

FSSA Asia Pacific All Cap Fund (Irish VOF)

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 Pacific region (excluding Japan). The Fund may invest up to 100% of its assets in emerging markets in the Asia Pacific region, in companies of any size or industry.

The Fund may invest less than 30% of its assets in equity securities other than those described above. 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	25 March 2013
Fund size (US\$m)	10.7
Benchmark	MSCI AC Asia Pacific ex Japan Net Index*
Number of holdings	36
Fund manager(s)	Sreevardhan Agarwal/Martin Lau
Research rating ^	Morningstar@:Silver

* The benchmark of the Fund changed from MSCI AC Asia Pacific ex Japan Gross to MSCI AC Asia Pacific 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 Asia Pacific All Cap Fund USD Class III (Accumulation)	B6RN1X3	IE00B6RN1X37
FSSA Asia Pacific All Cap Fund EUR Class VI (Accumulation)	BYXW3T0	IE00BYXW3T07

Risk factors

This document is a financial promotion for the FSSA Asia Pacific All Cap 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.
- **Smaller companies risk:** investments in smaller companies may be riskier and more difficult to buy and sell than investments in larger companies.

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.

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 March 2024

	12 mths to 31/03/24	12 mths to 31/03/23	12 mths to 31/03/22	12 mths to 31/03/21	12 mths to 31/03/20
FSSA Asia Pacific All Cap Fund	-1.7	-11.3	-14.8	52.1	-16.1
MSCI AC Asia Pacific ex Japan Net Index	5.3	-8.9	-10.8	58.6	-15.2

Cumulative performance in USD (%) to 31 March 2024

	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Asia Pacific All Cap Fund	51.7	42.5	-5.2	-25.7	-1.7	-0.1	6.3	-0.1
MSCI AC Asia Pacific ex Japan Net Index	54.5	49.8	15.0	-14.5	5.3	2.1	10.1	2.1

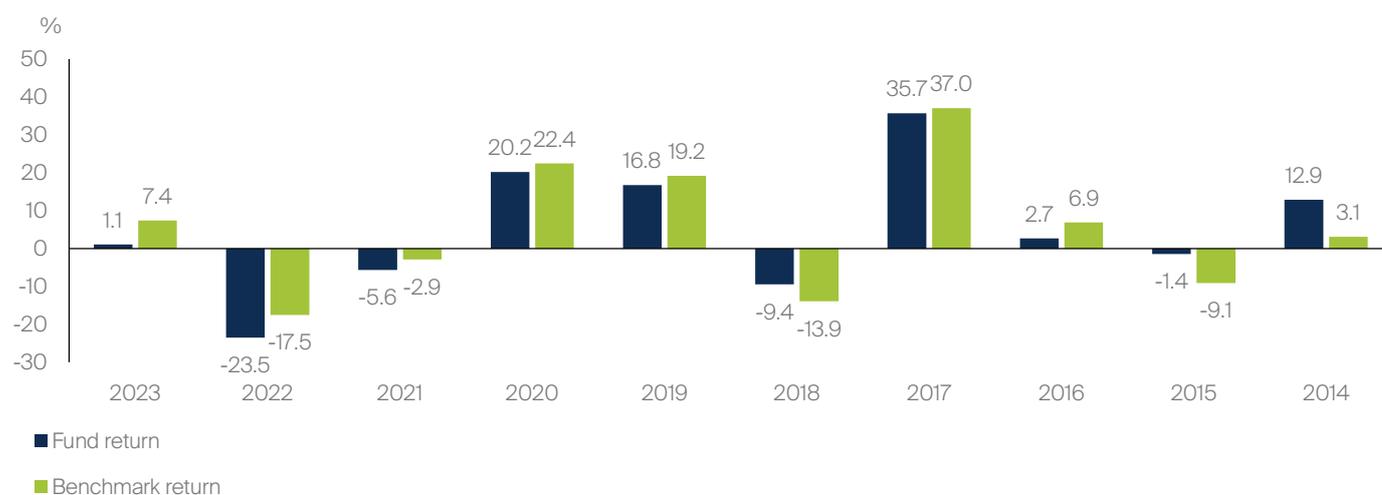
Performance review

Over the past 12 months, key contributors to performance included Taiwan Semiconductor (TSMC), which rose after management guided for stronger growth and market share gains. Demand for its leading-edge chips was boosted by high-performance computing and generative-AI. 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. JNBY Design reported resilient financial performance, despite the weak consumer sentiment in China. This was supported by the management's initiatives such as building digital

platforms to increase repeat purchases and renovating shops to improve same-store sales growth. On the negative side, JD.com* fell on concerns of slowing sales growth and rising competition. JD is quite exposed to large-ticket durable items, such as electronics and appliances, and it is taking time for sales in these categories to recover. China Mengniu Dairy declined after the company announced that Jeffrey Lu would be stepping down as CEO. The new CEO, Gao Fei, has been with the company for 25 years and had been groomed for succession in recent years. Mr Lu will stay on for the next 1-3 years as vice chairman to oversee the transition.

*No longer held in the portfolio.

Calendar year performance (% in USD) to 31 March 2024



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 25 March 2013. All performance data for the FSSA Asia Pacific All Cap Fund Class III (Accumulation) USD as at 31 March 2024. 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 Asia Pacific All Cap Fund was rebranded as FSSA Asia Pacific All Cap Fund.

Portfolio review

New purchases over the quarter included Tata Motors, a leading Indian automotive manufacturer that also owns Jaguar Land-Rover (JLR). We have owned the business in the past and regard the majority owners, the Tata Group, highly. Over the past 5 years, the business has been the focus of intensive restructuring following a period of poor capital allocation and resultant decline in margins. We believe things are finally moving in the right direction, with all of its businesses improving in profitability and overall debt likely to be reduced via strong free cash flow generation.

We also purchased JNBY Design, the largest designer apparel retailer in China. The company enjoys strong brand recognition and customer loyalty and has proven to be a resilient company despite a few tough years on account of external and internal headwinds. Recent earnings results were good, with its retail sales outperforming the wider apparel industry. We believe the risk-reward looks attractive.

We sold Bank Central Asia and Shenzhen Mindray Bio-Medic to consolidate the portfolio into higher conviction ideas.

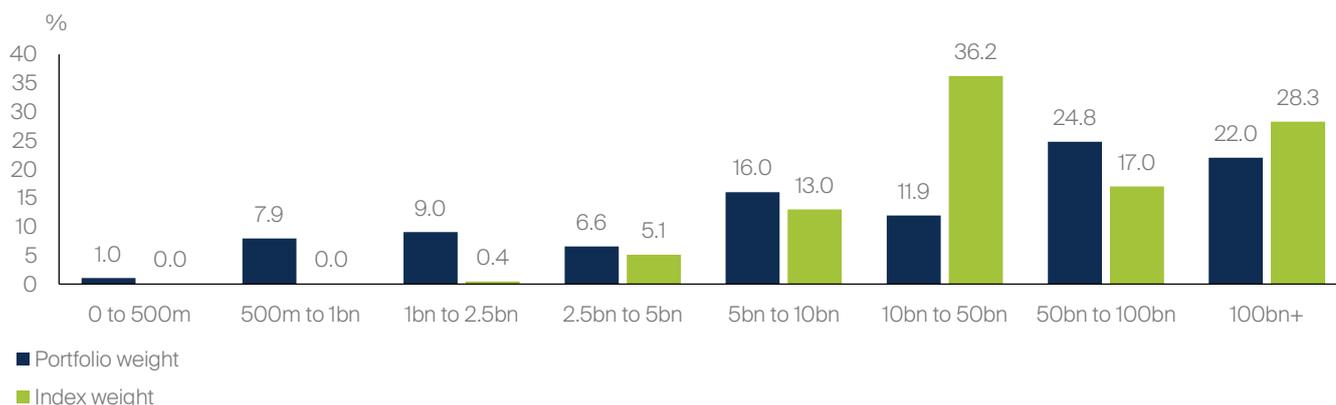
Stock spotlight

We believe China Mengniu Dairy, one of the two largest dairy companies in China, will be a key beneficiary of China's 'premiumisation' trend. We believe Mengniu is better-positioned than peers in various growth segments (such as premium UHT milk, fresh milk and cheese), which should outgrow the industry. CEO Jeffrey Lu led the business for more than 6 years before stepping down in early 2024. Under his leadership, Mengniu Dairy has improved its profitability and return. More importantly, the brand recognition, distribution and supply chain management have been strengthened. Mengniu also has built a team of capable middle management. The new CEO, Gao Fei, has been with the company for 25 years and had been groomed for succession in recent years. Mr Lu will stay on for the next 1-3 years as vice chairman to oversee the transition.

Overall dairy consumption in China is growing at mid-single-digit. Our recent discussions with Mr Lu and Mr Gao suggested that Mengniu will prioritise profit growth going forward, rather than scale. We believe Mengniu's fundamentals are in decent shape, though it will need to strengthen its brands, develop more innovative products, and improve its digital platforms to achieve its profitability targets. As Mengniu Dairy's capex has peaked, the company plans to do more share buybacks on the back of strong free cash flow.

The stock has been affected by weak consumer demand as China's economic recovery remains fragile. The market is concerned about deflation in China, which might weaken consumer staples companies' pricing power and trigger more intensified competition. However, we have been adding on weakness as the risk-reward seems favourable on c.10x P/E and 1.2x book.

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.

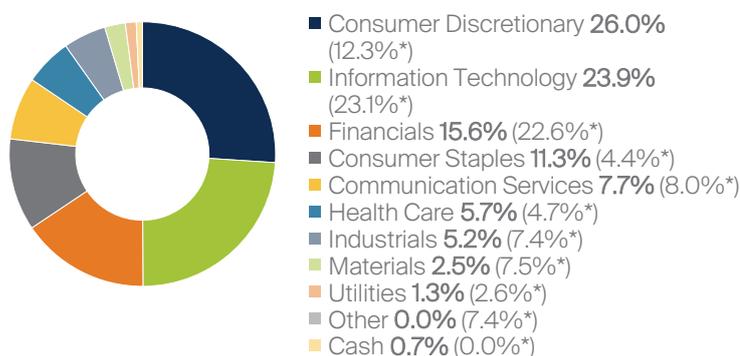
Ten largest company holdings as at 31 March 2024

Stock name	Country	Sector	Portfolio weight (%)
ICICI Bank Limited	India	Financials	7.9
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	7.5
Tencent Holdings Ltd.	China	Communication Services	5.6
Tata Motors Limited	India	Consumer Discretionary	4.9
Midea Group	China	Consumer Discretionary	4.7
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	4.7
Samsung Electronics Co Ltd Pfd NV	South Korea	Information Technology	4.3
JNBY Design Limited	China	Consumer Discretionary	4.2
PT Selamat Sempurna Tbk	Indonesia	Consumer Discretionary	3.7
Sony Group Corporation	Japan	Consumer Discretionary	3.3

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.

Sector breakdown



*Index weight

Country breakdown



*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 March 2024

Stock name	Country	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	203
JNBY Design Limited	China	Consumer Discretionary	130
MediaTek Inc	Taiwan	Information Technology	64
ICICI Bank Limited	India	Financials	63
Midea Group Co. Ltd. Class A	China	Consumer Discretionary	56

12 months to 31 March 2024

Stock name	Country	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	282
JNBY Design Limited	China	Consumer Discretionary	130
NVIDIA Corporation	USA	Information Technology	127
ICICI Bank Limited	India	Financials	118
Lasertec Corp.	Japan	Information Technology	115

Bottom 5 contributors to absolute performance

3 months to 31 March 2024

Stock name	Country	Sector	Value added (bps*)
HDFC Bank Limited Sponsored ADR	India	Financials	-127
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	-56
Wuxi Biologics (Cayman) Inc.	China	Health Care	-50
Sony Group Corporation	Japan	Consumer Discretionary	-50
WuXi AppTec Co., Ltd. Class H	China	Health Care	-47

12 months to 31 March 2024

Stock name	Country	Sector	Value added (bps*)
Wuxi Biologics (Cayman) Inc.	China	Health Care	-151
JD.com, Inc. Class A	China	Consumer Discretionary	-135
Tencent Holdings Ltd.	China	Communication Services	-130
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	-119
HDFC Bank Limited Sponsored ADR	India	Financials	-104

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 March 2024

Risk measure	Value	Risk description
Beta	0.92	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	-0.71	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	17.66%	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	18.51%	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	4.49%	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 March 2024

Risk measure	Value	Risk description
Dividend Yield (Fund)	2.44%	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)	2.78%	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)	2.82	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)	1.94	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)	17.84	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)	15.90	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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For further information

Head of Distribution, UK and Europe

Graham Fox +44 (0)20 7332 6530 graham.fox@firstsentier.com

Sales Director, Europe and Third Party Distributions

Marc Bishop +44 (0)20 7332 6556 marc.bishop@firstsentier.com

Head of Wholesale, UK and Ireland

Tom Burton +44 (0)20 7332 6559 tom.burton@fssaim.com

Sales Director, Wholesale

Matt Lepine +44 (0)20 7332 6840 matt.lepine@fssaim.com

Institutional Relationship Director FSSA

Fraser Wood +44 (0)131 473 2529 fraser.wood@fssaim.com

Head of Distribution, Ireland

Frank Glennon +44(0)7776 138105 frank.glennon@firstsentier.com

Sales Director, Europe

Eva von Sydow +33 (0)1 72 25 66 36 eva.vonsydow@firstsentier.com

Sales Directors, Germany and Austria

Emmanuel Litique +49 (0) 69 2443 71631 emmanuel.litique@firstsentier.com

Robert Retz +49 (0) 69 2443 71633 robert.retz@firstsentier.com

Senior Institutional Business Development Director, Germany and Austria

Sascha Beisheim +49 (0) 69 2443 71634 sascha.beisheim@firstsentier.com

Head of Institutional Sales, UK and EMEA

Peter Swan +44 (0)20 7332 9428 peter.swan@firstsentier.com

UK Consultant Relations

Sam Roberts +44 (0)20 7332 6577 sam.roberts@firstsentier.com