

Indian Subcontinent Sustainability Strategy



Stewart Investors

Risk factors

This material is a financial promotion for the Stewart Investors Indian Subcontinent Sustainability Strategy intended for **retail and professional clients in the UK, and for professional clients only in Switzerland, the EEA and elsewhere where lawful.**

Investing involves certain risks including:

- > **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- > **Currency risk:** The strategy referred to in this material invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the strategy and could create losses. Currency control decisions made by governments could affect the value of the strategy's investments and could cause the strategy to defer or suspend redemptions of its shares.
- > **Specific region risk:** investing in a specific region may be riskier than investing in a number of different countries or regions. Investing in a larger number of countries or regions helps spread risk.
- > **Indian Subcontinent risk:** although India has seen rapid economic and structural development, investing there may still involve increased risks of political and governmental intervention, potentially limitations on the allocation of the strategy's capital, and legal, regulatory, economic and other risks including greater liquidity risk, restrictions on investment or transfer of assets, failed/delayed settlement and difficulties valuing securities.

Where featured, specific securities or companies are intended as an illustration of investment strategy only, and should not be construed as investment advice or a recommendation to buy or sell any security.

All information included in this material has been sourced by Stewart Investors and is displayed as at 31 December 2023 unless otherwise specified and to the best of our knowledge is an accurate reflection as at this date.

If you are in any doubt as to the suitability of our strategies for your investment needs, please seek investment advice.

About Stewart Investors

We are an active, long-only equity investment business with stewardship and sustainability at the heart of our investment philosophy and culture since 1988. As a team, we have been managing explicit sustainability portfolios since 2005.

Investment aim

To generate long-term, risk-adjusted returns for our clients by investing in the shares of high-quality companies that are particularly well positioned to contribute to, and benefit from, sustainable development.

Investment philosophy

- > **We are stewards.** Our role is to allocate society's capital to productive uses, in accordance with our [Hippocratic Oath](#).
- > **We are long term.** Our time horizon is measured in years, not weeks, and we value companies accordingly.
- > **We invest only in companies contributing to a more sustainable future.** We engage constructively as owners to help companies on their sustainability journeys.
- > **We invest only in high-quality companies.** We invest in companies with exceptional cultures, strong franchises and resilient financials.
- > **We believe capital preservation is important for capital growth.** We define risk as the possibility of the permanent loss of client capital.

This philosophy is proven across strategies and business cycles for nearly four decades.

Key facts

Strategy launch	November 2006
Strategy size	USD 876 million
Lead portfolio manager	Sashi Reddy
Co portfolio manager	David Gait
Investment team	11 analysts
Number of companies	30-60 (current 37)
Active share	90%
Anticipated turnover	20-40%
Investment horizon	5+ years
Market capitalisation	All market capitalisations
Comparator benchmark	MSCI India Index
Country exposure	Companies whose primary listing, incorporation or majority economic activity is in India, Pakistan, Sri Lanka and Bangladesh. No minimum restrictions.
Industry exposure	Any GICS Sector (first level) must not exceed 50%, with the exception of the Consumer Discretionary and Consumer Staples sectors (where the combined exposure should not exceed 50%). No minimum restrictions.
Annual management Fee	Early bird fee: 0.68%* Standard fee: 0.85%
Estimated ongoing charge figure (OCF) [†]	Early bird fee: 0.88%* Standard fee: 1.05%

Data shown for a representative Indian Subcontinent Sustainability account. Parameters shown are guidelines only and not hard risk limits. This information is provided for illustrative purposes to demonstrate Stewart Investors' activity within the strategy for the period shown. It is not a recommendation or solicitation to purchase or invest in any fund. Differences between the representative account-specific constraints, currency or fees and those of a similarly managed fund or mandate would affect results.

[†]OCF stated is provided for illustrative purposes only and is in no way binding. The OCF may vary across products and share classes.

*Only available for VCC fund

What we mean by sustainability

Our process is deeply qualitative, based on fundamental, bottom-up research and analysis of the [sustainability](#) positioning of companies. We meet regularly with management teams, conduct site visits, and commission third-party research. Our assessment of company sustainability focuses on:

- 1 Sustainability positioning of products and services
- 2 Quality of management and treatment of all stakeholders
- 3 Operational performance and environmental and social impacts
- 4 Ability to navigate sustainability headwinds and tailwinds, such as changing regulations and consumer trends

Exclusions

We have a detailed [exclusions policy](#) explaining the sectors and sorts of companies we will never invest in.

Engagement

We invest time and energy in [engaging](#) and encouraging companies to improve their sustainability practices and product offerings.

Voting

We do not outsource voting decisions or any part of the engagement process; this is a core part of our role.

Visit our [website](#) to view our [position on harmful and controversial products and services](#), and our [climate change statement](#).

Top 10 holdings - high conviction

We have a bottom-up approach and aim to invest only in well-stewarded, high-quality companies with sustainability at the heart of all investment considerations. Our portfolios are high conviction (top 10 holdings typically 30%-50%) and are completely benchmark agnostic.

Company	Sector	Portfolio (%)	Index (%)
Mahindra & Mahindra	Consumer Discretionary	8.1	1.6
HDFC Bank	Financials	6.5	4.9
Tube Investments	Consumer Discretionary	6.0	0.4
CG Power	Industrials	5.6	0.3
Kotak Mahindra Bank	Financials	4.6	2.1
Tata Consumer Products	Consumer Staples	3.7	0.6
Aavas Financiers	Financials	3.6	–
Dr. Reddy's Laboratories	Health Care	3.5	0.6
Godrej Consumer Products	Consumer Staples	3.4	0.5
Tech Mahindra	Information Technology	3.4	0.7
		48.4	11.7

Data shown for a representative Stewart Investors Indian Subcontinent Sustainability account and the MSCI India Index. This information is provided for illustrative purposes to demonstrate Stewart Investors' activity within the strategy for the period shown. It is not a recommendation or solicitation to purchase or invest in any fund. Numbers may not add to totals due to rounding. Differences between the representative account-specific constraints and those of a similarly managed fund or mandate would affect results.

Our interactive [Portfolio Explorer](#) tool allows you to explore strategies, companies, countries and sustainability issues of interest in four views – map, Sustainable Development Goals, climate solutions and human development pillars.



For more information please contact enquiries@stewartinvestors.com

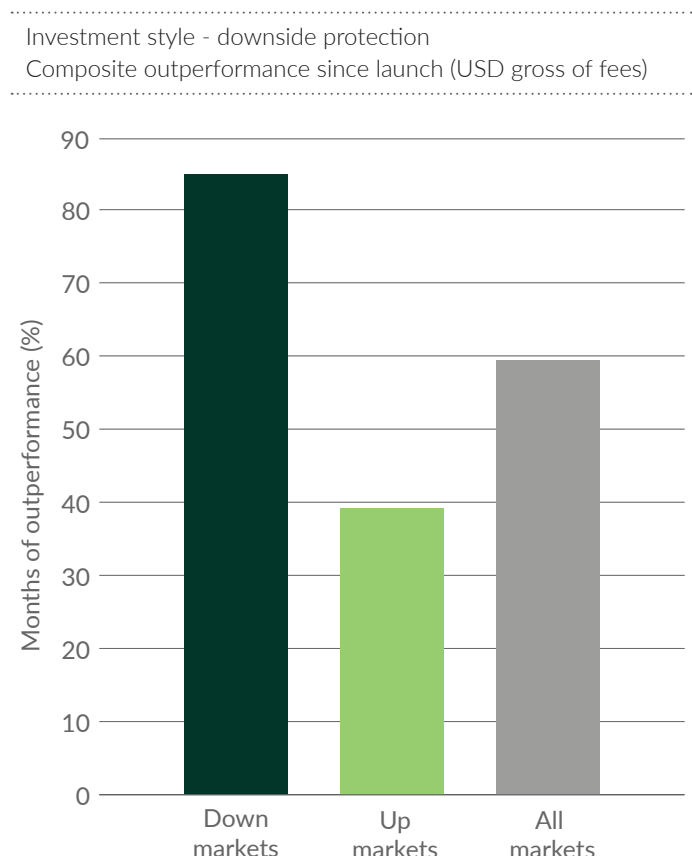
Or visit our website at stewartinvestors.com

Performance objective – capital protection and growth

Our investment philosophy focuses on delivering strong absolute returns over cycles. This focus means that we define risk as the loss of clients' capital rather than in terms of deviation from any benchmark index. As a result, our performance is likely to lag steeply rising markets, but deliver better results in falling markets. We believe this approach has served clients well over time and over cycles.

Discrete annual performance (%) USD Composite performance gross of fees	12 months to 31-Dec-19	12 months to 31-Dec-20	12 months to 31-Dec-21	12 months to 31-Dec-22	12 months to 31-Dec-23
Stewart Investors Indian Subcontinent Sustainability Composite	2.4	27.3	37.3	-10.2	23.2
MSCI India Index	7.6	15.9	26.7	-7.5	21.3

Annualised performance over periods USD Composite performance gross of fees - %	Since launch	10 years	5 years	3 years	1 years
Stewart Investors Indian Subcontinent Sustainability Composite	19.9	14.9	14.6	14.9	23.2
MSCI India Index	13.1	10.1	12.1	12.4	21.3



These figures refer to the past. Past performance is not indicative of future performance. For investors based in countries with currencies other than USD, the return may increase or decrease as a result of currency fluctuations.

Source for composite performance: Stewart Investors. Composite performance data is calculated on a total return basis and gross of tax. Performance figures do not reflect the deduction of investment fees and expenses. A client's return will be reduced by the effect of investment fees and expenses. If a client placed \$100,000 under management and a hypothetical gross return of 10% was achieved, the investment assets before the effect of fees and expenses would have grown to \$259,374 in 10 years. However, if fees and expenses to the value of 1% were incurred, investment assets would have grown to \$234,573, or an annual compounded rate of 8.9%. Source for benchmark: FactSet. Index returns are shown on a total return basis and gross of tax. Outperformance shown versus the MSCI India Index. Performance calculated from launch of Stewart Investors Indian Subcontinent Sustainability Composite on 1 January 2003.

Important information

This material is for general information purposes only. It does not constitute investment or financial advice and does not take into account any specific investment objectives, financial situation or needs. This is not an offer to provide asset management services, is not a recommendation or an offer or solicitation to buy, hold or sell any security or to execute any agreement for portfolio management or investment advisory services and this material has not been prepared in connection with any such offer. Before making any investment decision you should conduct your own due diligence and consider your individual investment needs, objectives and financial situation and read the relevant offering documents for details including the risk factors disclosure. Any person who acts upon, or changes their investment position in reliance on, the information contained in these materials does so entirely at their own risk.

We have taken reasonable care to ensure that this material is accurate, current, and complete and fit for its intended purpose and audience as at the date of publication but the information contained in the material may be subject to change thereafter without notice. No assurance is given or liability accepted regarding the accuracy, validity or completeness of this material.

To the extent this material contains any expression of opinion or forward-looking statements, such opinions and statements are based on assumptions, matters and sources believed to be true and reliable at the time of publication only. This material reflects the views of the individual writers only. Those views may change, may not prove to be valid and may not reflect the views of everyone at First Sentier Investors.

Past performance is not indicative of future performance. All investment involves risks and the value of investments and the income from them may go down as well as up and you may not get back your original investment. Actual outcomes or results may differ materially from those discussed. Readers must not place undue reliance on forward-looking statements as there is no certainty that conditions current at the time of publication will continue.

References to specific securities (if any) are included for the purpose of illustration only and should not be construed as a recommendation to buy or sell the same. Any securities referenced 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.

References to comparative benchmarks or indices (if any) are for illustrative and comparison purposes only, may not be available for direct investment, are unmanaged, assume reinvestment of income, and have limitations when used for comparison or other purposes because they may have volatility, credit, or other material characteristics (such as number and types of securities) that are different from the funds managed by First Sentier Investors.

Selling restrictions

Not all First Sentier Investors products are available in all jurisdictions.

This material is neither directed at nor intended to be accessed by persons resident in, or citizens of any country, or types or categories of individual where to allow such access would be unlawful or where it would require any registration, filing, application for any licence or approval or other steps to be taken by First Sentier Investors in order to comply with local laws or regulatory requirements in such country.

This material is intended for 'professional clients' (as defined by the UK Financial Conduct Authority, or under MiFID II), 'wholesale clients' (as defined under the Corporations Act 2001 (Cth) or Financial Markets Conduct Act 2013 (New Zealand) and 'professional' and 'institutional' investors as may be defined in the jurisdiction in which the material is received, including Hong Kong, Singapore, Japan and the United States, and should not be relied upon by or be passed to other persons.

The First Sentier Investors funds referenced in these materials are not registered for sale in the United States and this document is not an offer for sale of funds to US persons (as such term is used in Regulation S promulgated under the 1933 Act). Fund-specific information has been provided to illustrate First Sentier Investors' expertise in the strategy. Differences between fund-specific constraints or fees and those of a similarly managed mandate would affect performance results.

About First Sentier Investors

References to 'we', 'us' or 'our' are references to First Sentier Investors, a global asset management business which is ultimately owned by Mitsubishi UFJ Financial Group (MUFG). Our investment team operates under the trading name of Stewart Investors which is part of the First Sentier Investors group.

This material may not be copied or reproduced in whole or in part, and in any form or by any means circulated without the prior written consent of First Sentier Investors.

We communicate and conduct business through different legal entities in different locations. This material is communicated in:

- > **United Kingdom** by First Sentier Investors (UK) Funds Limited, authorised and regulated by the Financial Conduct Authority (FCA ref no. 143359; Registered office: Finsbury Circus House, 15 Finsbury Circus, London EC2M 7EB; Company no. 2294743).
- > **European Economic Area** by First Sentier Investors (Ireland) Limited, authorised and regulated in Ireland by the Central Bank of Ireland (CBI ref no. C182306; Registered office: 70 Sir John Rogerson's Quay, Dublin 2, Ireland; Company no. 629188).
- > **In other jurisdictions**, where this document may lawfully be issued, by First Sentier Investors International IM Limited, authorised and regulated in the UK by the Financial Conduct Authority (FCA ref no. 122512; Registered office: 23 St. Andrew Square, Edinburgh, EH2 1BB; Company no. SC079063).

To the extent permitted by law, MUFG and its subsidiaries are not liable for any loss or damage as a result of reliance on any statement or information contained in this document.

Neither MUFG nor any of its subsidiaries guarantee the performance of any investment products referred to in this document or the repayment of capital. Any investments referred to are not deposits or other liabilities of MUFG or its subsidiaries, and are subject to investment risk, including loss of income and capital invested.

© First Sentier Investors Group

All rights reserved.