

FSSA Japan Equity Fund

-The Fund invests primarily in equity and equity related securities which are established or have significant operations in Japan and which are listed, traded or dealt in on regulated markets worldwide.
-The Fund's investments will be concentrated in Japan or may be concentrated in a single sector which may have higher volatility or greater loss of capital than more diversified portfolios.
-Investing in small /mid-capitalisation securities may have lower liquidity and their prices are more volatile to 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 a portfolio of equity and equity related securities which are established or have significant operations in Japan and which are listed, traded or dealt in on regulated markets worldwide.

Fund information

Fund size (US\$m)	411.4
Benchmark	TOPIX Net Total Return Index [▲]
Number of holdings	51

Available share classes

Share class ⁺	Inception date	Nav/per share	ISIN code
Class I (USD - Acc)	06 September 2016	US\$13.52	IE00BSJWPN04

⁺ Acc represents share class with dividends accumulated.

[▲] With effect from 9 December 2021 the benchmark has been changed from MSCI Japan Index to TOPIX (Tokyo Stock Price Index) (Net Total Return).

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 30 June 2022

	12 mths to 30/06/22	12 mths to 30/06/21	12 mths to 30/06/20	12 mths to 30/06/19	12 mths to 30/06/18
FSSA Japan Equity Fund Class I (USD - Acc)	-37.6	29.3	24.7	-8.7	30.2
TOPIX Net Total Return Index	-19.3	24.8	3.1	-4.2	10.5

Cumulative performance (% in USD) to 30 June 2022

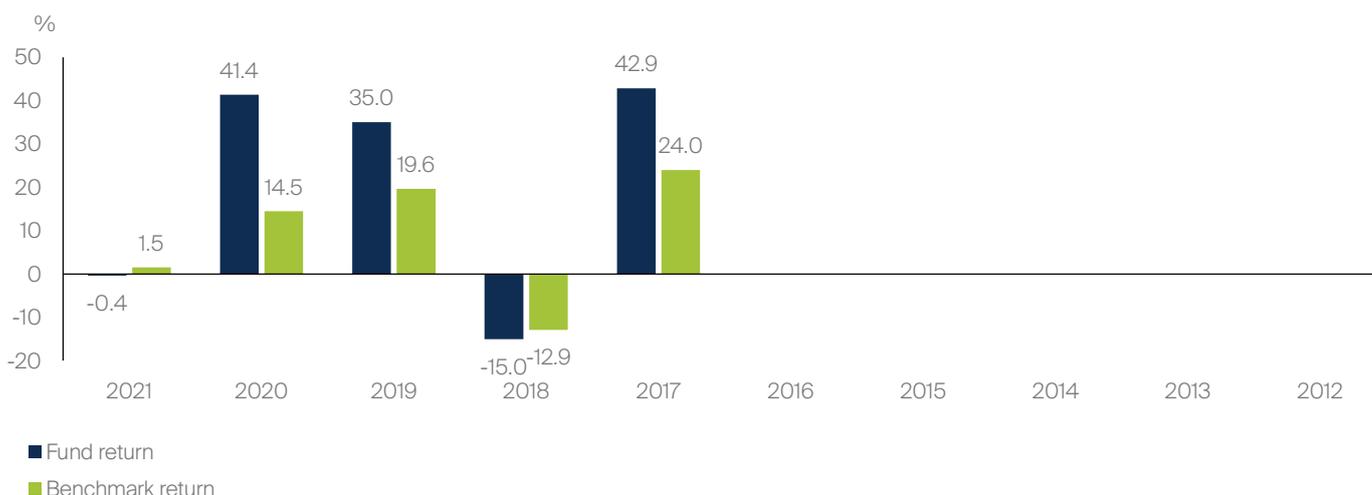
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Japan Equity Fund Class I (USD - Acc)	35.2	-	19.6	0.6	-37.6	-39.8	-39.8	-23.0
TOPIX Net Total Return Index	19.3	-	10.0	3.9	-19.3	-19.5	-19.5	-14.0

Performance review

Over the past 12 months, key contributors to performance included Olympus, which posted solid earnings results driven by a recovery in the medical business, as well as strong guidance for the current fiscal year. Shoei showed steady growth as demand for premium helmets grew and distributors in both Japan and the US restocked on low inventories. Despite facing capacity constraints, we believe Shoei should maintain its growth profile thanks to a strong order

backlog. Meanwhile, M3 detracted from returns on worries that its market support sales could be peaking, due to exceptional growth during Covid and the shortage of consultants to meet demand. Raksul fell due to the market rotation from growth to value stocks, while its core printing business continued to be affected by the prolonged Covid situation.

Calendar year performance (% in USD) to 30 June 2022



Source: Lipper and First Sentier Investors, Nav-Nav (USD total return) data as at 30 June 2022. This Fund is a sub fund of Ireland domiciled First Sentier Investors Global Umbrella Fund Plc. Class I (USD-Acc) is the non-dividend distributing class of the fund, the performance quoted are based on USD total return (non-dividend distributing). With effect from 9 December 2021, the benchmark has been changed from MSCI Japan Index to TOPIX (Tokyo Stock Price Index) (Net Total Return). Unless otherwise specified, all information contained in this document is as at 30 June 2022. Investment involves risks, past performance is not a guide to future performance. On 22 September 2020, First State Japan Equity Fund was rebranded as FSSA Japan Equity Fund.

Portfolio review

We initiated a position in Nippon Paint, Asia's largest paint company with the majority of profits from China. Paint, being a consumer business, has high return characteristics and attractive cash flows; and we believe the company will be materially larger in a decade. Importantly, the ownership was restructured in January 2021 with clearer alignment between the owners, shareholders and the business. Amid signs that China's property market is bottoming out, we believe Nippon Paint should benefit from positive tailwinds as the industry rebounds.

We sold Cybozu on concerns about its plans to expand aggressively overseas (which has historically been a challenge for domestic peers) and weak disclosures. We initially invested in Cybozu based on lower valuations compared to existing portfolio holdings such as Rakus; however, following the market correction we decided to sell the toehold position and consolidate the portfolio into higher-conviction companies.

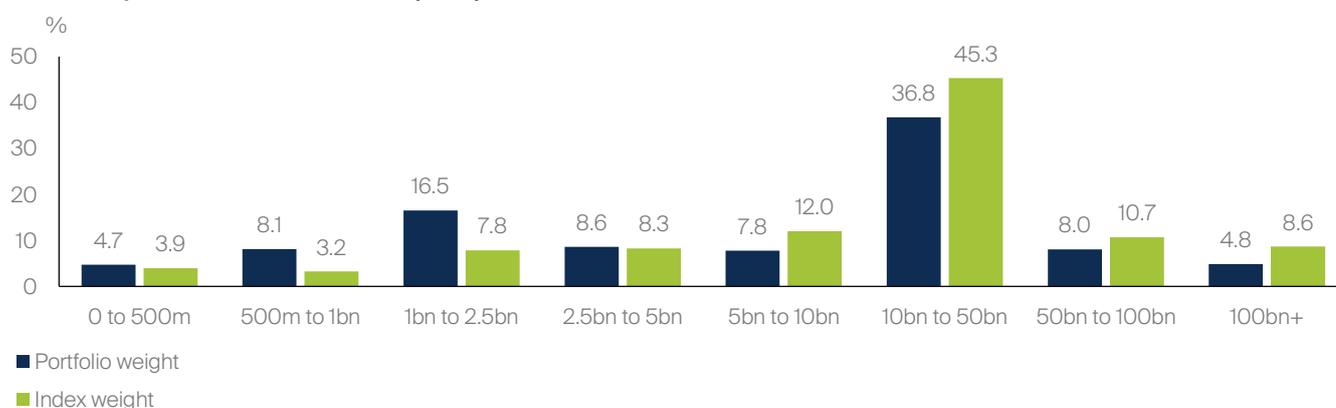
Stock spotlight

Recruit Holdings is a leading job search and temporary staffing company headquartered in Japan. In 2012, it acquired Indeed, the world's largest global online career search engine, which is available in more than 60 countries and has more than 250 million unique visitors monthly. The culture, as might be expected of a quasi-tech company, is entrepreneurial and innovative.

Although Indeed is in the early stages of monetisation it is growing rapidly in terms of user traffic. Its business model is similar to Google's search engine, where advertisers (e.g. job boards and recruiters) are charged on keyword searches and cost-per-click (CPC).

Recruit estimates it has 38% US market share (75% of USD4bn HR technology sales and 50% of the USD16bn global online job ads market, as at June 2021) and can increase wallet share with competitive unit-hiring costs. While margins are still low when compared to peers, Recruit is currently investing to create a simplified and automated hiring process. Over the medium to long term, it believes that its HR Technology segment (which includes Indeed) can reach competitor margin levels, thus improving profitability.

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 TOPIX Net Total Return Index.

Outlook

Given the uncertainties around the global outlook, the FSSA Japan portfolio is positioned predominantly towards companies with exposure to domestic demand. 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.

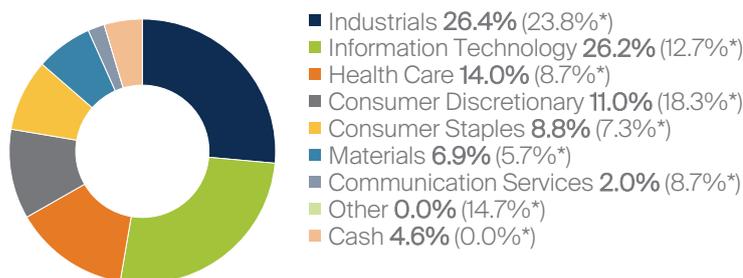
Our long-term investment themes:

- 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 30 June 2022

Stock name	Country	Sector	Portfolio weight (%)
Olympus Corp.	Japan	Health Care	5.5
Keyence Corporation	Japan	Information Technology	4.9
Sony Corporation	Japan	Consumer Discretionary	4.8
Recruit Holdings Co Ltd	Japan	Industrials	4.3
GMO Payment Gateway, Inc.	Japan	Information Technology	4.1
SMC Corporation	Japan	Industrials	3.9
Hoya Corp.	Japan	Health Care	3.5
Benefit One Inc	Japan	Industrials	3.4
Tokyo Electron Ltd.	Japan	Information Technology	3.1
Shiseido Company,Limited	Japan	Consumer Staples	3.0

Sector breakdown



*Index weight

Sector 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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The index refers to TOPIX Net Total Return Index.

Top 5 contributors to absolute performance

3 months to 30 June 2022

Stock name	Country	Sector	Value added (bps*)
KeePer Technical Laboratory Co.Ltd.	Japan	Materials	32
Olympus Corp.	Japan	Health Care	21
Shoei Co. Ltd. (7839)	Japan	Consumer Discretionary	6
Kotobuki Spirits Co., Ltd.	Japan	Consumer Staples	3
Ajinomoto Co., Inc.	Japan	Consumer Staples	2

12 months to 30 June 2022

Stock name	Country	Sector	Value added (bps*)
Kobe Bussan Co., Ltd.	Japan	Consumer Staples	5
KeePer Technical Laboratory Co.Ltd.	Japan	Materials	3
Shoei Co. Ltd. (7839)	Japan	Consumer Discretionary	3
Olympus Corp.	Japan	Health Care	2
Ajinomoto Co., Inc.	Japan	Consumer Staples	2

Bottom 5 contributors to absolute performance

3 months to 30 June 2022

Stock name	Country	Sector	Value added (bps*)
Recruit Holdings Co Ltd	Japan	Industrials	-169
Tokyo Electron Ltd.	Japan	Information Technology	-169
Benefit One Inc	Japan	Industrials	-148
GMO Payment Gateway, Inc.	Japan	Information Technology	-145
Keyence Corporation	Japan	Information Technology	-144

12 months to 30 June 2022

Stock name	Country	Sector	Value added (bps*)
Benefit One Inc	Japan	Industrials	-247
Raksul Inc Npv	Japan	Industrials	-209
M3, Inc.	Japan	Health Care	-209
GMO Payment Gateway, Inc.	Japan	Information Technology	-196
Recruit Holdings Co Ltd	Japan	Industrials	-186

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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