First Sentier Investors
An Introduction to Currency Hedged Share Classes

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First Sentier Investments (FSI) offers a range of currency hedged share classes designed to help our investors reduce the potential impact of foreign exchange rates on their investment returns. Here we explain how and why an investor might use hedged share classes and the potential risks involved. For further information please refer to the prospectus which can be found on the website www.firstsentierinvestors.com

What is currency risk?

Fund managers buy assets in the hope they will go up in value to generate a return for their investors. If they buy assets in different currencies to the money their investors give them, and/or the fund is valued ('based') in a different currency, any changes in the exchange rates between them may add to, or reduce, returns. This is known as currency risk.

What is currency hedging?

Currency hedging is a technique used which aims to minimise the impact of changes in exchange rates, on your investment.

Why invest using currency hedged share classes?

FSI offer funds that invest internationally, so our investors may be exposed to currency risk. A currency hedged share class aims to help minimise (but not completely eliminate) the impact these exchange rate changes may have on an investor's returns.

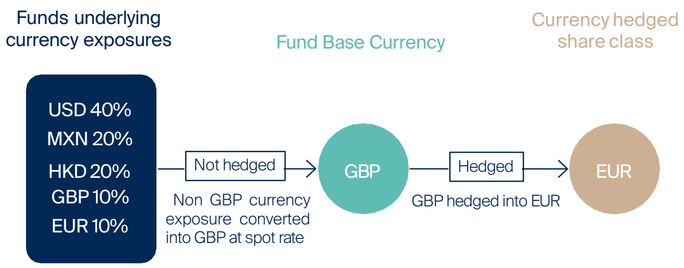
What types of hedged share classes does First Sentier offer?

FSI offer two types of hedged share classes, as well as offering share classes that are not currency hedged.

1. **Hedged – Net Asset Value ("NAV") hedged share classes.**

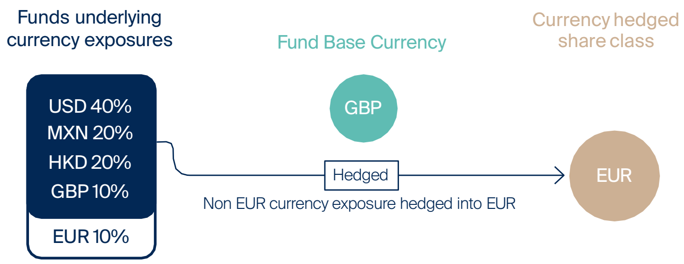
-- Funds are usually valued in one particular currency, known as its base currency. If the money you want to invest is a different currency to this --for example if you are investing Euros (EUR) in a Pound Sterling (GBP) 'based' fund -- NAV hedging will help minimise any fluctuations in the EUR/GBP exchange rate. In other words, it will aim to give you similar returns to whatever the fund's main 'base' currency returns are. This therefore means the investment managers view on currencies will still be reflected in the performance of this hedged share class.

-- **Important:** It won't get rid of all currency risk - a fund manager's strategy may lead them to make specific decisions to investments in different currencies to the 'base currency' of the fund, so check what the fund invests in and make sure that you're comfortable with any currency risks it may be taking. Details of additional risks can be found in the Additional Risks section.

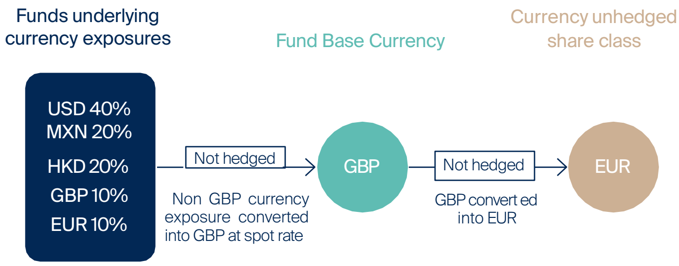


2. **Hedged – Portfolio hedged share classes.**

-- This method hedges movements in the currencies in which the Fund's assets are denominated against the currency of the hedged share class. The aim is to reduce currency differences in the portfolio. However, this hedging will be subject to the same limitations as those set out above in relation to NAV hedged share classes.

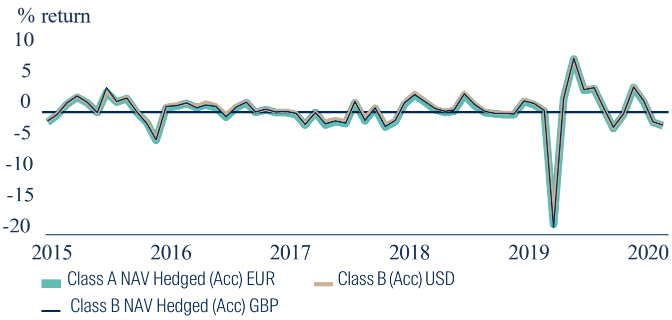


3. Unhedged.
-- No currencies are hedged. This means in addition to the rises and falls in the value of the portfolio's investments, your returns may be boosted or reduced by: (a) any changes in exchange rates that the portfolio may be exposed to; and (b) any changes in exchange rates between the base currency and the currency of the share class (if different).



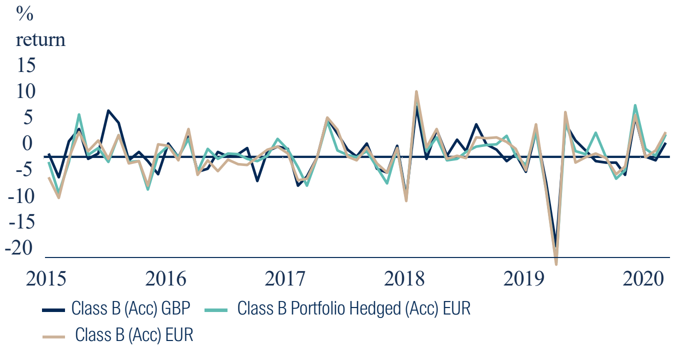
What are the potential impacts of using currency hedged share classes on performance?

The following graph shows the potential differences in performance between NAV hedged share class and unhedged due to changes in exchange rates. It also highlights how NAV hedging aims to track the performance of the base currency (USD), but will not do so completely. You'll see the performance of the NAV hedged class doesn't exactly perform in line with the base currency, please see the sections below which explain why this is.



Graphs are hypothetical and for illustrative purposes only, they do not represent the performance of any of FSI's fund range.

The following graph shows the potential differences in performance between a portfolio hedged share class and an unhedged share class due to changes in exchange rates. It also highlights how portfolio hedging makes the hedged share class perform differently to the performance of the base currency (GBP) and an unhedged class. Please see the sections below which explain potential risks posed by the performance of currency hedged share classes.



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What are the potential risks posed both to investors and performance through the use of currency hedged share classes?

-- Hedged share classes incur additional costs to unhedged share classes. Currency hedging costs are charged at an individual share class level and will erode a small proportion of an investor's potential returns.

-- While currency hedged share classes aim to protect investors from adverse movements in currencies, they remove the possibility of profiting from them too.
-- Share class hedging cannot eliminate all currency risks. See the section below for a list of additional risks.

Further Information. For more details regarding the risks associated with investment, please refer to the prospectus.

Additional risks:
-- The financial instruments used to hedge currency risk also carry risks that may have an adverse impact on the hedged share class and on other share classes in the same fund
-- Investors in currency hedged share classes are exposed to the risk that the counterparty on the other side of the derivative contract defaults when payment is due.
-- Hedges are done through agreements to buy or sell a currency at a specified time in the future. Any additional gains resulting from these agreements cannot be invested until the contract expires. This can detract from the performance of the fund in a rising market.
-- Mis-timing between when an investment is made and when a currency hedge is applied can create temporary currency exposures and realise losses and gains after the hedging event.
-- Hedging may not be possible where restrictions exist for certain currencies.
-- Interest rate differentials-this arises where interest rates differ between currencies, meaning that an investor would earn more by holding one currency than the other.