

# FSSA Asian Growth 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, Asia (excluding Australia, Japan and New Zealand). The Fund may invest in any emerging markets in the Asia Pacific Region (excluding Australia, Japan and New Zealand), 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 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	30 June 1988
Fund size (US\$m)	183.4
Benchmark	MSCI AC Asia ex Japan Net Index*
Number of holdings	31
Fund manager(s)	Richard Jones/Rizi Mohanty
Research rating ^	Morningstar®:Bronze

\* Since Inception - MSCI AC Pacific ex Japan Index. From 01/05/2002 - MSCI AC Far East ex Japan Index. From 02/11/2005 - MSCI AC Asia ex Japan Index. The benchmark of the Fund changed from MSCI AC Asia ex Japan Gross to MSCI AC Asia 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.

## Risk factors

This document is a financial promotion for the FSSA Asian Growth 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.

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.**

#### Available share classes

Share class	Sedol	ISIN
FSSA Asian Growth Fund USD Class I (Accumulation)	0843614	IE0008368411
FSSA Asian Growth Fund USD Class III (Accumulation)	0843595	IE0008374245
FSSA Asian Growth Fund USD Class I (Distributing)	B031HW0	IE00B031HW06
FSSA Asian Growth Fund USD Class VI (Accumulation)	BK8FXG3	IE00BK8FXG30
FSSA Asian Growth Fund USD Class VI (Distributing)	BYSJTX2	IE00BYSJTX22
FSSA Asian Growth Fund EUR Class VI (Accumulation)	BYXW367	IE00BYXW3677

#### 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 December 2024

	12 mths to 31/12/24	12 mths to 31/12/23	12 mths to 31/12/22	12 mths to 31/12/21	12 mths to 31/12/20
FSSA Asian Growth Fund	8.4	1.0	-16.5	3.4	17.6
MSCI AC Asia ex Japan Net Index	12.0	6.0	-19.7	-4.7	25.0

#### Cumulative performance in USD (%) to 31 December 2024

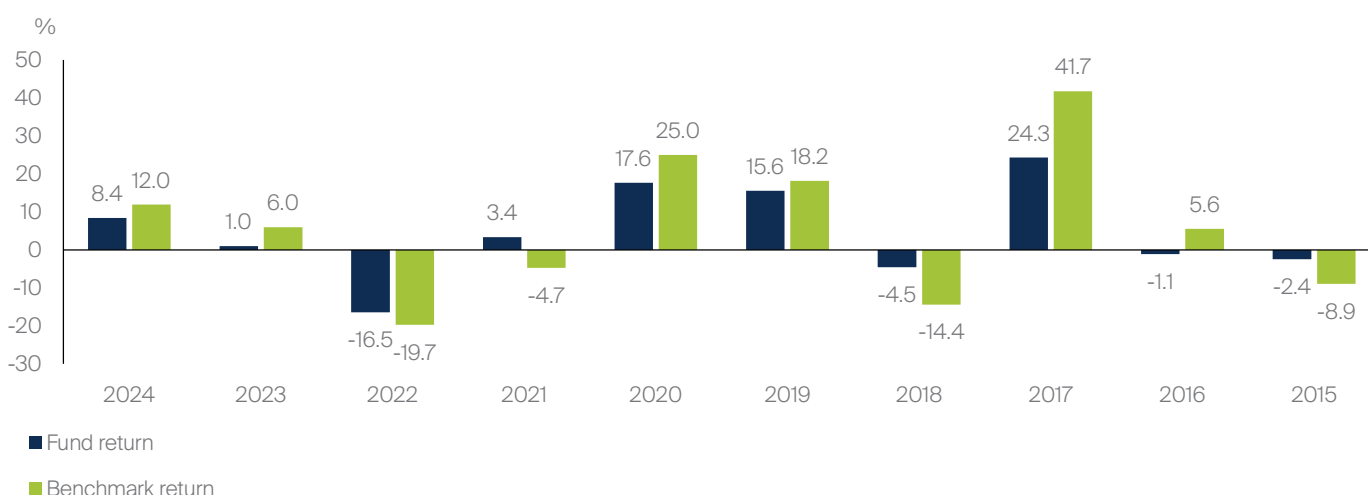
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Asian Growth Fund	475.5	47.2	11.2	-8.5	8.4	8.4	3.4	-6.6
MSCI AC Asia ex Japan Net Index	356.5	56.6	13.5	-4.7	12.0	12.0	2.0	-7.6

#### Performance review

Over the past 12 months, key contributors to performance included TSMC, as growth has remained strong at a time when demand is generally weak. Revenue and profits are expected to continue to grow this year, as management commented on the "extremely robust" AI demand. TSMC's smartphones and personal computing (PC) businesses are also expected to be resilient, as content per chip is rising due to the growing adoption of AI. Tencent also added to performance as it continued to develop new functions within WeChat (such as Video Accounts and Mini Shops) to slowly improve monetisation and enhance the quality of the franchise. Tencent has proven its ability to deliver decent growth despite the weak environment – for example, its Video Accounts grew by 60% in 9M24 and contributed to a high double-digit percentage of its total advertisements' revenue.

On the negative side, China Resources Beer (CRB) fell as weak demand led to a decrease in beer sales volumes. Although we underestimated the growth slowdown, CR Beer's execution operationally has been decent amid a difficult environment. The premium beer segment is still growing faster than the overall portfolio (albeit at a slower pace than before). Naver declined on concerns about AI headwinds and competition from alternative e-commerce platforms like Coupang. However, there are some bright spots of improving user engagement, ad targeting and growth and commerce monetisation; and there is better financial discipline after Covid excesses.

#### Calendar year performance (% in USD) to 31 December 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 05 August 1999. All performance data for the FSSA Asian Growth Fund Class I (Accumulation) USD as at 31 December 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 Asian Growth Fund was rebranded as FSSA Asian Growth Fund.

## Portfolio review

New purchases over the quarter included Jardine Matheson (JM) on attractive valuations. We have owned the shares previously and reinitiated a position after noting positive changes in its subsidiaries, Hongkong Land and Dairy Farm. We believe there is a group-wide urgency to improve, given the poor performance over the last decade. Hongkong Land will exit development property, recycle capital, including buybacks (at the right valuation) and is aiming to double profits and dividends per share in the next decade. Dairy Farm, with its new CEO, is focused on cleaning up mistakes, cutting costs/improving profits, and paying dividends. We believe the risk-reward for the JM group looks attractive with these changes.

There were no significant disposals over the quarter.

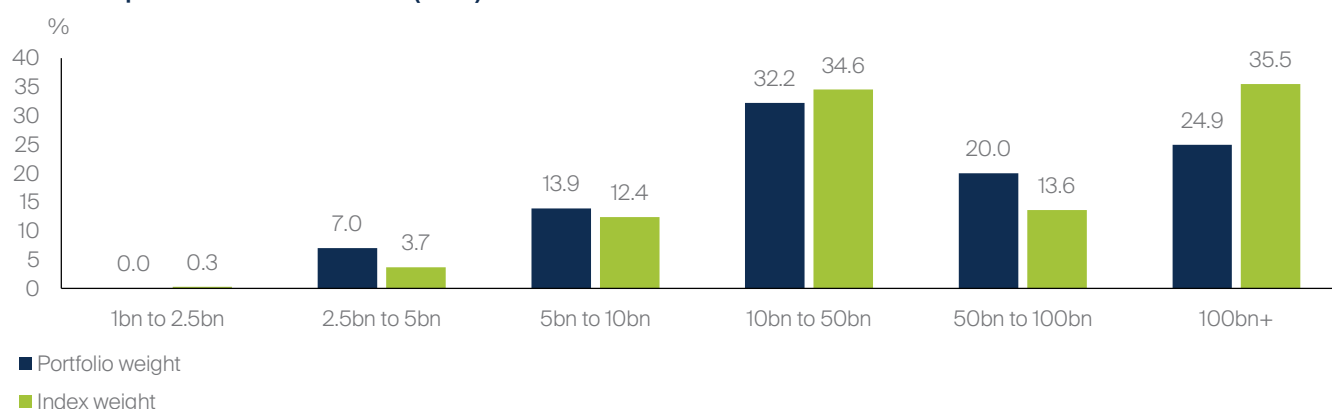
## Stock spotlight

**Midea Group** is China's largest home appliances company and a dominant consumer franchise, well-positioned to benefit from rising income levels and the premiumisation trend in China. The domestic appliances market has become an oligopoly with Midea, Gree and Haier Smart Home holding majority market share. In this mature market, Midea remains no. 1 or no. 2 in every major category, with replacement demand being the dominant driver. While China's demographic tailwinds are not as strong as before, Midea has invested substantial sums in product development to differentiate its high-end offerings in brands like Colmo, and to take the Midea brand up-market. In addition, Midea has been focusing on its B2B business, and aims to become a technology company.

The company's automation level doubled to 80% from 2019 to 2023, resulting in cost reductions every year. A small but growing part of its business is KUKA, a German robot maker which Midea acquired in 2016. It makes more than 80% of the robotics in Tesla's new Shanghai factory and the BYD auto factory. Its traction among automakers is well-aligned with China's growing leadership in this area. While the margins here are still low, we think it shows the company's forward thinking.

The company has more than 30 R&D centres and manufactures in 19 cities globally. Despite its large scale and mature growth profile, the operations are efficient, profitable and highly cash-flow generative. Even after factoring in the beleaguered property market and economic uncertainties, we believe 8-10% annual profit growth may be achievable in the coming 3 years.

## 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 uncertainty that was prevalent across Asian and global markets in 2024 looks set to continue into the new year. With Mr Trump's election win in the United States, the general consensus is that US policy will be negative for emerging markets – particularly as the president-elect has already raised the spectre of more protectionism and higher trade tariffs. But instead of trying to second-guess geopolitics or macro policy, we continue to focus our efforts on finding high-quality companies to invest in for the long term.

Overall, we remain constructive on our portfolio holdings and our ability to generate value in a difficult market environment. We expect there may be volatility in the near term as companies – and investors – recalibrate to the new norm. But we believe there are still pockets of growth to be found and that by investing in high-quality companies we can deliver decent returns for our clients in the long run.

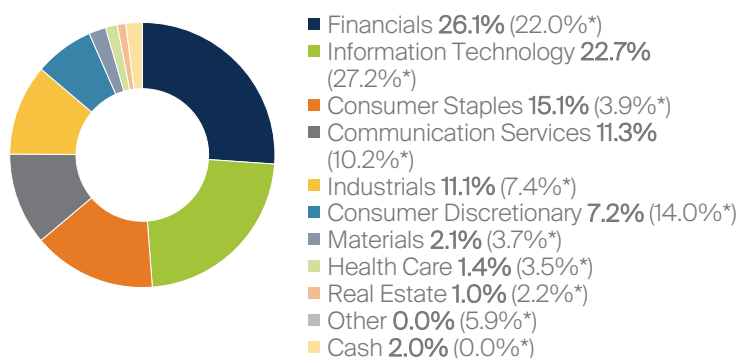
## Our long-term investment themes:

- 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 2024

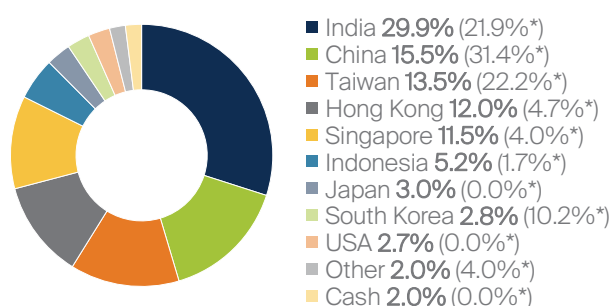
Stock name	Country	Sector	Portfolio weight (%)
Tencent Holdings Ltd.	China	Communication Services	8.5
Taiwan Semiconductor (TSMC)	Taiwan	Information Technology	7.3
Oversea-Chinese Banking Corporation	Singapore	Financials	5.5
HDFC Bank	India	Financials	5.0
Midea Group	China	Consumer Discretionary	5.0
Axis Bank Limited	India	Financials	4.8
Techtronic Industries Co., Ltd.	Hong Kong	Industrials	4.6
Jardine Cycle & Carriage Limited	Singapore	Industrials	4.4
Tata Consultancy Serv. Ltd	India	Information Technology	4.1
DFI Retail Group Holdings Limited	Hong Kong	Consumer Staples	3.8

## 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 December 2024

Stock name	Country	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	58
DFI Retail Group Holdings Limited	Hong Kong	Consumer Staples	21
Oversea-Chinese Banking Corporation Limited	Singapore	Financials	20
Tech Mahindra Limited	India	Information Technology	15
Advantech	Taiwan	Information Technology	13

### 12 months to 31 December 2024

Stock name	Country	Sector	Value added (bps*)
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	489
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	328
Tencent Holdings Ltd.	China	Communication Services	260
Midea Group Co. Ltd. Class A	China	Consumer Discretionary	176
Oversea-Chinese Banking Corporation Limited	Singapore	Financials	135

## Bottom 5 contributors to absolute performance

### 3 months to 31 December 2024

Stock name	Country	Sector	Value added (bps*)
Colgate-Palmolive (India) Limited	India	Consumer Staples	-93
Axis Bank Limited	India	Financials	-83
Godrej Consumer Products Limited	India	Consumer Staples	-68
Techtronic Industries Co., Ltd.	Hong Kong	Industrials	-65
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	-64

### 12 months to 31 December 2024

Stock name	Country	Sector	Value added (bps*)
China Mengniu Dairy Co., Ltd.	China	Consumer Staples	-98
NAVER Corp.	South Korea	Communication Services	-77
Nippon Paint Holdings Co., Ltd.	Japan	Materials	-67
PT Unilever Indonesia Tbk	Indonesia	Consumer Staples	-65
China Resources Beer (Holdings) Co. Ltd.	China	Consumer Staples	-49

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 December 2024**

Risk measure	Value	Risk description
Beta	0.72	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	-0.04	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	14.80%	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	19.36%	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	7.30%	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 2024**

Risk measure	Value	Risk description
Dividend Yield (Fund)	2.33%	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)	2.36%	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)	2.67	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)	2.00	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)	18.24	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)	15.29	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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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](https://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, Selnastrasse 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.

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