FSSA Investment Managers
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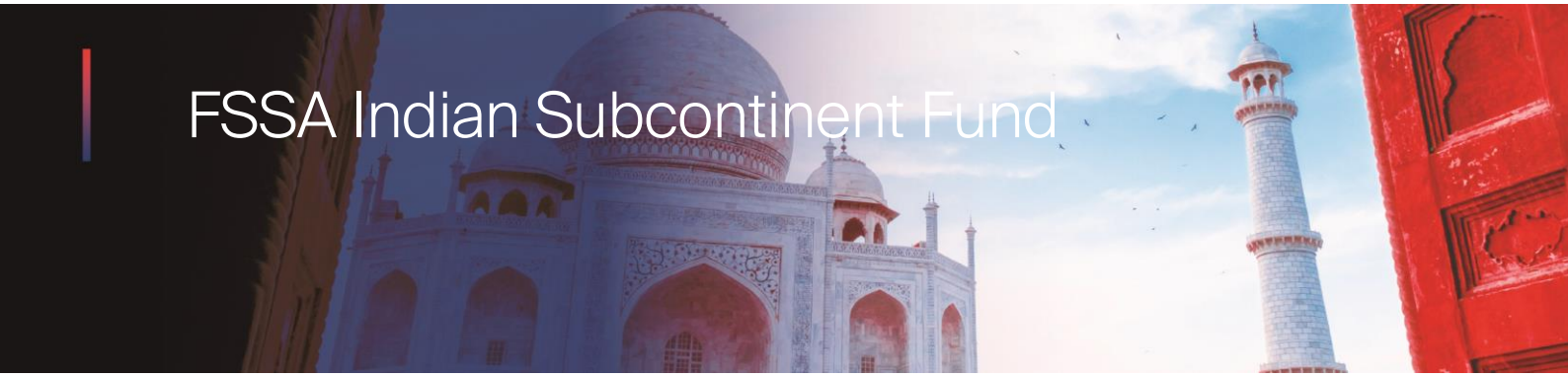
FSSA Indian Subcontinent Fund



- The Fund invests primarily in equity securities and equity related securities in Indian subcontinent which may expose to potential changes in tax, political, social and economic environment.
- The Fund invests in emerging markets which may have increased risks than developed markets including liquidity risk, currency risk/control, political and economic uncertainties, high degree of volatility, settlement risk and custody risk. Investing in small /mid-capitalisation securities may have lower liquidity and their prices are more volatile to adverse economic developments. The Fund's investments may be concentrated in a single country/ sector, specific region or small numbers of countries/ companies which may have higher volatility or greater loss of capital than more diversified portfolios.
- 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 diversified portfolio of equity and equity related securities issued by companies of the Indian subcontinent. Countries of the Indian subcontinent include India, Pakistan, Sri Lanka and Bangladesh. The 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.

Fund information

Fund size (US$m)	383.5
Benchmark	MSCI India Net Index
Number of holdings	38

Available share classes

Share class†	Inception date	Nav/per share	Distribution frequency‡	ISIN code
Class I (USD - Acc)	23 August 1999	US$160.00	N/A	IE0008369930
Class III (USD - Acc)	23 August 2013	US$41.93	N/A	IE00B6Y13T06

† Acc represents share class with dividends accumulated.

About FSSA Investment Managers

FSSA Investment Managers is an autonomous investment management team within First Sentier Group, 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 2026

	12 mths to 30/06/26	12 mths to 30/06/25	12 mths to 30/06/24	12 mths to 30/06/23	12 mths to 30/06/22
FSSA Indian Subcontinent Fund Class I (USD - Acc)	-16.0	0.8	33.9	18.0	-7.3
FSSA Indian Subcontinent Fund Class II (USD - Acc)	-15.9	0.9	34.2	18.3	-7.0
MSCI India Net Index	-12.8	0.8	34.4	14.2	-4.8

Cumulative performance (% in USD) to 30 June 2026

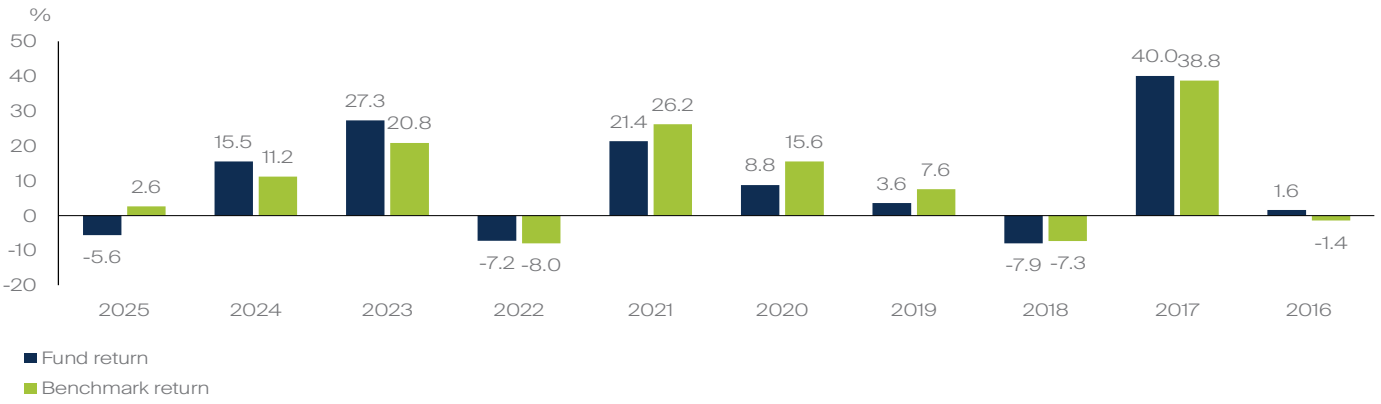
	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	YTD	6 mths	3 mths
FSSA Indian Subcontinent Fund Class I (USD - Acc)	1500.1	98.1	24.1	13.4	-16.0	-10.4	-10.4	13.4
FSSA Indian Subcontinent Fund Class II (USD - Acc)	880.8	102.8	25.3	14.0	-15.9	-10.3	-10.3	13.5
MSCI India Net Index	966.5	124.9	28.5	18.2	-12.8	-9.9	-9.9	10.1

Performance review

Over the past 12 months, key contributors to performance included **Bosch (India)**, which announced a 100% acquisition of unlisted Bosch Chassis Systems from the parent group. Bosch Chassis is a tier-one supplier of auto components with a near monopoly (70-80% market share) in safety and braking systems. This is an important segment in India and there are structural tailwinds to its growth – both from a regulatory perspective and from a customer preference point of view, with growing demand for higher safety standards as the market shifts towards premium cars. As these products are powertrain- and vehicle-agnostic, the acquisition should be a significant positive for Bosch's business, helping to diversify its portfolio and become less dependent on traditional ICE vehicles. **KEI Industries** rose after reporting better-than-expected earnings results, led by margin improvements, as it benefitted from the global movement towards greater electrification as part of the energy transition. While KEI still has a large institutional business, its retail franchise has been growing, which results in more diversified and resilient sources of demand. This has widened KEI's competitive moat, as it is difficult for new entrants to replicate its vast retail networks. KEI is adding significant capacity to meet demand, which bodes well for future earnings growth.

On the negative side, **HDFC Bank** continued to face a challenging operating environment. However, we believe the structural opportunity for HDFC and other high-quality private banks to gain share from state-owned banks has not changed. The bank has invested significantly in technology (digitisation and automation) which has led to higher costs over the last year, but as revenue growth improves, there is potential for operating leverage to grow. Meanwhile, asset quality (gross NPLs) is currently the best it has been over the last three decades. **HCL Technologies** declined after reporting disappointing earnings results and a weaker growth outlook ahead. The company faces multiple headwinds, namely lower budgets and cuts to discretionary IT spending across its large clients, as well as the deflationary impact of AI on traditional IT services.

Calendar year performance (% in USD) to 30 June 2026



Source: Lipper and First Sentier Investors, Nav-Nav (USD total return) data as at 30 June 2026. This Fund is a sub fund of Ireland domiciled First Sentier Investors Global Umbrella Fund Plc. Class I (USD-Acc) and Class II (USD-Acc) are the non-dividend distributing class of the fund, the performance quoted are based on USD total return (non-dividend distributing). Class II (USD-Acc) was launched on 7 February 1994 and has been closed for subscription. Gross of tax benchmark performance is shown before 1 July 2016 and net of tax benchmark performance is shown after the aforementioned date. Class I (USD - Acc) performance is shown in the above chart. Unless otherwise specified, all information contained in this document is as at 30 June 2026. Investment involves risks, past performance is not a guide to future performance. On 22 September 2020, First State Indian Subcontinent Fund was rebranded as FSSA Indian Subcontinent Fund.

Portfolio review

New positions over the quarter included **Triveni Turbines**, a leading manufacturer of steam turbines that has maintained healthy margin and return ratios across cycles. The company has a history of strong execution and is focused on a number of growth initiatives that we believe can help it become larger on a 5-year view. This includes scaling up its aftermarket servicing / refurbishment solutions, new segments like API-compliant turbines and new products, such as energy storage. Having met the management several times in recent periods, we gained confidence in the company's technology development, its focus on high returning segments and the opportunity for long-term growth.

We also bought **Elgi Equipment**, a leading manufacturer of air compressors, backed by a reputable owner-manager who has spent the last decade building the overseas franchise. Globally, the air compressor market is large and attractive, with high barriers to entry. Elgi has been gaining market share as one of a handful of Indian industrial companies with global presence and increasing credibility. The risk/reward looked attractive, given the higher growth rates in India and the expansion of its distribution and product portfolio globally. A high element of aftersales and servicing should also help drive future growth and profits.

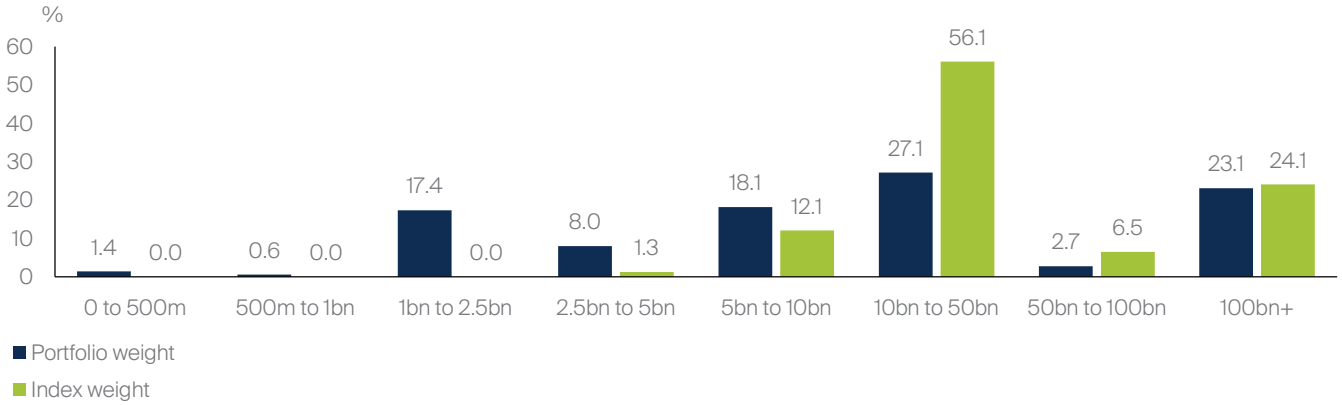
We sold **Rallis India** and **Escorts Kubota** to raise cash for other, higher conviction ideas. Rallis India operates in a difficult industry, with weather, seasonality and global demand/supply having a significant impact on its performance – all of which lie outside the management's control. In the case of Escorts Kubota, it had lost market share in recent years, amid a strong tractor cycle, due to integration issues between the two businesses. While these issues seem to be behind them, the tractor cycle now appears to be on the cusp of turning negative. This could mean a protracted period of relatively slower growth. We chose to recycle the cash into other ideas.

Stock spotlight

Bosch India is the India-listed subsidiary of Robert Bosch Gmbh with over 100 years of history. It is the leading automotive components manufacturer in India, and the parent company is the global leader in this category. The safety, emission and technology standards in the Indian auto industry are consistently evolving, which provides opportunities for Bosch to continue to increase its content per vehicle.

Over the last decade, the parent has spent 10% of its global sales on R&D each year to develop solutions for EVs. In India, Bosch is also playing a leading role in introducing hydrogen-based technology which can be an alternative solution. Both can be substantial growth opportunities. Meanwhile, Bosch India has other businesses which have strong growth potential, such as power tools and after-market solutions. The company has been repositioning itself as a complete power-train solutions provider for OEMs, rather than a components supplier. This should allow for more regular order inflow and better business visibility.

Market capitalisation breakdown (USD)



Data source: First Sentier Group. 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 MSCI India Net Index.

Outlook

The US-Israeli conflict with Iran has heightened geopolitical uncertainty and pushed energy prices higher, weighing on global risk sentiment. As a net energy importer, India is exposed to these pressures. Higher oil prices and a wider current account deficit have added stress to the currency and near-term inflation, which has fed through to equity markets despite the economy being largely domestically driven.

Encouragingly, prior to the escalation of the Middle East situation, there were early signs of a cyclical improvement in consumer demand in India. While this momentum may soften temporarily, it should resume if conditions stabilise. For now, a weaker currency and higher input costs may weigh on consumption, but we are confident about the portfolio's resilience, as the stronger businesses we own have historically been able to pass through inflation and gain market share. Recent market weakness has also created compelling valuation opportunities, with several high-quality companies trading at levels last seen during past crises.

With our long-term time horizon, and our focus on businesses with sustainable earnings growth, we remain excited about the high-quality companies in India. Over the coming years, India's growth is set to be underpinned by rising levels of urbanisation, favourable demographics, middle-class consumption and a strong digital infrastructure push. We believe the companies we have invested in are at the forefront of this transformation and are well positioned to benefit from these structural tailwinds.

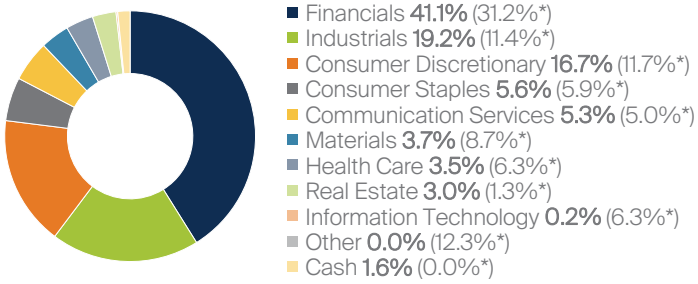
Our long-term investment themes:

- 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 30 June 2026

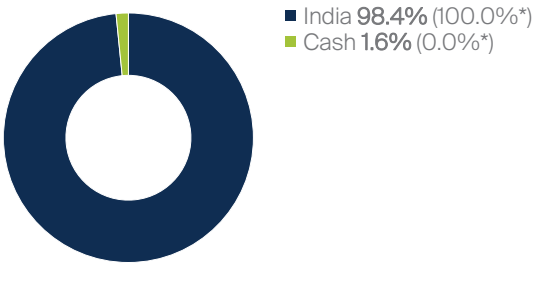
Stock name	Geography	Sector	Portfolio weight (%)
HDFC Bank	India	Financials	8.9
Kotak Mahindra Bank Limited	India	Financials	8.5
ICICI Bank Limited	India	Financials	6.9
Bosch Limited	India	Consumer Discretionary	4.5
Bharti Airtel Limited	India	Communication Services	4.3
ICICI Lombard General Insurance Co. Ltd.	India	Financials	4.2
KEI Industries Limited	India	Industrials	3.6
NIVA BUPA HEALTH INSURANCE CO LTD INR10	India	Financials	3.1
Oberoi Realty Limited	India	Real Estate	3.0
Computer Age Management Services Ltd	India	Industrials	3.0

Sector breakdown



*Index weight

Geographic breakdown



*Index weight

Sector and Country classifications provided by Factset and First Sentier Group. 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.

The index refers to MSCI India Net Index.

Top 5 contributors to absolute performance

3 months to 30 June 2026

Stock name	Geography	Sector	Value added (bps*)
Bosch Limited	India	Consumer Discretionary	148
KEI Industries Limited	India	Industrials	118
Godrej Industries Limited	India	Industrials	108
Kotak Mahindra Bank Limited	India	Financials	106
HDFC Bank Limited	India	Financials	99

12 months to 30 June 2026

Stock name	Geography	Sector	Value added (bps*)
KEI Industries Limited	India	Industrials	83
MEESHO LIMITED	India	Consumer Discretionary	68
Triveni Turbine Ltd	India	Industrials	46
Bosch Limited	India	Consumer Discretionary	41
Radico Khaitan Ltd	India	Consumer Staples	23

Bottom 5 contributors to absolute performance

3 months to 30 June 2026

Stock name	Geography	Sector	Value added (bps*)
HCL Technologies Limited	India	Information Technology	-38
Tata Steel Limited	India	Materials	1
SOLARA ACTIVE PHARMA SCIENCES LIMIT EQ	India	Health Care	2
Info Edge India Ltd.	India	Communication Services	2
Mahindra & Mahindra Financial Services Ltd.	India	Financials	3

12 months to 30 June 2026

Stock name	Geography	Sector	Value added (bps*)
HDFC Bank Limited	India	Financials	-243
HCL Technologies Limited	India	Information Technology	-130
Kotak Mahindra Bank Limited	India	Financials	-125
ICICI Lombard General Insurance Co. Ltd.	India	Financials	-112
Whirlpool Of India INR10	India	Consumer Discretionary	-109

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 Group.

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