

FSSA Regional India Fund

Investment objective and strategy

The Fund aims to achieve long term capital appreciation and invests all or substantially all of its assets in the FSSA Indian Subcontinent Fund (the "Underlying Sub-Fund"), under the Dublin registered First Sentier Investors Global Umbrella Fund plc. The Underlying Sub-Fund invests primarily (at least 70% of its net asset value) in a diversified portfolio of equity securities or equity-related securities issued by companies of the Indian subcontinent. Countries of the Indian subcontinent include India, Pakistan, Sri Lanka and Bangladesh. The Underlying Sub-Fund concentrates on securities that are listed, traded or dealt in on regulated markets in the Indian subcontinent and offshore instruments issued by companies established or operating or have significant interests in the Indian subcontinent and listed on other regulated markets.

On 22 September 2020, First State Regional India Fund was rebranded as FSSA Regional India Fund.

Fund information

Fund size (\$m)	289.6
Benchmark	MSCI India Index
Number of holdings	43

Available share classes

Share class	Inception date	Nav/per share	ISIN code
Class A (SGD - Acc)	22 Aug 1994	S\$14.8600	SG9999000186

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.

Annualised performance in SGD (%) to 31 December 2024 ^

	Since Inception	10yrs	5yrs	3yrs	1yr
Fund (Ex initial charges)	9.5	9.9	12.5	11.1	19.1
Fund (Inc initial charges)	9.3	9.4	11.4	9.2	13.2
Benchmark	7.7	9.3	13.4	8.5	16.3

Cumulative performance in SGD (%) to 31 December 2024 ^

	Since Inception	5yrs	3yrs	1yr	3mths
Fund (Ex initial charges)	1,464.2	80.3	37.1	19.1	-3.0
Fund (Inc initial charges)	1,386.0	71.3	30.2	13.2	-7.9
Benchmark	839.7	87.8	27.6	16.3	-4.9

^ The performance prior to 18 Oct 02 is in relation to the Fund before its conversion to a feeder fund.

Performance review

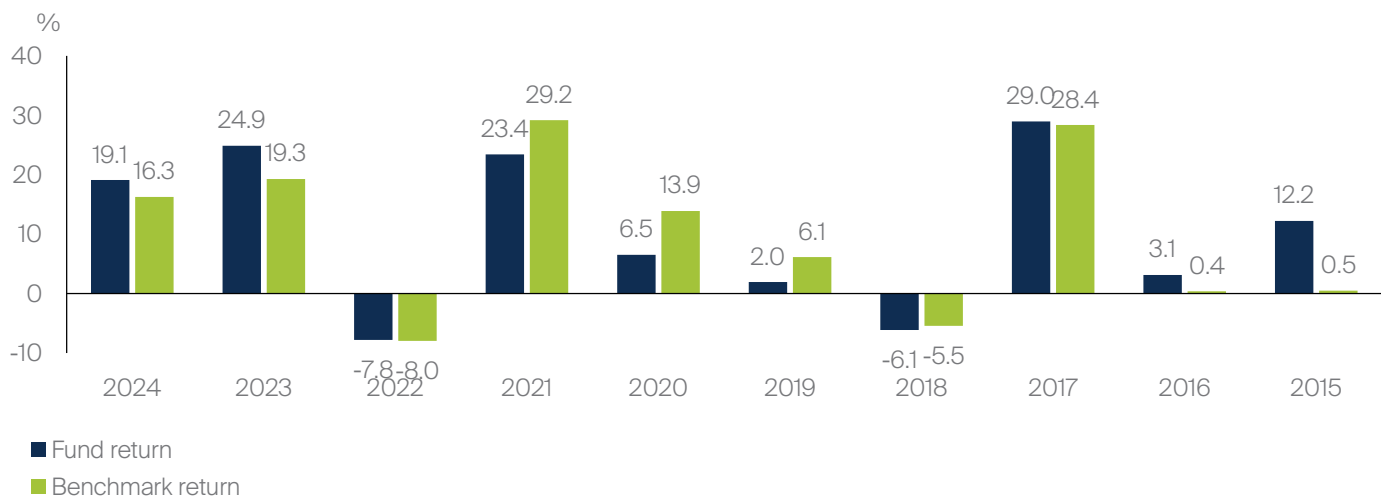
Key contributors over the past 12 months

Computer Age Management Services (CAMS) reported strong sales and earnings, driven by growth in mutual fund assets and other businesses such as payments. ICICI Bank continued to perform well with strong performance across its business. Given the dominance of inefficient state-owned banks in the Indian banking industry, we believe ICICI Bank can continue to gain market share whilst maintaining attractive returns on assets.

Key detractors over the past 12 months

RHI Magnesita India declined as the industry is going through a down-cycle with weak demand and increased competition from Chinese supply. Despite this, the company has found efficiencies to improve profitability, and we believe as the cycle turns, they should resume gaining market share with a better margin profile. Nestle India fell after reporting disappointing revenue growth amid weak consumer demand, while margins were pressured by commodity price inflation.

Calendar year performance (% in SGD) to 31 December 2024



Source: Lipper and First Sentier Investors, single pricing basis with net income reinvested. Unless otherwise specified, all information contained in this document is as at 31 December 2024. Investment involves risks, past performance is not a guide to future performance.

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.

Portfolio review

New positions over the quarter included Niva Bupa Health Insurance, which we purchased at its recent initial public offering. The company is a standalone health-insurance company in India, owned by multinational parent Bupa. We believe that Niva Bupa is well positioned to tap into the rise of healthcare insurance expenditure in India. Over the past 10 years the general insurance industry has grown by around 14% compounded annually (based on gross premiums), of which the health insurance segment is the fastest growing part. The management have a good track record of industry experience, and the company has been gaining market share whilst remaining risk aware.

We also bought BLS International Services, the world's second-largest outsourced visa processing company. The industry has high entry barriers and is dominated by a few companies. To win a contract, a company needs to show a long track record with technical capabilities, and contracts typically last 7-10 years. The business is asset-light with high returns on capital employed (ROCE) and we think BLS still has significant growth potential. Only around 1/3 of the industry has been outsourced and this is likely to increase. Meanwhile, BLS is well-positioned to win more contracts as they come up for renewal, as well as expand into adjacent businesses such as passport renewals.

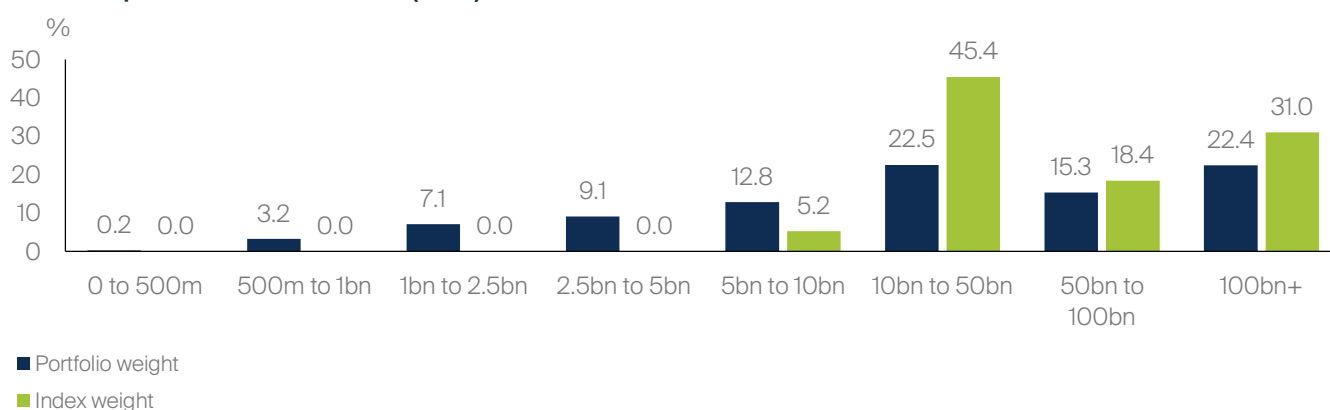
We sold Tech Mahindra and HeidelbergCement India after the recent share price strength made the valuations less attractive.

Stock spotlight

ICICI Bank is one of the largest Indian private sector banks, with a strong retail franchise. In the past, it had highly aggressive lending practices and a risk-taking culture. This culminated in the former CEO being forced to step down in 2018 amidst a corruption scandal. But since then, CEO Sandeep Bakhshi has been revamping the bank's culture.

He removed credit growth as a key performance indicator, aligning the entire bank's focus on growing its risk-calibrated operating profit. Now, only products that are "good for the bank and good for the customer" are sold. Other changes include exiting the project finance space (where corruption is common), empowering risk teams with veto power over loan proposals, and putting more focus on governance guardrails in the lending process. Mr Bakhshi believes that "an entrepreneur who doesn't respect the environment or his community will not respect the lender either." These changes seem to be bearing fruit – ICICI Bank has tightened its lending criteria and come out of the non-banking financial companies (NBFC) crisis and Covid without any major asset quality issues. The asset quality has improved significantly while the book value per share has compounded handsomely. Profit has increased from USD1.2bn in FY18 to USD5.3bn in FY24. There has also been a significant improvement in return on assets (ROA), to among the highest in the industry. Meanwhile, amid a flight to quality, the company's market share jumped along with its deposit base. Given the dominance of inefficient and capital starved state-owned banks in the Indian banking industry at nearly 60%, ICICI Bank still has a long runway for growth ahead, while maintaining attractive returns on assets.

Market capitalisation breakdown (SGD)



Source: First Sentier Investors as at 31 December 2024. 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.

Outlook

When we invest in a company, we consider ourselves to be long-term owners of the business. We want to back owners and managers with whom we feel strongly aligned. If our assessment of a company's owners and managers is not up to the mark, we simply will not invest, regardless of the valuation or strength of the franchise. We have spent decades building relationships with high-quality owners and managers in India who have an established track record of delivering strong growth while maintaining high returns on capital and treating all stakeholders fairly.

The decade before Covid saw a period of slow growth in India. During this time, market leading businesses took measures to consolidate their market positions. As the growth outlook has improved with the benefit of various reforms and healthy balance sheets of corporates as well as banks, these leading businesses are now well positioned to deliver strong earnings growth and returns on capital. We expect them to capture the lion's share of the growth in their respective industries' profit pools. While some pockets of the investment universe are expensively valued, we continue to find a number of attractive opportunities.

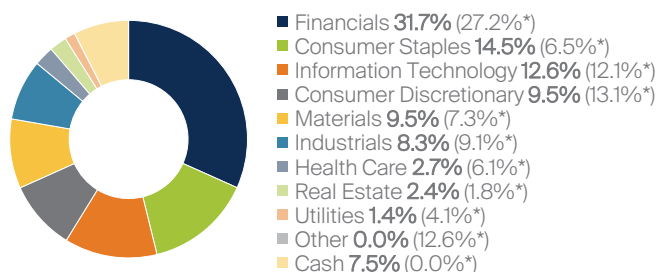
Our long-term investment themes:

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

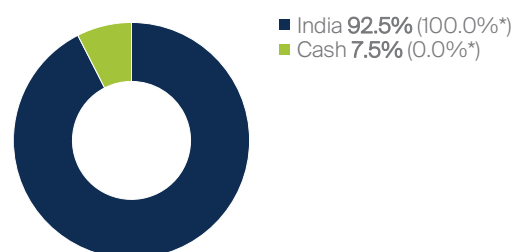
Ten largest company holdings as at 31 December 2024

Stock name	Geography	Sector	Portfolio weight (%)
HDFC Bank	India	Financials	9.2
ICICI Bank Limited	India	Financials	6.5
Kotak Mahindra Bank Limited	India	Financials	4.4
HCL Technologies Limited	India	Information Technology	4.3
Colgate-Palmolive (India) Limited	India	Consumer Staples	3.8
Infosys	India	Information Technology	3.7
ICICI Lombard General Insurance Co. Ltd.	India	Financials	3.5
Tata Consultancy Serv. Ltd	India	Information Technology	3.0
Kansai Nerolac Paints Limited	India	Materials	2.6
Godrej Industries Limited	India	Industrials	2.4

Sector breakdown



Geographic breakdown



*Index weight

*Index weight

Source: First Sentier Investors as at 31 December 2024. 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 2024

Stock name	Geography	Sector	Value added (bps*)
Radico Khaitan Ltd	India	Consumer Staples	43
Oberoi Realty Limited	India	Real Estate	37
Computer Age Management Services Ltd	India	Industrials	24
HCL Technologies Limited	India	Information Technology	19
CRISIL Limited	India	Financials	18

12 months to 31 December 2024

Stock name	Geography	Sector	Value added (bps*)
Blue Star Limited	India	Industrials	307
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	181
Computer Age Management Services Ltd	India	Industrials	151
ICICI Bank Limited	India	Financials	143
Bosch Limited	India	Consumer Discretionary	140

Bottom 5 contributors to absolute performance

3 months to 31 December 2024

Stock name	Geography	Sector	Value added (bps*)
Colgate-Palmolive (India) Limited	India	Consumer Staples	-156
Mahanagar Gas Ltd	India	Utilities	-84
ICICI Lombard General Insurance Co. Ltd.	India	Financials	-74
Bajaj Auto Limited	India	Consumer Discretionary	-68
Hindustan Unilever Limited	India	Consumer Staples	-56

12 months to 31 December 2024

Stock name	Geography	Sector	Value added (bps*)
Kansai Nerolac Paints Limited	India	Materials	-75
Asian Paints Ltd.	India	Materials	-55
Nestle India Ltd.	India	Consumer Staples	-53
Hindustan Unilever Limited	India	Consumer Staples	-50
RHI Magnesita India Refractories Limited	India	Materials	-35

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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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.

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