

FSSA Asian Growth Fund

-The Fund invests primarily in equity securities or equity-related securities of companies that are listed, or have their registered offices in, or conduct a majority of their economic activity in Asia excluding Australia, Japan and New Zealand.

-The Fund invests in emerging markets which may have increased risks than developed markets including liquidity risk, currency risk/control, political and economic uncertainties, high degree of volatility, settlement risk and custody risk.

-The Fund may expose to China market risk including repatriation risk, uncertainties to PRC taxation policies and risks associated with StockConnects, QFI, the ChiNext market and/or the STAR board. The Fund may also expose to RMB currency and conversion risk.

-The Fund's investments may be concentrated in a single sector, country, specific region or small numbers of countries/companies which may have higher volatility or greater loss of capital than more diversified portfolios. Investing in securities of small/mid-capitalisation companies may have lower liquidity and more volatile prices during adverse economic developments.

-The Fund may use FDIs for hedging and efficient portfolio management purposes, which may subject the Fund to additional liquidity, valuation, counterparty and over the counter transaction risks.

-It is possible that a part or entire value of your investment could be lost. You should not base your investment decision solely on this document. Please read the offering document including risk factors for details.

Investment objective and strategy

The Fund aims to achieve long term capital appreciation and invests primarily in equity or equity-related securities of companies that are listed, or have their registered offices in, or conduct a majority of their economic activity in Asia excluding Australia, Japan and New Zealand.

Fund information

Fund size (US\$m)	233.9
Benchmark	MSCI AC Asia ex Japan Net Index▲
Number of holdings	36

Available share classes

Share class ⁺	Inception date	Nav/per share	ISIN code
Class I (USD - Acc)	05 August 1999	US\$53.09	IE0008368411

⁺ Acc represents share class with dividends accumulated.

▲ The benchmark displayed is the MSCI AC Asia Pacific ex Japan Index until 30 April 2002, the MSCI AC Far East ex Japan Index from 1 May 2002 until 1 November 2005 and the MSCI AC Asia ex Japan Index from 2 November 2005 onwards.

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.

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 Class I (USD - Acc)	1.0	-16.5	3.4	17.6	15.6
FSSA Asian Growth Fund Class II (USD - Acc)	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

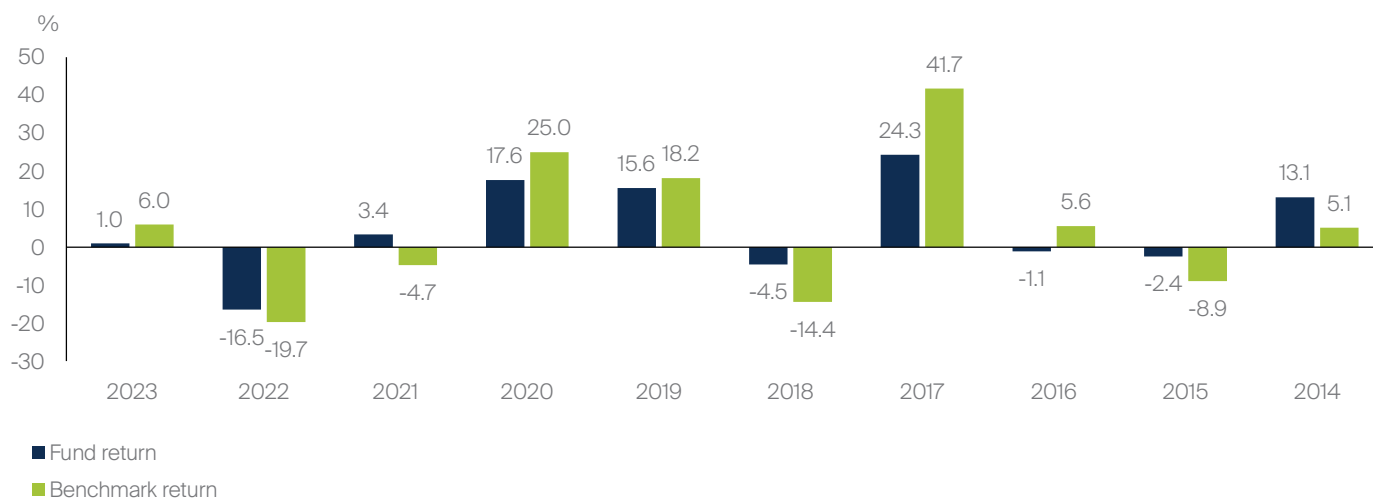
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Asian Growth Fund Class I (USD - Acc)	430.9	53.7	18.6	-12.8	1.0	1.0	-1.9	4.1
FSSA Asian Growth Fund Class II (USD - Acc)	1141.7	51.1	18.5	-12.8	1.0	1.0	-1.9	4.1
MSCI AC Asia ex Japan Net Index	307.7	47.0	19.8	-18.9	6.0	6.0	2.9	6.4

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



Source: Lipper and First Sentier Investors, Nav-Nav (USD total return) data as at 31 December 2023. This Fund is a sub fund of Ireland domiciled First Sentier Investors Global Umbrella Fund Plc. Class I (USD-Acc) and Class II (USD-Acc) are the non-dividend distributing class of the fund, the performance quoted are based on USD total return (non-dividend distributing). Class II (USD-Acc) was launched on 30 June 1988 and has been closed for subscription. The benchmark displayed is the MSCI AC Asia Pacific ex Japan Index until 30 April 2002, the MSCI AC Far East ex Japan Index from 1 May 2002 until 1 November 2005 and the MSCI AC Asia ex Japan Index from 2 November 2005 onwards. Gross of tax benchmark performance is shown before 1 July 2016 and net of tax benchmark performance is shown after the aforementioned date. Class I (USD - Acc) performance is shown in the above chart. Unless otherwise specified, all information contained in this document is as at 31 December 2023. Investment involves risks, past performance is not a guide to future performance. 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).

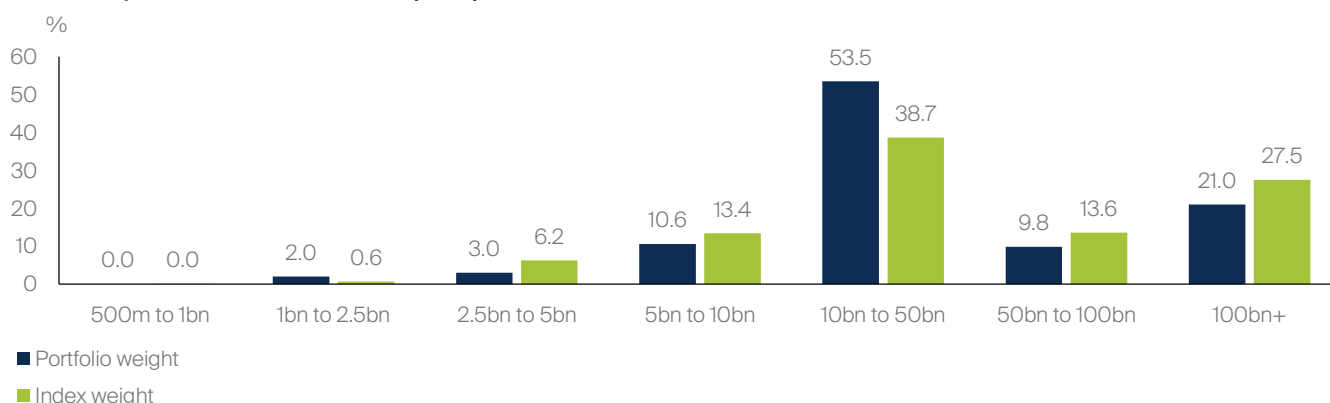
Established in 1987, TSMC was the pioneer of the foundry model, which separated semiconductor chip designs (produced by fabless companies) from the fabrication or manufacturing process (outsourced to a foundry). Over the last 30 years, foundries have gained market share from traditional integrated design 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: First Sentier Investors. 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. 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. The index refers to MSCI AC Asia ex Japan Net Index.

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.

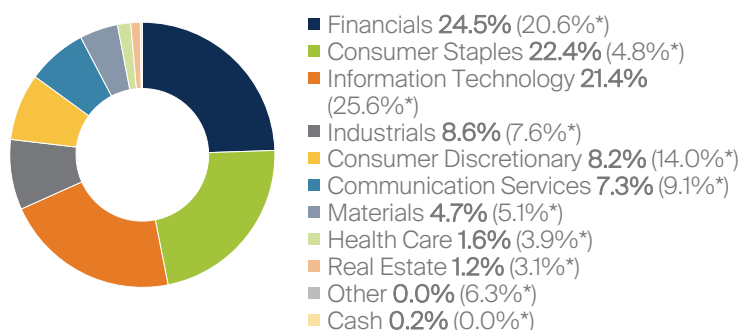
Our long-term investment themes:

- 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.

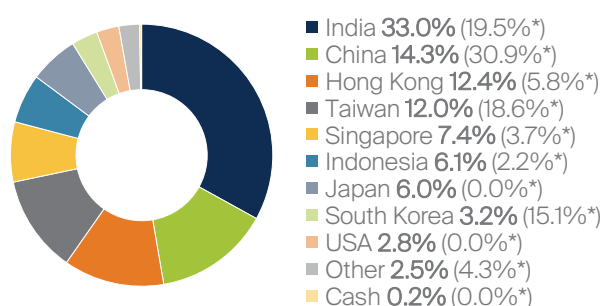
Ten largest company holdings as at 31 December 2023

Stock name	Geography	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



Geographic 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	Geography	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	Geography	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	Geography	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	Geography	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.

Important information

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