

19 March 2020

**First State Investments
(UK) Limited**

Finsbury Circus House
15 Finsbury Circus
London
EC2M 7EB

www.firststateinvestments.com

Dear Investor,

Stewart Investors Asia Pacific Fund (the “Fund”), a sub-fund of First State Investments ICVC - change to investment policy and name

Summary

We are writing to notify you of a change to the investment policy of the Fund to allow investment in Japan and include reference to sustainability, and a change in its name, both of which will have effect from 22 May 2020.

There is no change to the objective and high-level policy of the Fund which remains to achieve long term capital growth by investing in shares of companies based, or having significant operations, in the Asia Pacific region (which is to be expanded to include Japan).

You are not required to take any action as a result of these changes and the Fund remains open for the issue and redemption of shares as normal.

Background and details of the changes

Following portfolio management staff changes in September 2019, management of the Fund has been taken-on by portfolio managers at Stewart Investors who focus on investment in companies which are positioned to benefit from, and contribute to, the sustainable development of the countries in which they operate (see below under “Investment policy” – Appendix 1 for further details). These portfolio managers have sold holdings of the Fund which do not fit within this investment strategy and have repositioned the portfolio of the Fund. We now propose to update the Fund’s policy wording.

In addition, it is proposed to allow the Fund to invest in companies which are established or have a majority of their operations in Japan. The inclusion of Japan recognises the increasing convergence with Japan in terms of economic development of other countries in the Asia Pacific region. The exposure to Japanese companies will be built-up over time and is currently expected to reach in the region of 10-15% of the Fund’s net assets.

Accordingly, from 22 May 2020, these changes will be reflected in the description of the Fund’s investment policy and in its new name, “**Stewart Investors Asia Pacific and Japan Sustainability Fund**”. If you have any questions regarding these changes, please contact us as indicated under the heading “Questions” below.

The Fund’s benchmark will also change to the MSCI AC Asia Pacific Index and the Fund will move to the Asia Pacific including Japan Investment Association Sector.

The changes to the wording of the Fund’s investment policy are set-out in Appendix 1.

Appendix 2 lists the ISINs for the various share classes in the Fund, none of which are changing.

Charges and costs

The annual management charge (“AMC”) for the Fund has been reduced with effect from 1 February 2020 as follows:

- the AMC for the Class A shares has reduced from 1.75% to 1.55%; and
- the AMC for the Class B shares has reduced from 1.00% to 0.90%.

There are no other changes to the charges paid by the Fund.

Note that the market dealing costs relating to adjustments to the Fund’s investment portfolio following the changes to the Stewart Investors portfolio management team are estimated at 0.015% of net asset value. These include brokerage, custody charges, any stamp duty and foreign exchange costs and will be met by the Fund.

Questions

If you have any questions you can contact us:

by telephone: from the UK 0800 587 4141 and from abroad +44 131 525 8870; telephone calls may be recorded for your security

by email: enquiries@firststate.co.uk

or in writing: Client Services, 23 St Andrew Square, Edinburgh EH2 1BB.

Yours sincerely,



Director of First State Investments (UK) Limited
Authorised Corporate Director of First State Investments ICVC

Appendix 1 – changes to the name and investment policy of the Fund

Please note language struck through are deletions, language underlined are new language.

<u>Current Language</u>	<u>Language from 22 May 2020</u>
Stewart Investors Asia Pacific Fund	Stewart Investors Asia Pacific and Japan Sustainability Fund
<p>Investment Objective: The Fund aims to achieve long-term capital growth.</p>	<p>Investment Objective: The Fund aims to achieve capital growth <u>over the long-term (five to seven years).</u></p>
<p>Investment Policy: The Fund invests in equities issued by companies that are incorporated or listed, or which conduct the majority of their economic activity, in the Asia Pacific region (excluding Japan, including Australasia). •</p>	<p>Investment Policy: The Fund invests in a diversified portfolio of equity or equity related securities of companies that are incorporated or listed, or where a majority of their economic activities <u>take place</u>, in the Asia Pacific region (<u>including Japan</u>) <u>and which are listed, traded or dealt in on Regulated Markets worldwide.</u></p> <p><u>The Fund invests in quality companies which are positioned to benefit from, and contribute to, the sustainable development of the countries in which they operate.</u></p> <p><u>The Manager assesses quality by understanding:</u></p> <ol style="list-style-type: none"> i. <u>the quality of management which includes integrity, attitude to environmental and social impacts, corporate governance, long-term performance, attitude to risk and alignment with minority shareholders. The Manager has a preference for stable, long-term (often multiple generational) stewards leading the company;</u> ii. <u>the quality of the franchise which includes the social usefulness of the products or services, their environmental impacts and efficiency, and responsible business practices; and</u> iii. <u>the quality of the financials which includes financial performance over the economic cycle, cash flows and debt, with a preference for net cash balance sheets (i.e. companies whose cash resources exceed their debt).</u> <p><u>Further information is available under Investment Strategy below.</u></p> <p><u>The investment policy of the Fund may be achieved through investment in other collective investment schemes, including in collective investment schemes managed by the ACD or its associates, and/or other Funds of the Company. Further details are set out in Section 19.1.11 headed 'Investment in Second Schemes'.</u></p> <p><u>Where the Manager is unable to identify investment opportunities at appropriate valuations from time to time, the Fund may hold cash and Near Cash Assets in different currencies.</u></p>

	<p>The Fund may use derivatives for Efficient Portfolio Management (“EPM”) purposes only.</p>
<p>Clarification point: “Australasia” refers to Australia, New Zealand and other South East Asian countries.</p>	
	<p>Investment Strategy: <u>The Manager’s investment strategy is founded on the principle of stewardship, allocating capital to high quality companies with sound growth prospects and strong management teams. The Manager believes that sustainability is a driver of investment returns and that incorporating these considerations fully into the investment process is the best way to protect and grow capital for clients over the long-term (five to seven years). The Manager takes a bottom-up, qualitative approach (i.e. focusing on analysing individual companies rather than countries or sectors) to finding and investing in reasonably priced, high quality companies that are well positioned to contribute to, and benefit from, sustainable development in the countries in which they operate. The Manager has a strong conviction that such companies face fewer risks and are better placed to deliver positive long-term, risk-adjusted returns (i.e. investment returns which take into account the associated risk taken in making the particular investment; higher short-term returns may often reflect higher risk). The Manager invests with capital preservation in mind, meaning it defines risk as losing client money, rather than deviation from a benchmark index.</u></p> <p><u>The Manager’s focus on quality companies rather than investing according to a benchmark index may lag in very strong liquidity-driven or momentum-led markets and may perform well when due recognition is given to companies with quality management teams, good long-term growth prospects and sound balance sheets.</u></p> <p><u>Sustainability is also a key part of the Manager’s engagement approach with topics ranging from labour to pollution. The Manager believes that its role as a long-term investor and fiduciary of client capital is to provide the space for management teams to address sustainability issues which the wider capital markets may at times overlook. The Manager does this through constructive, non-confrontational and relationship-based conversations with the companies held for clients.</u></p> <p><u>The Manager aims to ensure that the Fund remains adequately diversified across companies, sectors and countries.</u></p> <p><u>While it is not generally the Manager’s intention to do so, in some circumstances the Manager may use derivatives (investments whose value is linked to another investment, performance of a stock market, interest rate or other factor) to reduce certain risks or</u></p>

	<p><u>costs and / or generate extra income or growth (often called EPM). Further details are set out in Section 19.1.16. headed 'Efficient Portfolio Management'. It is not intended that any such use will increase the volatility (a measure of the short term changes in the Fund's price) or materially alter the risk profile of the Fund. The Manager's intention is that the Fund will generally only hold derivatives such as options and warrants which result from certain corporate actions, new issues or placements from time-to-time.</u></p> <p>Investment Risks: <u>The main risks applicable to the Fund are (in no particular order): emerging market risk, China market risk, investment in China A shares risk, smaller companies risk and currency risk. These risks are in addition to the generic risks applicable to all funds. Further details are set out in Section 18.0 headed 'Appendix V – Risk Factors'.</u></p>
<p>Benchmark and IA Sector: The Fund is actively managed meaning that the Manager uses its expertise to pick investments rather than tracking a benchmark.</p> <p>The Fund's performance is compared against the value of the following benchmark: MSCI AC Asia Pacific ex-Japan Index.</p> <p>In addition, many funds sold in the UK are grouped into sectors by the Investment Association (the "IA") (a trade body that represents UK investment managers) which helps investors compare funds with similar characteristics. This Fund is included within the Asia Pacific Excluding Japan IA Sector.</p> <p>The benchmark and sector are not used to limit or constrain how the Fund's portfolio is constructed, nor are they part of a target set for the Fund's performance to match or exceed. The benchmark and sector have been identified as a means by which investors can compare the Fund's performance and have been chosen because their constituents most closely represent the scope of the Fund's investable assets. Investment of the Fund's assets is not constrained by the benchmark or sector composition and the Manager has complete discretion within the Fund's investment policy to invest in assets without regard to their inclusion or weighting in the benchmark. The investment strategy of the Fund does not restrict the extent to which the portfolio holdings may deviate from the benchmark or sector.</p>	<p>Benchmark and IA Sector: The Fund is actively managed meaning that the Manager uses its expertise to pick investments rather than tracking a benchmark.</p> <p>The Fund's performance is compared against the value of the following benchmark: MSCI AC Asia Pacific Index.</p> <p>In addition, many funds sold in the UK are grouped into sectors by the Investment Association (the "IA") (a trade body that represents UK investment managers) which helps investors compare funds with similar characteristics. This Fund is included within the Asia Pacific <u>including</u> Japan IA Sector.</p> <p>The benchmark and sector are not used to limit or constrain how the Fund's portfolio is constructed, nor are they part of a target set for the Fund's performance to match or exceed. The benchmark and sector have been identified as a means by which investors can compare the Fund's performance and have been chosen because their constituents most closely represent the scope of the Fund's investable assets. Investment of the Fund's assets is not constrained by the benchmark or sector composition and the Manager has complete discretion within the Fund's investment policy to invest in assets without regard to their inclusion or weighting in the benchmark. The investment strategy of the Fund does not restrict the extent to which the portfolio holdings may deviate from the benchmark or sector.</p>

Appendix 2 – ISINs

ISIN	Fund Name	Share Class Name
GB0030183890	Stewart Investors Asia Pacific Fund	A GBP Acc
GB0030184088	Stewart Investors Asia Pacific Fund	B GBP Acc
GB00B50G1435	Stewart Investors Asia Pacific Fund	A GBP Inc
GB00B57XX416	Stewart Investors Asia Pacific Fund	B GBP Inc
GB00BDD17877	Stewart Investors Asia Pacific Fund	A Acc Eur