

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 (S\$m) | 168.7 |
| Benchmark | MSCI India Index |
| Number of holdings | 38 |

Available share classes

| Share class | Inception date | Nav/per share | ISIN code |
|---------------------|----------------|---------------|--------------|
| Class A (SGD - Acc) | 22 Aug 1994 | S\$12.4762 | 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 2023 ^

| | Since Inception | 10yrs | 5yrs | 3yrs | 1yr |
|----------------------------|-----------------|-------|------|------|------|
| Fund (Ex initial charges) | 9.2 | 12.7 | 9.1 | 12.4 | 24.9 |
| Fund (Inc initial charges) | 9.0 | 12.1 | 8.0 | 10.5 | 18.6 |
| Benchmark | 7.4 | 10.6 | 11.4 | 12.4 | 19.3 |

Cumulative performance in SGD (%) to 31 December 2023 ^

| | Since Inception | 5yrs | 3yrs | 1yr | 3mths |
|----------------------------|-----------------|------|------|------|-------|
| Fund (Ex initial charges) | 1,213.3 | 54.3 | 42.1 | 24.9 | 8.1 |
| Fund (Inc initial charges) | 1,147.6 | 46.6 | 35.0 | 18.6 | 2.7 |
| Benchmark | 708.3 | 71.5 | 41.8 | 19.3 | 8.2 |

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

Performance review

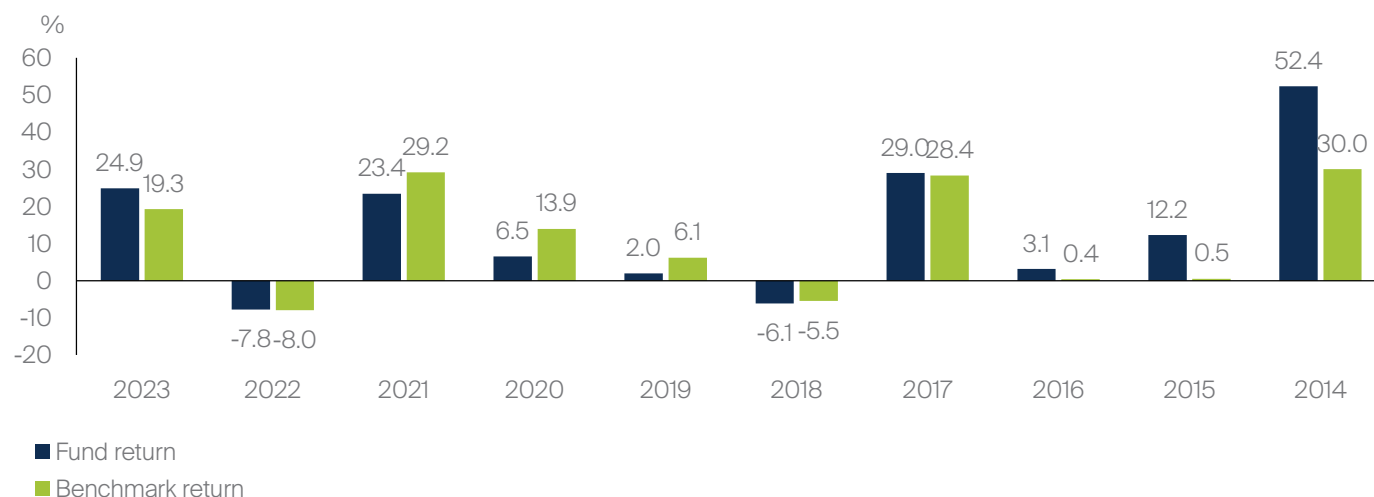
Key contributors over the past 12 months

Colgate-Palmolive (India) continued to perform well after reporting better-than-expected sales and profit growth. This was driven by the oral care category and signs of a recovery in rural markets. Godrej Industries increased as underlying subsidiaries and associates reported strong earnings. In particular, Godrej Properties reported strong sales volumes and Godrej Agrovet reported improved profitability metrics for its Animal Feed, Crop Protection and Poultry businesses.

Key detractors over the past 12 months

Solara Active Pharma continued to be relatively weak, though there has been an improvement in its operating performance, with a revival in revenues and profitability levels. It has also received regulatory approvals for new products after its plants were inspected recently. However, they have been affected by external headwinds in the form of global active pharmaceutical ingredient (API) prices coming off sharply. We expect the company's performance to continue improving around under the new management team, and have been enthused by our conversations with them over the past year. Whirlpool of India declined on the back of weak earnings results, with revenues declining amid a challenging consumer demand environment.

Calendar year performance (% in SGD) to 31 December 2023



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 2023. 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

There were no significant new purchases over the quarter.

We sold Mahindra Lifespace Developers and Lumax Auto technologies on expensive valuations and to consolidate the portfolio into higher conviction holdings.

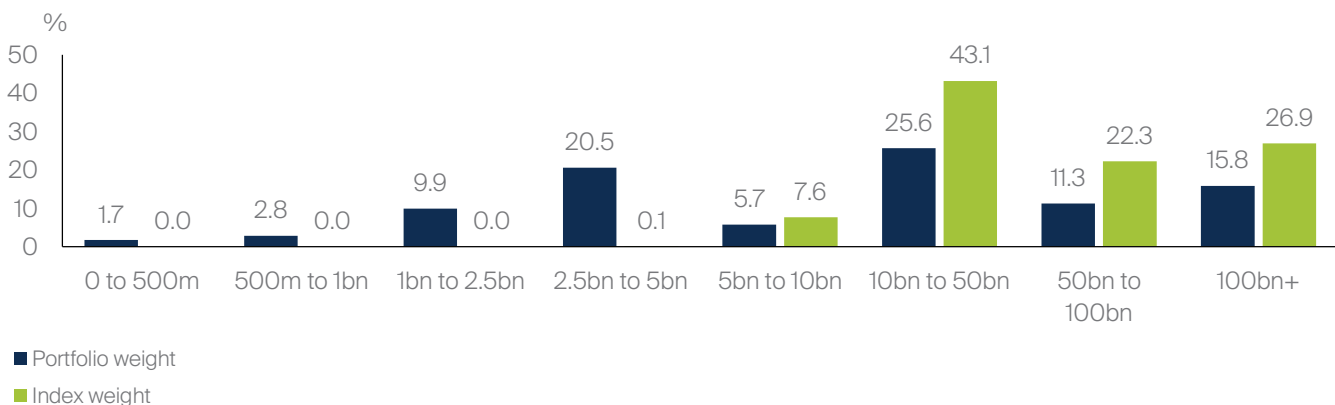
Stock spotlight

We have been shareholders of HDFC Bank, India's largest private sector bank, for close to two decades. Thanks to its conservative and risk-aware lending, it has consistently gained market share at the expense of state-owned banks, which are plagued by asset quality and capital adequacy issues. The management team is highly experienced, with CEO Sashidhar Jagdishan at the helm. State-owned banks continue to make up nearly 60% of the Indian banking system, although this number has shrunk from 75% a decade ago. Industry growth continues to be led by greater penetration of banking services and financialisation of savings among a large under-banked population.

HDFC Bank has delivered industry-leading returns over the last two decades, while consistently focusing on risk management. Earnings per share (EPS) has compounded at 23% compound annual growth rate (CAGR) over this period, while shareholders have earned a total return of 19% in US dollar terms.

This has been underpinned by investments in the branch network, which has grown by 65% in the last 5 years, as well as a focus on digital channels – already 95% of all their transactions are via Internet & Mobile, whilst the bank accounts for 28% of all e-commerce transactions in India. Finally, we believe the recent merger with HDFC Corp will lead to a stronger financial conglomerate with leading positions in segments such as asset management and life insurance. It should result in significant synergies across business lines, which will be accretive to their returns over time.

Market capitalisation breakdown (SGD)



Source: First Sentier Investors as at 31 December 2023. 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

Indian equities were among the best performing markets in the Asia region in 2023. We remain cautiously optimistic, as the structural tailwinds for companies in India are the strongest they have been in many years. However, valuations in some pockets are stretched, and markets never move in a straight line. In this kind of environment, we believe it is important to stay disciplined and focused in our investment approach. We continue to seek out well-run companies with high levels of governance, strong competitive advantages and long-term growth potential. In particular, we look for owners and management teams that are engaged and accessible, and focused on returns. From this perspective, we believe there are still attractive investment opportunities to be found in India on a longer-term view. While there is some froth in the market, a correction would be healthy, in our view, and provide us with opportunities to add to our high-conviction holdings.

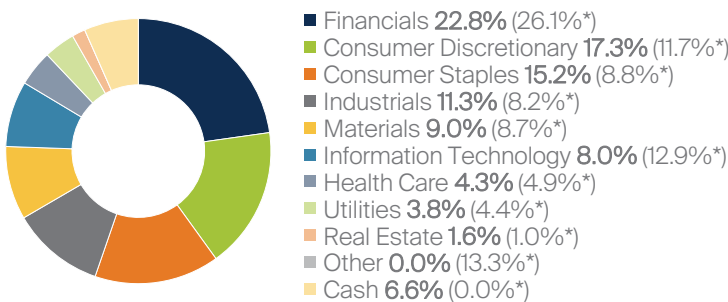
Our long-term investment themes:

- 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.

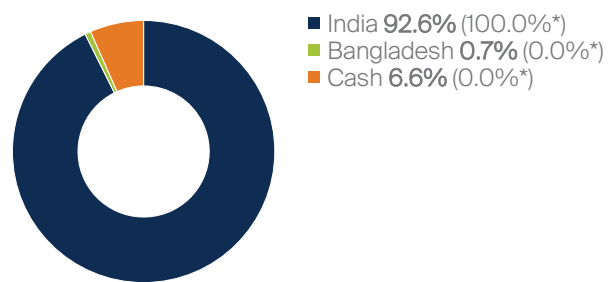
Ten largest company holdings as at 31 December 2023

| Stock name | Geography | Sector | Portfolio weight (%) |
|-----------------------------------|-----------|------------------------|----------------------|
| HDFC Bank | India | Financials | 8.1 |
| Colgate-Palmolive (India) Limited | India | Consumer Staples | 6.8 |
| ICICI Bank Limited | India | Financials | 5.0 |
| Axis Bank Limited | India | Financials | 4.5 |
| Tata Motors Limited | India | Consumer Discretionary | 4.2 |
| Bajaj Auto Limited | India | Consumer Discretionary | 4.0 |
| Blue Star Limited | India | Industrials | 3.9 |
| Godrej Industries Limited | India | Industrials | 3.8 |
| Mahanagar Gas Ltd | India | Utilities | 3.8 |
| Bosch Limited | India | Consumer Discretionary | 3.3 |

Sector breakdown



Geographic breakdown



*Index weight

*Index weight

Source: First Sentier Investors as at 31 December 2023. 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%.

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.

Top 5 contributors to absolute performance

3 months to 31 December 2023

| Stock name | Geography | Sector | Value added (bps*) |
|-----------------------------------|-----------|------------------------|--------------------|
| Colgate-Palmolive (India) Limited | India | Consumer Staples | 166 |
| Godrej Industries Limited | India | Industrials | 122 |
| Bajaj Auto Limited | India | Consumer Discretionary | 122 |
| HDFC Bank INR1 | India | Financials | 91 |
| Tata Motors Limited | India | Consumer Discretionary | 90 |

12 months to 31 December 2023

| Stock name | Geography | Sector | Value added (bps*) |
|-----------------------------------|-----------|------------------------|--------------------|
| Colgate-Palmolive (India) Limited | India | Consumer Staples | 385 |
| Godrej Industries Limited | India | Industrials | 287 |
| Tata Motors Limited | India | Consumer Discretionary | 246 |
| Blue Star Limited | India | Industrials | 231 |
| Bajaj Auto Limited | India | Consumer Discretionary | 200 |

Bottom 5 contributors to absolute performance

3 months to 31 December 2023

| Stock name | Geography | Sector | Value added (bps*) |
|---------------------------------------|-----------|------------------------|--------------------|
| Whirlpool Of India INR10 | India | Consumer Discretionary | -34 |
| Biocon Limited | India | Health Care | -12 |
| Escorts Kubota Limited | India | Industrials | -11 |
| Mahindra Lifespace Developers Limited | India | Real Estate | -10 |
| CIE Automotive India Ltd | India | Consumer Discretionary | -1 |

12 months to 31 December 2023

| Stock name | Geography | Sector | Value added (bps*) |
|--------------------------|------------|------------------------|--------------------|
| Solara Active Phar Inr10 | India | Health Care | -30 |
| Whirlpool Of India INR10 | India | Consumer Discretionary | -19 |
| Bharti Airtel Limited | India | Communication Services | -13 |
| Grasim Industries Ltd | India | Materials | -8 |
| DBH Finance PLC | Bangladesh | Financials | -5 |

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. 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. 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.

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