Consumer Staples	-39

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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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.

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