

FSSA Indian Subcontinent 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 India, Pakistan, Sri Lanka or Bangladesh and that are listed on exchanges in these countries. Where companies are closely associated with India, Pakistan, Sri Lanka or Bangladesh they may be listed on exchanges worldwide.

The Fund may invest up to 100% of its assets in emerging markets of the Indian subcontinent, 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 may use derivatives with the aim of risk reduction or efficient management.

Fund information

Fund launch date	07 February 1994
Fund size (US\$m)	531.9
Benchmark	MSCI India Net Index*
Number of holdings	38
Fund manager(s)	Sreevardhan Agarwal/Rizi Mohanty

* The benchmark of the Fund changed from MSCI India Gross to MSCI India Net with effect from 1 July 2016. This change has been reflected in the calculation of the benchmark performance.

Available share classes

Share class	Sedol	ISIN
FSSA Indian Subcontinent Fund USD Class III (Accumulation)	B6Y13T0	IE00B6Y13T06
FSSA Indian Subcontinent Fund USD Class I (Accumulation)	0843670	IE0008369930
FSSA Indian Subcontinent Fund USD Class I (Distributing)	B0FGLM1	IE00B0FGLM12
FSSA Indian Subcontinent Fund EUR Class VI (Accumulation)	BYXW3H8	IE00BYXW3H84
FSSA Indian Subcontinent Fund USD Class III (Distributing)	B96SMB5	IE00B96SMB54

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 Indian Subcontinent 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.
- **Indian subcontinent risk:** although India has seen rapid economic and structural development, investing there may still involve increased risks of political and governmental intervention, potentially limitations on the allocation of the Fund's capital, and legal, regulatory, economic and other risks including greater liquidity risk, restrictions on investment or transfer of assets, failed/delayed settlement and difficulties valuing securities.
- **Smaller companies risk:** investments in smaller companies may be riskier and more difficult to buy and sell than investments in larger companies.
- **Below investment grade risk:** below investment grade debt securities are speculative and involve a greater risk of default and price changes than investment grade debt securities. In periods of general economic difficulty, the market prices of these types of securities may decline significantly.

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 30 June 2025

	12 mths to 30/06/25	12 mths to 30/06/24	12 mths to 30/06/23	12 mths to 30/06/22	12 mths to 30/06/21
FSSA Indian Subcontinent Fund	0.8	33.9	18.0	-7.3	48.3
MSCI India Net Index	0.8	34.4	14.2	-4.8	56.4

Cumulative performance in USD (%) to 30 June 2025

	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Indian Subcontinent Fund	1805.3	143.9	119.1	59.3	0.8	0.7	0.7	5.9
MSCI India Net Index	1122.5	141.0	130.2	54.7	0.8	6.0	6.0	9.2

Performance review

Key contributors over the past 12 months

HDFC Bank rose after reporting better-than-expected results, driven by solid loan growth, margin expansion and improved asset quality. We believe this suggests that the business is starting to normalise after its merger with HDFC Corp.

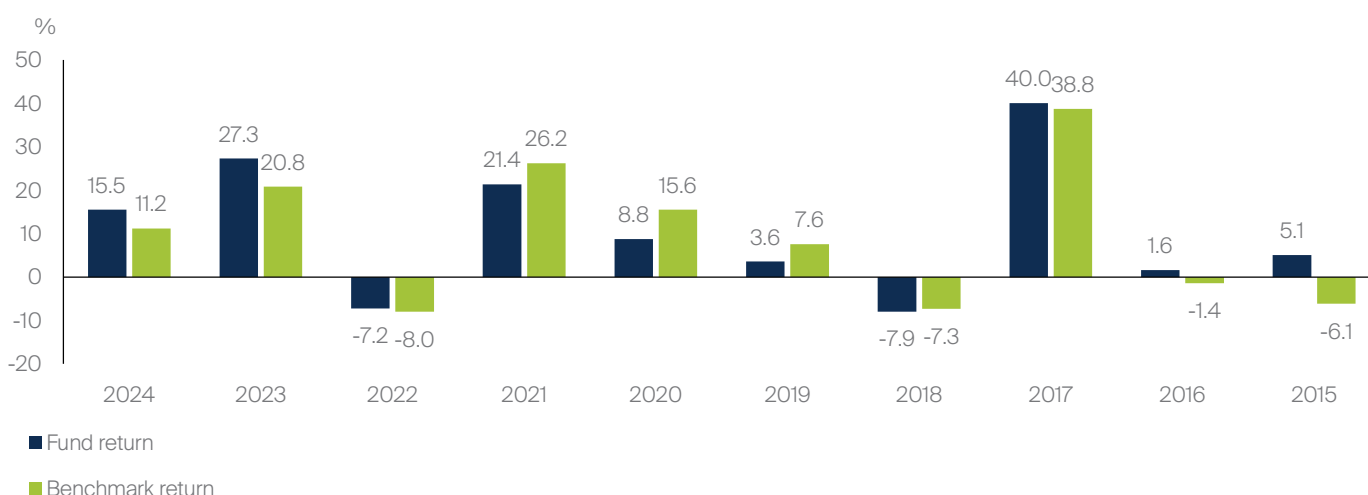
Radico Khaitan rose after the company shared an optimistic outlook for its portfolio of premium-brand spirits, driven by ongoing premiumisation and demographic tailwinds. Over the last two decades, Radico has focused on product innovation and branding, and has built up its portfolio by identifying potential opportunities early. As the industry's profit pool is still small, we believe it has a long runway of growth ahead.

Key detractors over the past 12 months

RHI Magnesita India has been weak amid a down-cycle in the refractory industry. Nonetheless, RHI's results have been resilient despite the challenges (low prices for refractories have increased imports from China). The company has increased efficiencies at its plants to improve profitability, and it is building a presence in large addressable segments where its share was lower in the past.

After a strong decade of performance up to 2019, **Whirlpool of India** faced a challenging few years due to the Covid pandemic, intense industry competition and rising cost pressures. In 2023 the appointment of Mr Narasimhan Eswar as Managing Director marked a turnaround in the company's performance, and Whirlpool has been gaining market share in refrigerators and washing machines. However, Whirlpool Corp (the parent) continued to reduce its stake from 51% to 20% (after having already reduced from 75% to 51% over the past 12 months), which has affected the share price.

Calendar year performance (% in USD) to 30 June 2025



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 23 August 1999. All performance data for the FSSA Indian Subcontinent Fund Class I (Accumulation) USD as at 30 June 2025. 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 Indian Subcontinent Fund was rebranded as FSSA Indian Subcontinent Fund.

Portfolio review

New purchases over the quarter included **Maruti Suzuki India**, a leading manufacturer of passenger vehicles in India. We had owned the shares previously and believe the company to be very high quality – its metrics in terms of returns on capital employed and cash generation are similar to that of a consumer franchise. However, the rapid market shift towards SUVs in recent years, where its share is lower, has had a negative impact on performance. Management recognised this and is making significant changes across the business, which includes new product launches, building out its distribution and service network, and growing its exports. We believe the risk-reward looked favourable as the shares were trading close to trough valuations.

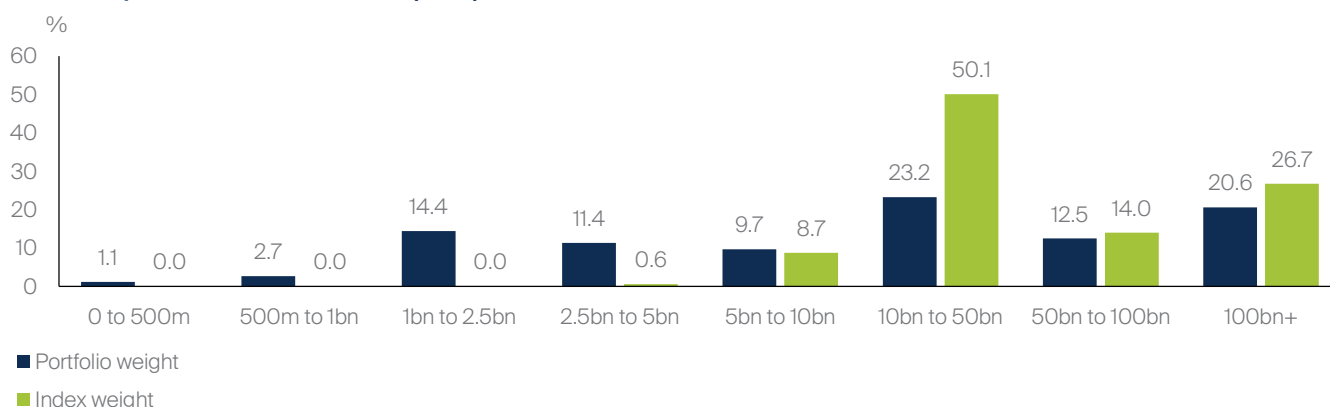
We also purchased **KEI Industries**, a leading cables and wires company. The company started as an institutional / tender business, which evolved into a diversified retail franchise. The track record of growth and returns on capital employed has been solid, while customer concentration has reduced and cash conversion has improved. Now, it is focusing on executing the next stage of growth – high-voltage cables and exports. We believe the quality of the business has improved significantly in recent years, and it still has room to grow.

We sold **Hindustan Unilever** and **Mahanagar Gas** to consolidate into more attractive opportunities.

Stock spotlight

ICICI Lombard General Insurance is leading private general insurer in India. The management has operated with risk-awareness and agility, and has grown the business without excessive risks, in our view. We believe there are several supportive factors for this to continue. First, general insurance penetration in India is one of the lowest globally, which suggests that the industry has significant long-term growth potential. Developed markets like Switzerland and the US spend significantly more on insurance; but even amongst emerging market peers, India's insurance premium per capita (USD 20), is relatively small compared to Mexico (USD 122) and Thailand (USD 129). Second, similar to the banking industry, private insurance operators have been consistently gaining share over state-owned enterprises (SOEs). While the latter still control a significant part of the market, years of underinvestment and mismanagement have led to stretched balance sheets which restrict their ability to grow. We believe SOEs will continue to be market share donors in the long run, which should benefit the best private insurers like ICICI Lombard.

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

The outlook looks increasingly uncertain, following the actions of the US president and his administration. However, while news about US tariffs continues to have an impact on global markets, we believe there are reasons to be sanguine. India's economy, which is mainly domestically oriented, should be relatively insulated from the fallout. Exports account for just 22% of India's GDP, while goods to the US make up only 2%.

From a portfolio perspective, we own market-leading businesses which we expect to gain market share in the ongoing disruption. Most of our holdings are domestically oriented businesses, which should be less affected by the imposition of tariffs. Moreover, the majority of our holdings have net cash balance sheets, which makes them well positioned to navigate the economic uncertainty. We do own some exporters, in IT services, but they comprise a small proportion of the portfolio and we had reduced earlier in the year due to high valuations. While these companies do not face tariff risks as service providers, growth could slow if US corporates – their key customers – face a slowdown as a result of the tariffs.

Such periods of uncertainty also create opportunities for us as bottom-up stock pickers. When we visited India earlier in the year, we found many high-quality businesses with strong management teams and attractive franchises. The ongoing market correction allows us to revisit some of these companies at lower valuations. Looking beyond the near term, we believe the long-term outlook for India remains attractive. We expect the portfolio's holdings to generate earnings growth of 13% CAGR over the next two years, with a return on capital employed of over 40%. And at 21x forward price-to-earnings, the portfolio's valuations seem attractive compared to historical levels. All of this combined makes us optimistic about portfolio outcomes going forward.

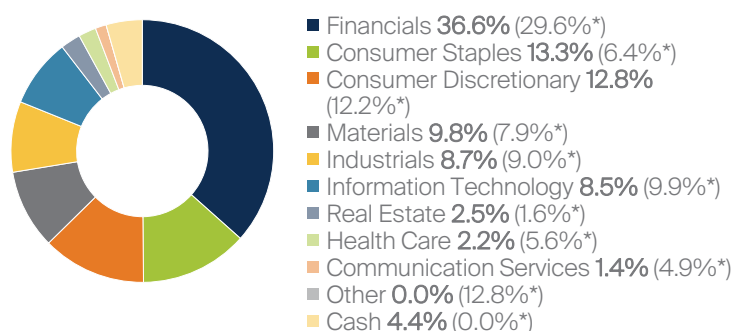
Our long-term investment themes:

- 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.
- Infrastructure companies with a strong track record and cash flow improvement.
- Globally competitive exporters with a growing international business.

Ten largest company holdings as at 30 June 2025

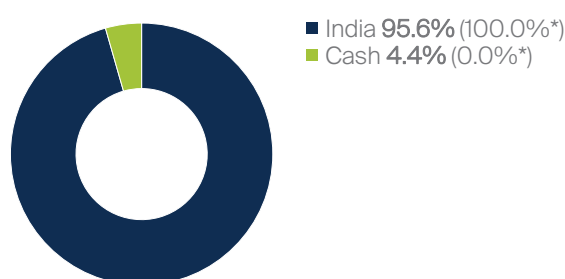
Stock name	Country	Sector	Portfolio weight (%)
HDFC Bank	India	Financials	9.1
ICICI Bank Limited	India	Financials	8.8
Kotak Mahindra Bank Limited	India	Financials	6.7
ICICI Lombard General Insurance Co. Ltd.	India	Financials	5.1
Colgate-Palmolive (India) Limited	India	Consumer Staples	3.5
Infosys	India	Information Technology	3.1
Bosch Limited	India	Consumer Discretionary	2.8
Tata Consultancy Serv. Ltd	India	Information Technology	2.7
Rallis India Limited	India	Materials	2.7
Kansai Nerolac Paints Limited	India	Materials	2.6

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 30 June 2025

Stock name	Country	Sector	Value added (bps*)
Rallis India Limited	India	Materials	100
HDFC Bank INR1	India	Financials	94
ICICI Lombard General Insurance Co. Ltd.	India	Financials	69
ICICI Bank Limited	India	Financials	61
CRISIL Limited	India	Financials	40

12 months to 30 June 2025

Stock name	Country	Sector	Value added (bps*)
HDFC Bank INR1	India	Financials	146
ICICI Bank Limited	India	Financials	142
Godrej Industries Limited	India	Industrials	102
Kotak Mahindra Bank Limited	India	Financials	98
Radico Khaitan Ltd	India	Consumer Staples	67

Bottom 5 contributors to absolute performance

3 months to 30 June 2025

Stock name	Country	Sector	Value added (bps*)
Tata Consultancy Services Limited	India	Information Technology	-12
RHI Magnesita India Limited	India	Materials	-11
Blue Star Limited	India	Industrials	-11
Mahindra & Mahindra Financial Services Ltd.	India	Financials	-9
United Breweries Limited	India	Consumer Staples	-9

12 months to 30 June 2025

Stock name	Country	Sector	Value added (bps*)
Tata Consultancy Services Limited	India	Information Technology	-75
Asian Paints Ltd.	India	Materials	-62
Tata Motors Limited	India	Consumer Discretionary	-58
Escorts Kubota Limited	India	Industrials	-42
Honasa Consumer Limited	India	Consumer Staples	-40

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 30 June 2025

Risk measure	Value	Risk description
Beta	0.89	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	0.75	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	14.78%	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	15.55%	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	5.40%	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 30 June 2025

Risk measure	Value	Risk description
Dividend Yield (Fund)	0.95%	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)	1.10%	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)	4.61	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)	4.06	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)	30.54	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)	25.42	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

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

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