

FSSA Japan Equity 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, Japan that are listed on exchanges worldwide.
 The Fund may invest up to 100% in any industry.
 The Fund may use derivatives with the aim of risk reduction or efficient management.

Fund information

Fund launch date	02 February 2015
Fund size (US\$m)	224.2
Benchmark	TOPIX Net Total Return Index*
Number of holdings	49
Fund manager(s)	Sophia Li/Martin Lau
Research rating ^	Morningstar®:Bronze

* The benchmark of the Fund changed from MSCI Japan Gross to MSCI Japan Net with effect from 1 July 2016. This change has been reflected in the calculation of the benchmark performance. The benchmark of the Fund changed from MSCI Japan Net Index to TOPIX Net Total Return Index with effect from 9 December 2021. 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 Japan Equity Fund USD Class III (Accumulation)	BSJWPM9	IEOBSJWPM96
FSSA Japan Equity Fund USD Class I Hedged P (Accumulation)	BM95BG2	IE00BM95BG26

Risk factors

This document is a financial promotion for the FSSA Japan Equity 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.**
- **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.

FSSA Japan Equity Fund EUR Class VI (Accumulation)	BYXW3V2	IE00BYXW3V29
FSSA Japan Equity Fund JPY Class III (Accumulation)	BZC0S08	IE00BZC0S080
FSSA Japan Equity Fund EUR Class VI Hedged (Accumulation)	BFY84Q8	IE00BFY84Q86
FSSA Japan Equity Fund USD Class I (Accumulation)	BSJWPNO	IE00BSJWPNO4
FSSA Japan Equity Fund GBP Class VI (Accumulation)	BMFPHB3	IE00BMFPHB31
FSSA Japan Equity Fund USD Class III P Hedged (Accumulation)		IE0006GCKD23
FSSA Japan Equity Fund SGD Class III (Accumulation)		IE000CB8OYT7

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.

Risk factors

This document is a financial promotion for the FSSA Japan Equity 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.**
- **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.**

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 Japan Equity Fund	4.0	-33.8	0.4	42.5	36.1
TOPIX Net Total Return Index	19.6	-15.2	1.5	14.5	19.6

Cumulative performance in USD (%) to 31 December 2023

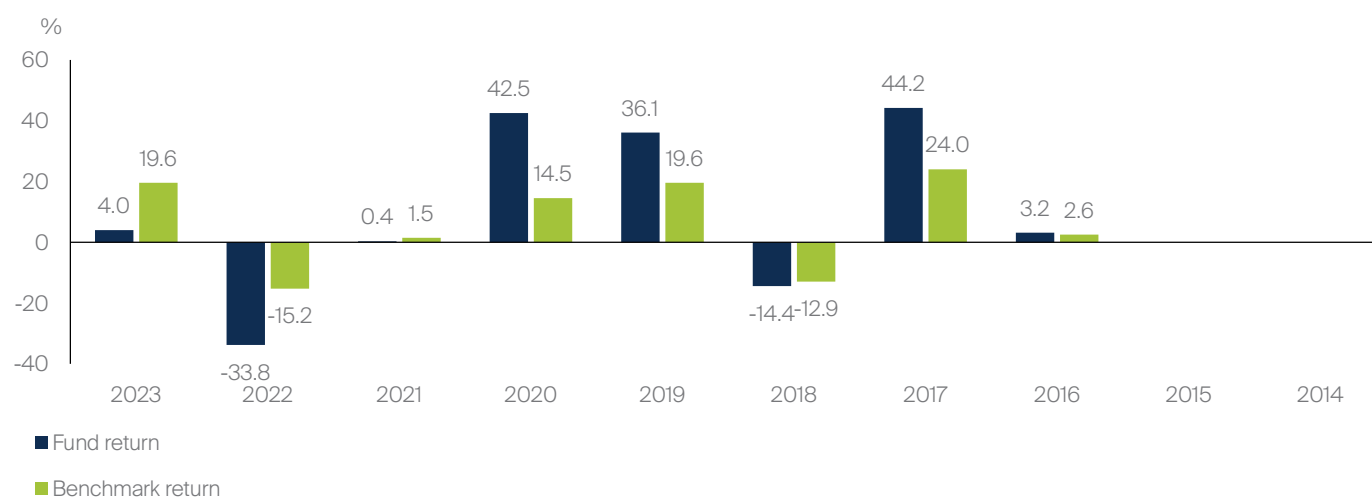
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Japan Equity Fund	104.5	-	34.0	-30.9	4.0	4.0	3.8	15.4
TOPIX Net Total Return Index	68.1	-	40.9	2.9	19.6	19.6	7.0	8.0

Performance review

Over the past 12 months, key contributors to performance included Lasertec, which rose on expectations of a pick-up in customer orders for its next-generation ACTIS systems and improved profit margins, after having booked and completed sales of its lower-margin systems in the recent quarter. Currency should also be a tailwind as the price is mainly denominated in USD and around 90% of revenue is from overseas. Rakus reported strong sales growth and positive forward guidance, driven by the high-margin cloud segment. Management also highlighted improvements in productivity and cost controls.

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. Nihon M&A declined after reporting slower-than-expected revenue growth. The company is in the middle of internal reforms to improve its corporate culture and labour productivity.

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 02 February 2015. All performance data for the FSSA Japan Equity Fund Class III (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 - TSE, income reinvested net of tax.

▲On 22 September 2020, First State Japan Equity Fund was rebranded as FSSA Japan Equity Fund.

Portfolio review

New purchases over the quarter included JEOL, a global leader in electron beam technology which is used in scientific and measurement instruments, semiconductor equipment and medical devices. It makes key components for multi-beam mask writers (MBMWs – a device that writes complex circuit patterns on EUV photomasks) and has an exclusive partnership to supply IMS Nanofabrication, who manufactures MBMWs and sells them to semiconductor companies like Taiwan Semiconductor (TSMC) and Intel. We believe JEOL should benefit from the long-term structural growth in demand for EUV technology, although in the near term it may fluctuate based on the order outlook and utilisation rates.

We also bought Koito Manufacturing, the largest maker of automotive headlamps in the world. The company has a strong franchise, robust balance sheet and R&D focus. The price-to-book ratio had fallen to attractive levels, while the new management is increasing dividend payouts and buying back shares. With no large capital expenditures expected in the next few years, we expect more cash to be returned to shareholders.

We divested Nidec Corporation and Murata Manufacturing to consolidate the portfolio into higher-conviction opportunities.

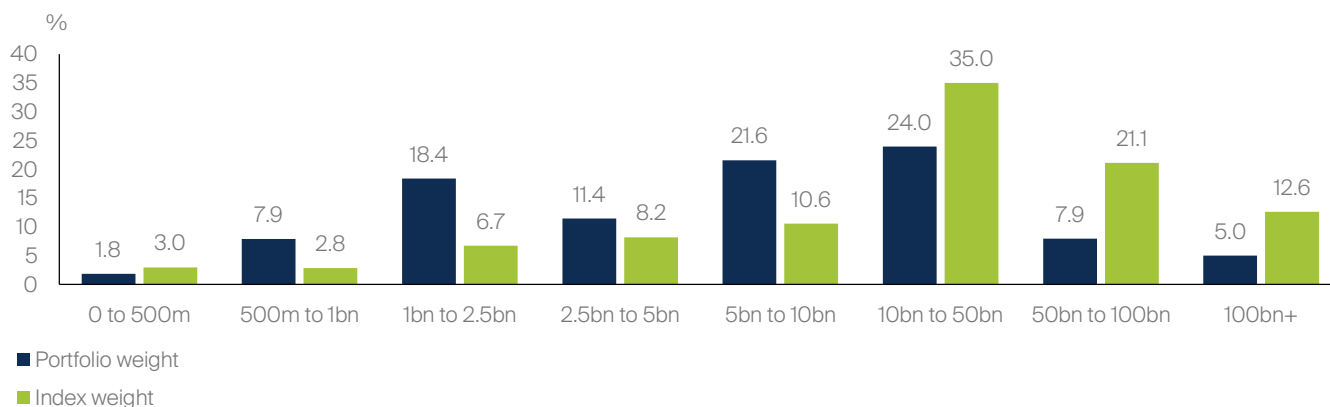
Stock spotlight

GMO Payment Gateway is the largest online payment processing company in Japan with 25-30% market share. We believe it has a long runway of growth ahead, given the low penetration of e-commerce and offline cashless payments in Japan. With more offline retailers and consumer brand companies launching e-commerce portals, GMO Payment is well positioned to capture the market, due to its extensive experience and track record in the payments industry. The company's strong growth is supported by its continuous efforts to enter new areas like digital content and utility payment services.

Besides e-commerce, the emergence of cashless payment transactions could be another growth driver. Recent policies, such as merchant subsidies and consumer rewards programs (which have been primary catalysts in other nations), are expected to accelerate the pace of transition. The company has also been entering new verticals, such as health care and education, driven by the digital transformation (DX) trend. Another new business pillar is the buy now, pay later (BNPL) business, which should accelerate as the sales capability improves.

The pace of growth in gross merchandise value (GMV) slowed after the pandemic as shoppers moved from online to offline, but profits continued to grow by 25-30%. Meanwhile, valuations have derated to a 10-year low, so we used the opportunity to add to our 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

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.

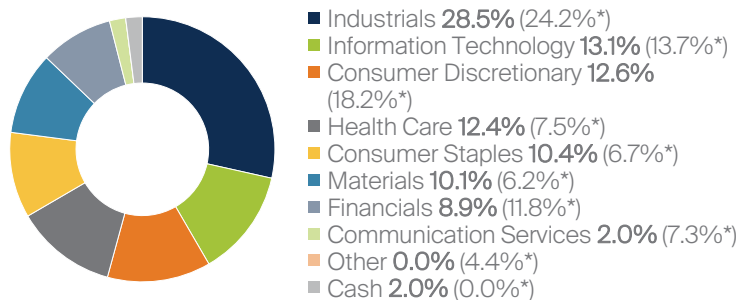
Our long-term investment themes:

- 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 31 December 2023

Stock name	Country	Sector	Portfolio weight (%)
GMO Payment Gateway, Inc.	Japan	Financials	7.3
Ajinomoto Co., Inc.	Japan	Consumer Staples	5.1
BayCurrent Consulting, Inc.	Japan	Industrials	5.0
Recruit Holdings Co., Ltd.	Japan	Industrials	4.4
RAKUS Co., Ltd.	Japan	Information Technology	4.2
Lasertec Corp.	Japan	Information Technology	3.5
Sony Group Corporation	Japan	Consumer Discretionary	3.5
SMS Co., Ltd.	Japan	Industrials	2.9
Olympus Corp.	Japan	Health Care	2.9
MonotaRO Co., Ltd.	Japan	Industrials	2.8

Sector 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%.

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.

Top 5 contributors to absolute performance

3 months to 31 December 2023

Stock name	Country	Sector	Value added (bps*)
Lasertec Corp.	Japan	Information Technology	227
GMO Payment Gateway, Inc.	Japan	Financials	179
RAKUS Co., Ltd.	Japan	Information Technology	147
Recruit Holdings Co., Ltd.	Japan	Industrials	140
Benefit One Inc.	Japan	Industrials	95

12 months to 31 December 2023

Stock name	Country	Sector	Value added (bps*)
Lasertec Corp.	Japan	Information Technology	208
RAKUS Co., Ltd.	Japan	Information Technology	164
Recruit Holdings Co., Ltd.	Japan	Industrials	129
Sony Group Corporation	Japan	Consumer Discretionary	103
KeePer Technical Laboratory Co.Ltd.	Japan	Materials	90

Bottom 5 contributors to absolute performance

3 months to 31 December 2023

Stock name	Country	Sector	Value added (bps*)
Shoei Co. Ltd. (7839)	Japan	Consumer Discretionary	-47
Nidec Corporation	Japan	Industrials	-27
Nextone Inc NPV	Japan	Communication Services	-15
Shiseido Company,Limited	Japan	Consumer Staples	-14
M3, Inc.	Japan	Health Care	-14

12 months to 31 December 2023

Stock name	Country	Sector	Value added (bps*)
Nihon M&A Center Holdings Inc.	Japan	Industrials	-113
Olympus Corp.	Japan	Health Care	-106
Shoei Co. Ltd. (7839)	Japan	Consumer Discretionary	-99
Nextone Inc NPV	Japan	Communication Services	-97
MonotaRO Co., Ltd.	Japan	Industrials	-76

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.

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 fluctuation.

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	1.42	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	-0.89	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	23.57%	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	14.52%	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	13.04%	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)	1.23%	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)	2.31%	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)	3.59	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)	1.25	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)	27.32	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)	13.95	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.

This document is confidential and must not be copied, reproduced, circulated or transmitted, in whole or in part, and in any form or by any means without our prior written consent. The information contained within this document has been obtained from sources that we believe to be reliable and accurate at the time of issue but no representation or warranty, express or implied, is made as to the fairness, accuracy, or completeness of the information. We do not accept any liability whatsoever for any loss arising directly or indirectly from any use of this information.

References to "we" or "us" are references to First Sentier Investors.

In the UK, issued by First Sentier Investors (UK) Funds Limited which is authorised and regulated by the Financial Conduct Authority (registration number 143359). Registered office Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB number 2294743. In the EEA, issued by First Sentier Investors (Ireland) Limited which is authorised and regulated in Ireland by the Central Bank of Ireland (registered number C182306) in connection with the activity of receiving and transmitting orders. Registered office: 70 Sir John Rogerson's Quay, Dublin 2, Ireland number 629188. Outside the UK and the EEA, issued by First Sentier Investors International IM Limited which is authorised and regulated in the UK by the Financial Conduct Authority (registered number 122512). Registered office: 23 St. Andrew Square, Edinburgh, EH2 1BB number SC079063. In the EU: This document is a marketing communication. The fund(s) mentioned here may or may not be registered for marketing to investors in your location. If registered, marketing may cease or be terminated in accordance with the terms of the EU Cross Border Distribution Framework. Copies of the prospectus (in English and German) and key information documents in English, German, French, Danish, Spanish, Swedish, Italian, Dutch and Norwegian, along with a summary of investors' rights are available free of charge at firstsentierinvestors.com.

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.

Representative and Paying Agent in Switzerland: The representative and paying agent in Switzerland is BNP Paribas Securities Services, Paris, succursale de Zurich, Selhaustrasse 16, 8002 Zurich, Switzerland. Place where the relevant documentation may be obtained: The prospectus, key information documents, the instrument of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

First Sentier Investors entities referred to in this document are part of First Sentier Investors a member of MUFG, a global financial group. First Sentier Investors includes a number of entities in different jurisdictions. MUFG and its subsidiaries do not 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. The FSSA Investment Managers logo is a trademark of the MUFG or an affiliate thereof.

Copyright © (2023) First Sentier Investors

All rights reserved.

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