

FSSA Asian Growth 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 companies based in, or closely associated with, Asia (excluding Australia, Japan and New Zealand). The Fund may invest in any emerging markets in the Asia Pacific Region (excluding Australia, Japan and New Zealand), in companies of any size or industry. Emerging markets are countries that are progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body. The Fund will not invest more than 50% of its assets in China A Shares.

The Fund may use derivatives with the aim of risk reduction or efficient management.

Fund information

Fund launch date	30 June 1988
Fund size (US\$m)	233.9
Benchmark	MSCI AC Asia ex Japan Net Index*
Number of holdings	36
Fund manager(s)	Richard Jones/Rizi Mohanty
Research rating ^	Morningstar@:Bronze

* Since Inception - MSCI AC Pacific ex Japan Index. From 01/05/2002 - MSCI AC Far East ex Japan Index. From 02/11/2005 - MSCI AC Asia ex Japan Index. The benchmark of the Fund changed from MSCI AC Asia ex Japan Gross to MSCI AC Asia ex Japan Net with effect from 1 July 2016. This change has been reflected in the calculation of the benchmark performance.

^ This does not constitute an investment recommendation and is not indicative of future results. Methodology available on rating provider's website.

Available share classes

Share class	Sedol	ISIN
FSSA Asian Growth Fund USD Class I (Accumulation)	0843614	IE0008368411

Risk factors

This document is a financial promotion for the FSSA Asian Growth 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.
- **Single country / specific region risk:** investing in a single country or specific region may be riskier than investing in a number of different countries or regions. Investing in a larger number of countries or regions helps spread risk.

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.

FSSA Asian Growth Fund USD Class III (Accumulation)	0843595	IE0008374245
FSSA Asian Growth Fund USD Class I (Distributing)	B031HW0	IE00B031HW06
FSSA Asian Growth Fund USD Class VI (Accumulation)	BK8FXG3	IE00BK8FXG30
FSSA Asian Growth Fund USD Class VI (Distributing)	BYSJTX2	IE00BYSJTX22
FSSA Asian Growth Fund EUR Class VI (Accumulation)	BYXW367	IE00BYXW3677

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.

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Annual performance in USD (%) to 31 December 2023

	12 mths to 31/12/23	12 mths to 31/12/22	12 mths to 31/12/21	12 mths to 31/12/20	12 mths to 31/12/19
FSSA Asian Growth Fund	1.0	-16.5	3.4	17.6	15.6
MSCI AC Asia ex Japan Net Index	6.0	-19.7	-4.7	25.0	18.2

Cumulative performance in USD (%) to 31 December 2023

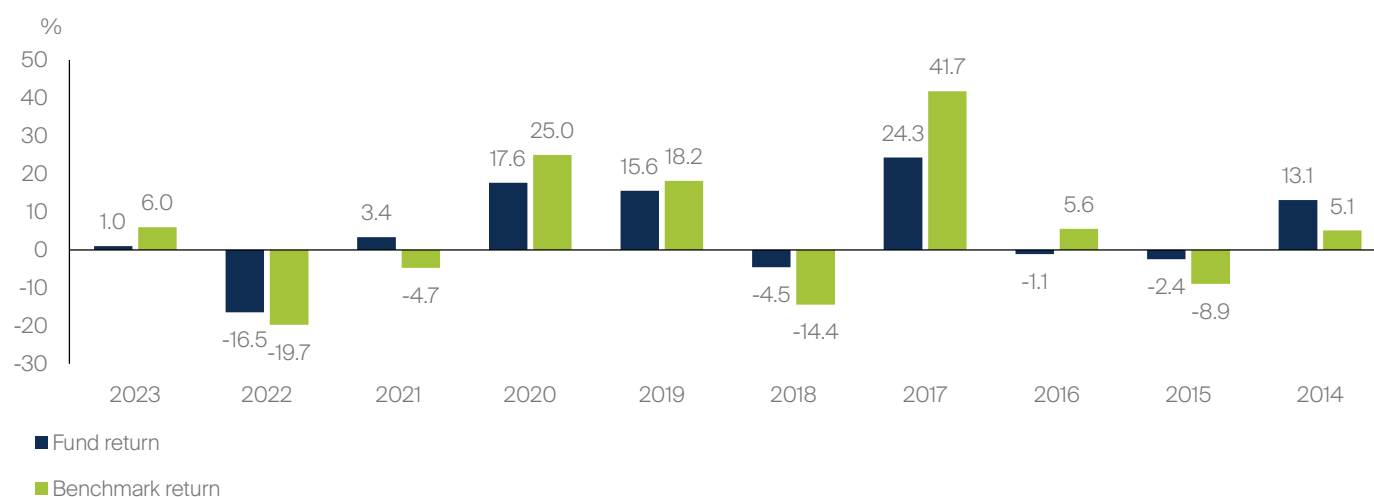
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Asian Growth Fund	430.9	53.7	18.6	-12.8	1.0	1.0	-1.9	4.1
MSCI AC Asia ex Japan Net Index	307.7	47.0	19.8	-18.9	6.0	6.0	2.9	6.4

Performance review

Over the past 12 months, key contributors to performance included Taiwan Semiconductor (TSMC) which was buoyed by the positive sentiment on AI-related stocks. TSMC has maintained its cutting-edge technology leadership (in terms of its chips' processing speed and power consumption); and this, along with its business alignment with its customers, has continued to strengthen its competitive position. Colgate-Palmolive (India) benefited from recovering volume growth and margin expansion throughout 2023.

On the negative side, China Mengniu Dairy declined on weak consumer demand, though we continue to believe it should benefit gradually from the long-term premiumisation trend with its deluxe offerings, cheese, ice cream, and sports and elderly nutrition. China Resources Beer (CR Beer) fell, with volume growth expected to remain under pressure amid weak consumer spending. The company plans to continue rationalising its operations (by closing plants and reducing staff numbers) to improve margins over the next few years.

Calendar year performance (% in USD) to 31 December 2023



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 05 August 1999. All performance data for the FSSA Asian Growth Fund Class I (Accumulation) USD as at 31 December 2023. 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.

▲On 22 September 2020, First State Asian Growth Fund was rebranded as FSSA Asian Growth Fund.

Portfolio review

There were no significant new purchases or disposals during the quarter.

Stock spotlight

Taiwan Semiconductor (TSMC) is a core holding across FSSA's Asia Pacific, Greater China and Global Emerging Market (GEM) portfolios. We believe it is one of the best ways to capture the rising trend of artificial intelligence (AI), smart devices and the Internet of Things (IoT).

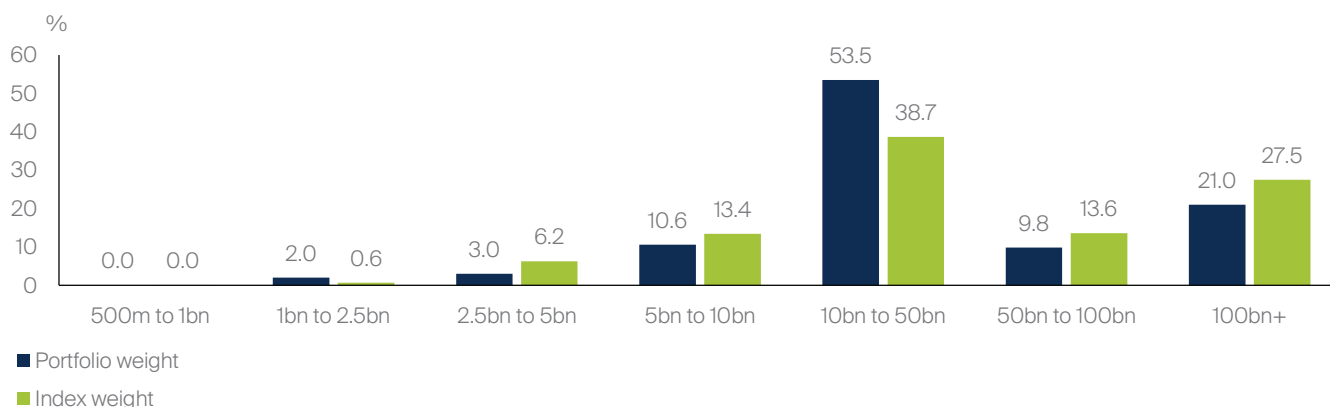
Established in 1987, TSMC was the pioneer of the foundry model, which separated semiconductor chip designs (produced by fabless companies) from the fabrication or manufacturing process (outsourced to a foundry). Over the last 30 years, foundries have gained market share from traditional integrated design and manufacturing (IDM) chip companies. There were two main reasons for this: on the manufacturing side, the process has become more complicated and capital intensive; while on the customer side, more fabless (e.g. Nvidia) and system companies (e.g. Apple) have emerged.

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. Although its growth will eventually taper off due to the law of large numbers, 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.

On the negative side, 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 are certainly going to dilute returns. We also think the near-term optimism over AI may be a bit overdone. TSMC has been anticipating the AI wave for many years, and high-performance computing has recently become TSMC's largest revenue source, surpassing smartphones. That said, the valuation still looks attractive with signs that profits are recovering, though earnings seem unlikely to surpass the FY22 high until FY25.

Historically TSMC's business (and share price) has been more cyclical, but its technological lead (in terms of its chips' processing speed and power consumption), as well as its business alignment with clients, has continued to strengthen its competitive position.

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

It has been a decade of poor performance across most Asian markets, but in our view that means there are grounds for greater optimism. One prerequisite for higher returns is lower prices, while slower growth (at the economy and at company levels) could, paradoxically, pave the way for higher shareholder returns. In a tougher operating environment, the better companies tend to strengthen their position and gain market share. That is why "quality" tends to perform well in bear markets. From that perspective we are relatively optimistic, particularly as the quality of the portfolio has seldom been better and the valuation looks attractive. As always, the team's investment process and philosophy remains driven from the bottom up and is focused on finding the region's best companies that can grow larger over time. Meanwhile, we believe pessimism, anchored by lower valuations, is usually a good reason to think more constructively about the opportunities.

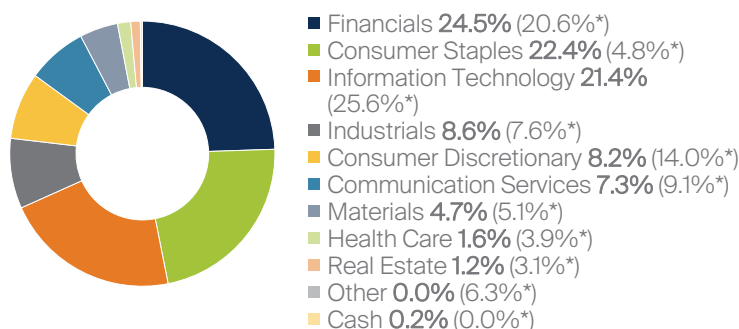
Our long-term investment themes:

- 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.

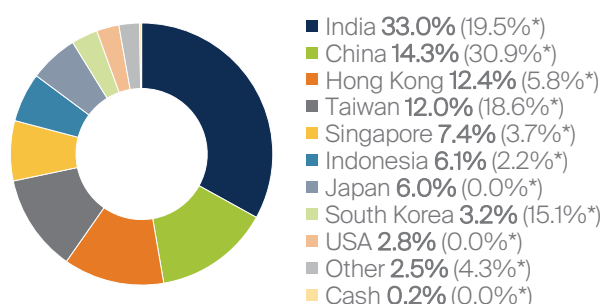
Ten largest company holdings as at 31 December 2023

Stock name	Country	Sector	Portfolio weight (%)
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	7.1
HDFC Bank	India	Financials	6.6
Colgate-Palmolive (India) Limited	India	Consumer Staples	4.8
Mahindra & Mahindra	India	Consumer Discretionary	4.4
DFI Retail Group Holdings Limited	Hong Kong	Consumer Staples	4.1
Tencent Holdings Ltd.	China	Communication Services	4.0
Oversea-Chinese Banking Corporation	Singapore	Financials	4.0
Kotak Mahindra Bank Limited	India	Financials	3.8
Midea Group	China	Consumer Discretionary	3.8
Techtronic Industries Co., Ltd.	Hong Kong	Industrials	3.6

Sector breakdown



Country breakdown



*Index weight

*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%.

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Top 5 contributors to absolute performance

3 months to 31 December 2023

Stock name	Country	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	121
Colgate-Palmolive (India) Limited	India	Consumer Staples	108
HDFC Bank INR1	India	Financials	72
Techtronic Industries Co., Ltd.	Hong Kong	Industrials	72
Nippon Paint Holdings Co., Ltd.	Japan	Materials	63

12 months to 31 December 2023

Stock name	Country	Sector	Value added (bps*)
Colgate-Palmolive (India) Limited	India	Consumer Staples	202
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	171
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	109
Godrej Consumer Products Limited	India	Consumer Staples	90
Advantech	Taiwan	Information Technology	73

Bottom 5 contributors to absolute performance

3 months to 31 December 2023

Stock name	Country	Sector	Value added (bps*)
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	-81
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	-64
Jardine Matheson Holdings Limited	Hong Kong	Industrials	-47
DFI Retail Group Holdings Limited	Hong Kong	Consumer Staples	-45
Tencent Holdings Ltd.	China	Communication Services	-30

12 months to 31 December 2023

Stock name	Country	Sector	Value added (bps*)
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	-177
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	-106
Shiseido Company,Limited	Japan	Consumer Staples	-84
Vitasoy International Holdings Limited	Hong Kong	Consumer Staples	-82
DFI Retail Group Holdings Limited	Hong Kong	Consumer Staples	-80

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.

Portfolio risk analysis - ex-post 3 years annualised to 31 December 2023

Risk measure	Value	Risk description
Beta	0.70	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	0.45	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	14.39%	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	18.72%	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	7.98%	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 31 December 2023

Risk measure	Value	Risk description
Dividend Yield (Fund)	2.00%	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)	2.57%	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)	2.65	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)	1.77	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)	19.97	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)	13.68	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.

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. 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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