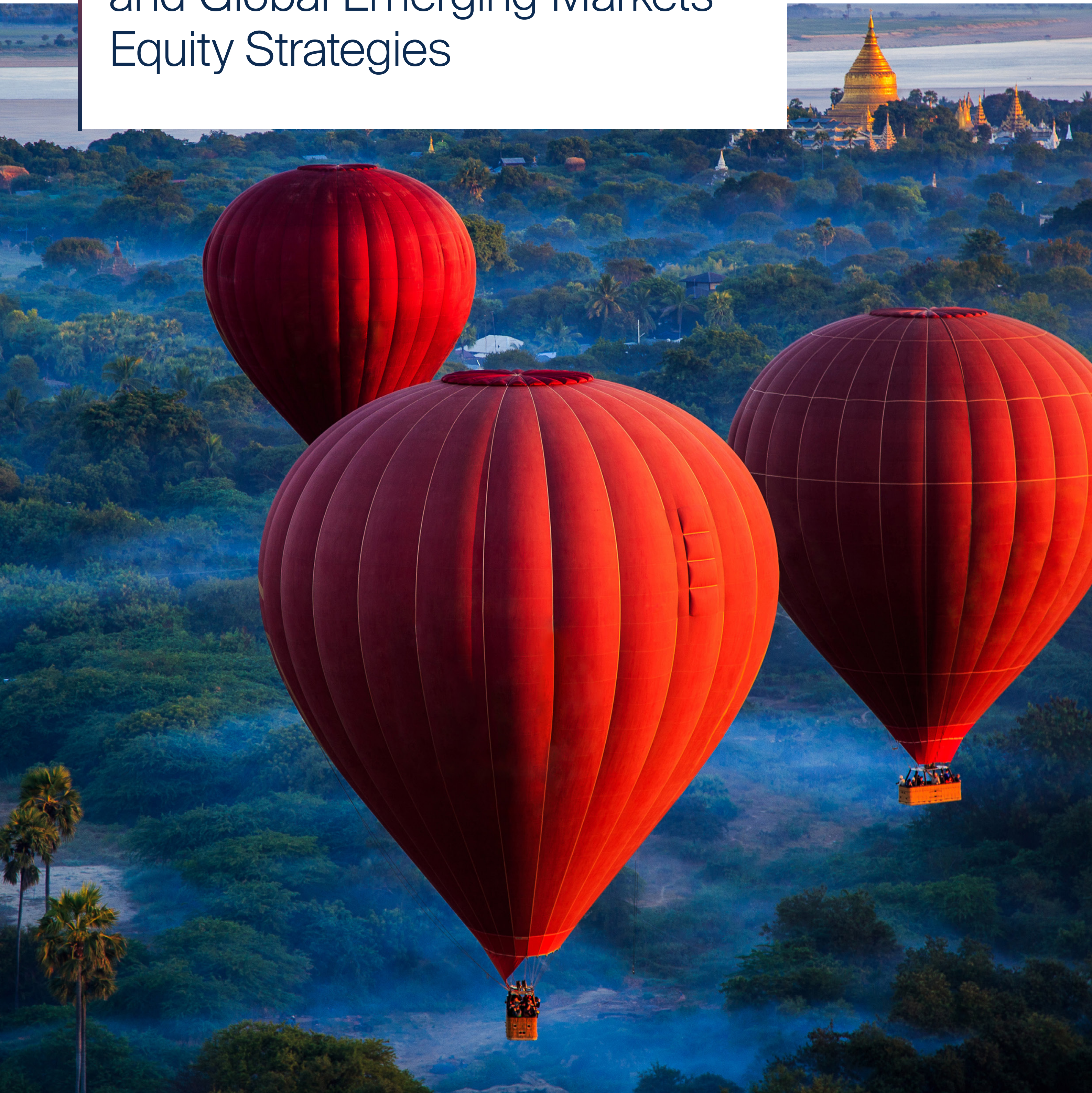
FSSA Investment Managers

Team Profile

Specialists in Asia Pacific and Global Emerging Markets Equity Strategies



About us

We are specialists in Asia Pacific and Global Emerging Markets equity strategies.

We manage US$20.5 billion^ on behalf of clients globally. Operating as an autonomous investment team within First Sentier Investors, we are a team of dedicated investment professionals based in Hong Kong, Singapore and London.

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 that we can invest in for the long term.

As responsible, long-term shareholders, we have integrated sustainability analysis into our investment process and engage extensively on environmental, labour and governance issues.

^As at 31 March 2025.

Team history

FSSA Investment Managers has a long history of investing in Asia Pacific and Global Emerging Market equities as part of the former Stewart Ivory & Company Limited, which subsequently became known as First State Stewart. After years of organic growth, the team split in two in 2015 and First State Stewart Asia was formed. We subsequently renamed the team FSSA Investment Managers in 2019.

1988
Launch of Stewart Ivory's Asia Pacific capability and strategy

1992
Launch of China Growth and Global Emerging Markets capabilities

1994
Launch of Indian Subcontinent strategy

2000
Stewart Ivory was acquired by the Commonwealth Bank of Australia. The overseas fund management businesses were merged to form First State Investments (FSI)

2002
Launch of Greater China Growth strategy

2009
Launch of China A shares strategy

2012
Team rebranded as First State Stewart

2015
First State Stewart Asia formed following the team split.

2017
Launch of Global Emerging Markets strategy

2019
First State Stewart Asia renamed to FSSA Investment Managers.

2020
First State Investments rebranded to First Sentier Investors, under new owners Mitsubishi UFJ Trust and Banking. FSSA Investment Managers remains an autonomous investment team within the group.

1988 1992 1994 2000 2002 2009 2012 2015 2017 2019 2020

Our investment approach

Our investment approach is centred on identifying quality companies, buying them at a sensible price and holding for the long term. 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.

Bottom-up stock selection

We are research-driven, bottom-up investors, carrying out detailed fundamental analysis to identify companies we believe are high-quality, long-term investments. We travel extensively to meet with companies to assess the quality of management and their track record of executing long-term strategies; and supplement this with a qualitative and quantitative analysis of the company's ability to compound growth in excess of the cost of capital.

Quality companies

We define quality companies as those that have an effective management team, high governance standards, a long-term mind-set, strong competitive advantages and an established track record of strengthening the business cycles. In our assessment of management, we look for cultural integrity and alignment with shareholders and make use of ESG analysis to distinguish quality companies from the rest. We believe that owning quality companies that are able to respond effectively to market uncertainties is the best way to mitigate potential losses in the medium-to-long term.

Strong valuation discipline

We strive to ensure that we pay sensible prices for our investments. We use a range of financial and non-financial metrics to estimate a fair market valuation (FMV) for the companies that we want to own and buy at price levels which provide a sufficient 'margin of safety' over the medium-to-long term. We carry out periodic FMV reviews to update the potential risk/reward of every stock in our portfolios and on our watch list.

Long-term investing

We are responsible**, long-term investors and prefer to invest in quality companies that we can buy and hold for at least 3-5 years, though we often hold companies for much longer. As responsible investors, we consider ESG issues when making investment decisions. Through active engagement, we believe we are able to raise legitimate concerns and persuade management to address the issues at hand, thereby adding to portfolio performance. We believe our approach encourages good ESG practices and is critical in carrying out our stewardship duties.

Absolute return mind-set

We are conservative investors with an absolute return mind-set, meaning we define risk in terms of the permanent loss of capital and we evaluate the potential downside of an investment decision as much as the upside. We would expect our portfolios to exhibit lower volatility than the peer group and outperform more often in down markets. Conversely, we would expect our performance to lag in highly buoyant markets.

Indifferent to market indices

We do not use market indices in our portfolio construction process as we do not believe that they fully represent the available opportunities within Asia Pacific and Global Emerging Markets. Instead, we rely on our bottom-up stock selection to construct relatively concentrated portfolios of companies where we have high conviction in their long-term growth potential. As we are not required to own companies, sectors or countries that we do not favour, our portfolio weightings can look very different to the benchmark.

* Integrity: noun, adherence to moral and ethical principles; soundness of moral character; honesty. Source: https://www.dictionary.com/browse/integrity
** Responsible investment has a standard industry definition as per the UNPRI: Responsible investment involves considering environmental, social and governance (ESG) issues when making investment decisions and influencing companies or assets (known as active ownership or stewardship).

Investment themes

We believe that the Asia Pacific region and Global Emerging Market countries have plenty of quality companies which have the potential to grow over the long term. Spurred by low penetration rates for goods and services, and barriers to entry which protect profits and cash flow, these companies – often consumer, financial and industrial businesses – have a good track record of compounding earnings and creating long-term value for stakeholders.

These are a few of the long-term investment themes that support our bottom-up stock selection.

Dominant consumer franchises

With favourable demographics and populations that are still growing – particularly in Southeast Asia and India – we believe dominant consumer franchises in Asia should offer decent growth over the long term. These businesses command strong margins and pricing power through various elements of brand, distribution and innovation. Minimal capital intensity and strong cash generation promote investment for growth, as well as the potential for rising dividends.

High quality financials

We believe banks and high quality financials should benefit from similar drivers as consumer businesses (demographics, rising incomes and urbanisation). Often, the best banks are supported by a strong deposit franchise or a specific loan niche; and are positioned in markets with low (but growing) financial inclusion. We believe this provides better opportunities to generate high margins and an attractive return on assets, over a market cycle.

Beneficiaries of the rise in healthcare spending

Many Asia Pacific and Global Emerging Market countries are under-invested in healthcare compared to the global average. As these economies become richer, we expect healthcare and health-related spending to rise. This includes government spending on prevention and public health services, as well as consumer spending on personal health care and healthier lifestyle choices.

Case Study:
HDFC Bank

HDFC Bank is India's largest private sector bank. We have been shareholders for close to two decades, backing the iconic former CEO Aditya Puri – the main driver of the bank's progress over more than 25 years – as he built HDFC Bank into the best-in-class Indian bank it is today. After his retirement in 2020, HDFC Bank appointed Sashidhar Jagdishan (the then CFO who had risen through the ranks since joining the bank in 1996) as CEO to take over the helm.

Over the past 30 years, HDFC Bank has built a track record of selecting risks prudently and therefore has maintained consistent returns on assets through the cycles. This has allowed it to grow earnings and book value per share at a high and consistent rate, without the usual volatility seen in banks whose earnings profiles follow the ebbs and flows of cyclical credit costs. While the large state-owned banks deal with legacy problems of asset quality and capital adequacy, the leading private sector banks like HDFC Bank have consistently gained market share at their expense.

In 2023, HDFC Bank merged with HDFC Ltd, the largest housing finance company in India. The group now has 9,000 branches across India and serves more than 90 million customers.[1] As a financial conglomerate with quality subsidiaries like HDFC Life, HDFC ERGO and HDFC Asset Management, we believe HDFC Bank is well positioned for continued growth over the next 5-10 years and beyond.

[1] Source: HDFC Bank Integrated Annual Report 2023-24.

Beneficiaries of a smarter, more connected world

The ever-present use of technology and the digitalisation of everything has created new industry sectors, as well as professional consultancies and consumer companies around them. As the world becomes smarter and more connected, Asian technology firms should benefit from strong end demand and a growing market. Taiwanese semiconductor foundries and equipment manufacturers, as well as Chinese internet giants, are among the leaders in their fields – not just in Asia, but globally.

Growing trend of automation

The combination of low birth rates and higher life expectancy is transforming the world's population structure. In Asia, particularly in China and Japan, the proportion of older, retired people to those of working age is growing. As robots become smarter and less costly, manufacturers are more likely to automate their processes to tackle the falling labour participation rate and, at the same time, improve efficiencies in the long run.

Case Study:
Fisher & Paykel

Fisher & Paykel Healthcare is a global leader in respiratory humidification devices. It makes machines and apparatus (masks, breathing tubes, etc) that deliver humidified air (and additional oxygen where needed) to treat patients in hospitals (60% of revenue) and at home (40% of revenue).

Established more than 50 years ago, the company has built up its expertise in humidification technology and extended its application into new areas over time.

While the business started with invasive ventilation machines used in hospitals, it has evolved to include non-invasive ventilation, nasal high-flow respiratory support, infant care, anesthesia and surgical requirements. Its home products offer respiratory support and treatment for obstructive sleep apnoea.

There are high barriers to entry, as its products go through multi-year clinical trials to ensure there is enough evidence that they improve compliance rates (i.e., make treatment more effective) and reduce costs. After that, it is not simply about selling the product; the company publishes treatment guidance, trains clinicians and hospital staff on the new technology, and continues to research the scope of application.

We believe the management, the franchise and longevity of growth are all top quality and the firm's dominant market position allows for high margins and high returns on capital employed. After the distortions of the Covid-19 pandemic (2024 was the first normalised year for its product sales), Fisher & Paykel's top-line revenue is regaining its cadence, while earnings should be further aided by a recovery in margins.

Investment team

The investment team consists of investment professionals based in Hong Kong, Singapore and London. Our team members come from diverse backgrounds and offer different perspectives on companies and markets. We are passionate about investing and have developed a distinct culture based on open-minded curiosity, rigorous intellectual analysis and respectful debate. All of us are analysts first and foremost, including the portfolio managers, and we each contribute stock ideas across our client portfolios.

Strategy	Portfolio manager	Benchmark	Approx. number of holdings	Typical market cap threshold
Asia Focus Strategy	Martin Lau	MSCI AC Asia Pacific ex Japan	50-70	USD 1.5bn free float
Asian Equity Plus Strategy	Martin Lau	MSCI AC Asia Pacific ex Japan	50-70	USD 1.5bn free float
Asian Growth Strategy	Rizi Mohanty	MSCI AC Asia ex Japan	40-50	USD 1.5bn free float
Asian Smaller Companies Strategy	Sree Agarwal	MSCI AC Asia ex Japan	50-70	Below USD 5bn at the time of first investment
Asia Select Strategy*	Martin Lau	MSCI AC Asia Pacific ex Japan	45-55	USD 5bn free float
ASEAN All Cap Strategy	Rizi Mohanty	MSCI AC ASEAN Net Index	40-60	Nil
All China Strategy	Winston Ke	MSCI China All Shares	40-60	Nil
China A Shares Strategy	Winston Ke	MSCI China A Onshore	40-60	Nil
China Focus Strategy	Helen Chen	MSCI China	40-60	Nil
China Growth Strategy	Martin Lau	MSCI China	40-60	Nil
Greater China Growth Strategy	Helen Chen	MSCI Golden Dragon	40-60	Nil
Global Emerging Markets Focus Strategy	Rasmus Nemmoe	MSCI Emerging Markets	40-50	Nil
Indian Subcontinent Strategy	Sree Agarwal	MSCI India	30-50	Nil

* Only available in separate accounts.
Note: Not all strategies are available in all regions. Please speak to your local representative to find out more.

Investment strategies

Our investment strategies cover regional and single country portfolios across the universe of small-, mid- and large-cap stocks. We offer collective funds and segregated mandates to suit specific client needs.

Asia Pacific ex-Japan

Our range of Asia Pacific equity strategies cover small, mid and large-cap stocks and are invested with a medium-to-long-term time horizon in mind. Our portfolios are invested in quality companies that we believe have long-term, sustainable growth drivers and should benefit from Asia's structural tailwinds. We are specialists in Asia Pacific equities and have been managing regional Asia Pacific portfolios since 1988**.

Global Emerging Markets

Our Global Emerging Markets (GEM) strategies cover developing markets and are biased towards medium-sized companies that have the potential to grow much larger over time. Similar to our Asia Pacific strategies, we invest with a medium-to-long-term time horizon, and tend to favour dominant franchises operating in industries with long-term structural tailwinds. We continue to add to our GEM research capabilities, and adopt the same high-conviction, bottom-up approach to investing.

Greater China Region

Our Greater China strategies cover China, Hong Kong and Taiwan. We offer a range of single country and regional portfolios that provide investors with the option of tailoring their investment exposure to these key markets. Though China provides the largest opportunity set in the region, Taiwan, with its large technology sector, and Hong Kong, with its more developed governance and regulatory framework, offer a number of interesting investment opportunities.

China A-Shares

Our China A-Share strategy is positioned to capture major growth opportunities in China over the long term. We have invested in domestic market leaders such as dominant consumer franchises and brands, companies providing drugs and medical services, prudent financial services institutions, and technology champions in niche markets. As China continues to liberalise its financial markets, we have increasingly found attractive investment opportunities to add to our portfolios.

Indian Subcontinent

Our Indian Subcontinent strategies cover India, Pakistan, Bangladesh and Sri Lanka. We tend to favour dominant consumer franchises, high quality private banks and infrastructure companies. We believe large populations, supportive demographics and underpenetrated markets in this region should provide a favourable long-term growth environment for these types of companies.

** As part of the wider First State Stewart team.

Source: FSSA Investment Managers, data as of June 2025.