

SC047708

**First Sentier Investors  
(UK) IM Limited (formerly  
First State Investment  
Management (UK)  
Limited**

**Report and Financial  
Statements for the year  
ended 31 December 2020**

**Registered Number SC047708**

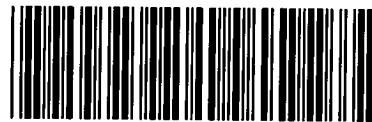
 **First Sentier  
Investors**

COMPANIES HOUSE

**31 MAR 2021**

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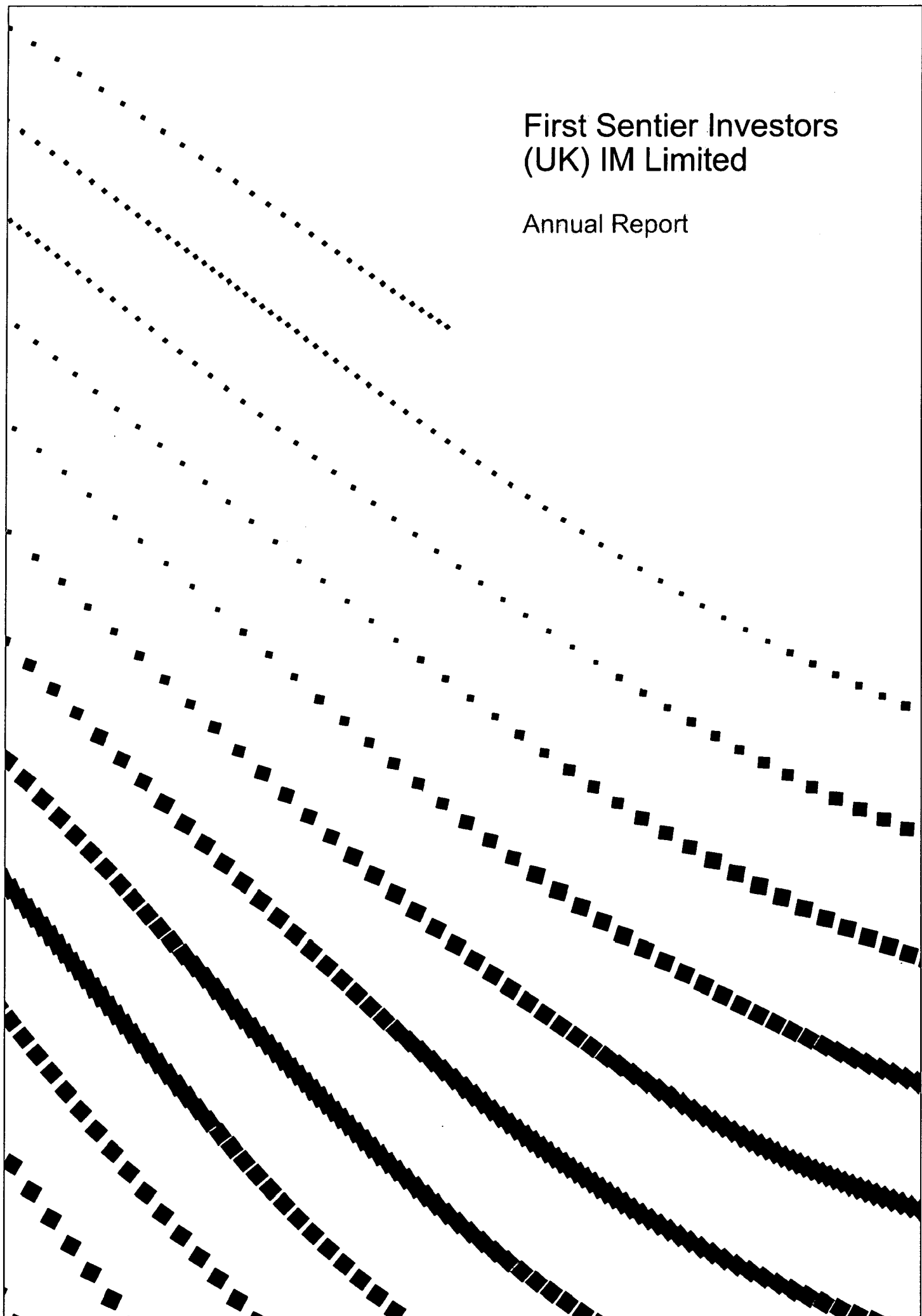
COMPANIES HOUSE

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First Sentier Investors  
(UK) IM Limited

Annual Report



# Report of the Directors for the Year Ended 31 December 2020

The Directors present their report and the audited financial statements of First Sentier Investors (UK) IM Limited ("the Company") for the year ended 31 December 2020.

The Company was formerly known as First State Investment Management (UK) Limited. The change of name to First Sentier Investors (UK) IM Limited was effective on 18 September 2020.

The Company changed its accounting year end to 31 December, effective for the first reporting period ending 31 December 2019. As such, this financial report is for the year ended 31 December 2020. The prior year comparative period is for six months from 1 July 2019 to 31 December 2019 and as a result, the comparative figures stated in the Statement of Income and Retained Earnings and related notes are not directly comparable.

The Directors have chosen, in accordance with section 414C (11) of the Companies Act 2006, to set out in the Company's Strategic Report information required to be contained in the Report of the Directors.

## Registered Office Address

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23 St Andrew Square, Edinburgh, EH2 1BB

## Principal Activity

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The Company is a private company limited by shares and is incorporated in Scotland, United Kingdom.

The principal activity of the Company is the management of investment portfolios.

## Directors

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The Directors of the Company who held office during the year and up to the date of signing the financial statements were as follows:

P T Griffiths (resigned 11 June 2020)  
C F Johnson\*  
V W C Kubitscheck\*  
M D Steinberg  
C R S Turpin  
R C Wastcoat\* (resigned 23 September 2020)  
G N Cotton (appointed 22 December 2020)  
S C Evans (appointed 29 January 2021)

\*denotes Independent Non-Executive Director.

## Company Secretary

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The Secretaries of the Company who held office during the year and up to the date of signing the financial statements were as follows:

R S Sheppard  
S R Allen (appointed 14 May 2020)

## Directors and their Interests

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The Directors of the Company during the year were those listed above. There are no Directors' share interests requiring disclosure under the Companies Act 2006.

## Directors' and Officers' Insurance

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Subject to the Companies Act 2006, qualifying third party indemnity insurance policies have been effected for the Directors and Officers of all the FSI companies in the UK (the "FSI UK Group") in respect of potential liabilities arising from negligence or error.

# Report of the Directors for the Year Ended 31 December 2020

## Statement of Directors' Responsibilities

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The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each period. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Matters to which Directors have regard when fulfilling their duties under Section 172 of the Companies Act 2006 are outlined in the Company's Strategic Report.

## Equal Opportunities

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The Company is committed to equal opportunities at work and in the service it provides. It is our policy not to discriminate against staff on the basis of their protected characteristics, which includes disability. The Company aims to create the conditions where employees are treated on the basis of their relative merits, abilities and potential, regardless of any protected characteristics. The Company takes every possible step to make our employees are treated equally and fairly. The Company aims to treat all employees equally and not discriminate against them:

- during the selection and recruitment process;
- during the course of their employment including training and development; and
- after employment.

## Employee Engagement and Business Relationships

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The Section 172 Statement within the Company's Strategic Report provides statements that summarise:

- a) how Directors have engaged with employees,
- b) how Directors have had regard to employee interests, and
- c) how Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others.

For items b) and c) above, any effect of that regard, including on the principal decisions taken by the Company during the financial year, are also disclosed.

## Report of the Directors for the Year Ended 31 December 2020

### Disclosure of Information to Independent Auditors

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In the case of each of the Directors in office at the date the Report of the Directors is approved, the following applies:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Independent Auditors

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The independent auditors, Deloitte LLP, have indicated their willingness to continue in office.

On behalf of the Board



G N Cotton      16/03/21 12:30  
Director  
London  
16 March 2021

# Strategic Report for the Year Ended 31 December 2020

## Company Structure and Purpose

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The Company's principal activity is to act as investment manager of certain client mandate and product structures on behalf of the First Sentier Investors UK Group ('FSI UK Group'). The Company is regulated by the Financial Conduct Authority ('FCA') and the US Securities Exchange Commission ('SEC').

The Company is part of the international operations of First Sentier Investors Group ("FSI Group") which is headquartered in Sydney, Australia. First Sentier Investors was previously known as Colonial First State Global Asset Management ("CFSGAM") in Australia.

First Sentier Investors was acquired by Mitsubishi UFJ Trust and Banking Corporation, a wholly owned subsidiary of Mitsubishi UFJ Financial Group, Inc. (MUFG) on 2 August 2019.

First Sentier Investors operates as standalone global asset management business within the MUFG group and is governed by a Board comprising representatives from First Sentier Investors, MUFG and non-executive Directors.

The FSI Group houses a number of different investment teams and provides a range of specialist investment management services. The core areas of investment expertise includes listed equities, fixed income and infrastructure real assets.

The FSI Group offer a variety of strategies across each of these asset classes for different client types operating within a common set of client-centric values and standards. These investment teams retain complete investment autonomy to make decisions on investment philosophy, process and fund capacity.

The FSI Group's clients range from institutional investors such as defined benefit pension funds and sovereign wealth funds, to retail investors whose assets are usually aggregated by intermediaries. As at 31 December 2020, the FSI Group collectively managed A\$229bn (31 December 2019: A\$229bn) in assets under management ("AUM") across all client types and asset classes.

The FSI Group's distribution activities are performed throughout Europe with offices in United Kingdom, Republic of Ireland, Germany and France.

## Strategy Update

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The Company's strategic goals operate over a three to five year horizon and are in line with those of the global FSI Group. The five pillars of this are to:

- Deliver on our commitments to stakeholders;
- Identify and invest in sustainable, profitable growth opportunities that meet our client's needs now and in the future;
- Expand and enhance our client experience;
- Improve operational efficiency across the organisation; and
- Attract and retain high performing teams.

During the year ended 31 December 2020, the Company continued to develop successfully and in line with the key goals outlined above.

## Key Performance Indicators

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The key performance indicators (KPIs) of the FSI UK Group, for which the Company is a member are:

### Financial Performance

Revenue

Expenses

Operating Profit

Operating capital and, if appropriate, regulatory capital

### Business Performance

Revenue diversification by asset class, client channel and geography

Assets under management ("AUM")

Percentage of funds outperforming 3 and 5 year benchmarks

Outcomes from the Assessment of Value review

Financial Performance KPIs, supported by relevant analytical review and/or variance analysis, are provided to the Board of Directors on a quarterly basis for review and monitoring.

## FIRST SENTIER INVESTORS

First Sentier Investors (UK) IM Limited

A member of MUFG, a global financial group

# Strategic Report for the Year Ended 31 December 2020

## Review of Business, Risks and Uncertainties, and Future Developments

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During 2020, the impact of the COVID-19 pandemic affected many countries around the globe, having a significant impact on global economics and capital markets. The FSI Group continues to monitor closely the developments and the implications of the spread of the COVID-19 virus, the advice from health and government authorities and the World Health Organisation, as well as taking advice from our external advisers on international security (International SOS).

FSI is aware that the spread of the COVID-19 virus and the actions taken by Governments, businesses and communities around the globe in response, may have a significant impact on both supply and demand for products and services and may impact the investment portfolios the FSI Group manages on behalf of our clients.

Although the FSI Group has not been subject to a material financial impact with respect to COVID-19 during 2020, it has maintained a COVID-19 planning group tasked with monitoring and advising our business on the developments in the spread of the COVID-19 virus. Non-financial risks emerging from global movement restrictions, and remote working by FSI's employees, clients and suppliers, are identified, assessed, managed and governed through timely application of FSI's risk management framework.

The principal risk to the level of profitability of the Company is the event of a market correction or a sustained period of underperformance that leads to a significant decrease in AUM and ultimately revenue and shareholder confidence.

The long term investment philosophy of the Company's investment management professionals provides mitigation to its customers' investments and therefore revenues should any market correction materialise.

FSI is also exposed to key staff risk associated with investment teams and key management staff. The Directors are of the opinion that, whilst a level of residual key staff risk will always exist for the Company, this has been mitigated as far as possible by, amongst other things, succession planning, the use of long term incentive schemes and developing and maintaining a culture that attracts and nurtures talent of high integrity and conduct in line with its strategic pillars.

These, and all other material risks relevant for the Company have been assessed and reported in the Company's Internal Capital Adequacy Assessment Process ("ICAAP").

During the period, the FSI UK Group has continued to apply a significant amount of resources to ensure the firm maintains compliance with a large volume of regulatory reforms impacting the entire industry, including the release of the inaugural Assessment of Value report in line with requirements set out by the Financial Conduct Authority ("FCA"). Where required, project teams have been established to implement the reforms and several projects have been closed successfully whilst those in planning and/or execution phase are well advanced and on track to meet their objectives.

The FSI UK Group also implemented various initiatives and change requirements associated with the change of ownership of the Company to MUFG which included:

- The development of a new employee pension scheme;
- The implementation of employee retention and incentive schemes and enhanced client communications;
- The implementation of various standalone systems and platforms to facilitate separation from the previous parent's group; and
- The establishment of a Global Information Security function.

In September 2020, the Company rebranded its corporate identity to First Sentier Investors to align with one brand globally for the FSI Group.

During the period, the FSI UK Group continued to implement its response to the departure of the United Kingdom from the European Union ("EU"), commonly referred to as "Brexit". The Company compiled a Brexit strategy to ensure continuity of business operations within the EU member states and access to EU domiciled clients. This strategy ensured the Company was compliant with the new regulatory landscape as at 1 January 2021 with activities expected to continue during the course of 2021 to continue to maximise efficiencies under the new regulatory relationship between the UK and the EU.

## Company activities

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The Directors consider that the Company's activities will continue unchanged in the foreseeable future.



# Strategic Report for the Year Ended 31 December 2020

## Section 172 Statement

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Section 172 of the Companies Act 2006 imposes a general duty on every Director to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so, to have regard to various other matters designed to ensure that boards consider the interests of other relevant stakeholders. These matters include:

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company

The Directors of the Company, given its position as part of the global First Sentier Investors Group ('FSI'), share a purpose to deliver sustainable investment success for the benefit of clients, employees, society and the shareholder.

### *A long term focus*

The Company takes a long-term approach to investment that is aligned to its strategic priorities, corporate resources and risk appetite. The Company recognises the importance of responsible investment and integrates environmental, social and governance ("ESG") principles in driving long-term investment outcomes through active engagement with companies and by exercising the equity ownership rights they hold on behalf of clients.

During the period the Company has responded to the outbreak of the global COVID-19 pandemic. As part of the FSI Group, the Company continues to closely monitor developments and the implications of the COVID-19 pandemic, including advice issued from health and government authorities and the World Health Organisation.

Under the Board's stewardship, FSI will continue to make adjustments to how the business operates with the aim of continuing to provide expert services to clients while minimising the risks arising from the pandemic to staff, clients and the society in which it operates. The Company has remained resilient and continues to operate effectively over the period since March 2020 as a result.

The Directors of the Company discuss, challenge and ultimately approve the strategy for the European business across a three to five year horizon. The strategy aligns to that of the FSI Group corporate strategy and is client-centric, complements profitable growth activities, and therefore becomes measurable over these time horizons.

The five pillars of the Company's strategic goals over the next three to five years are outlined on page 4 above.

*Relevant Matters considered, discussed, challenged and interrogated by the Directors during the period 1 January 2020 to the date of this Report:*

- FSI's response to the global COVID-19 pandemic, including monitoring and oversight of financial and operational resiliency of the Company as well as re-alignment of operational activities (e.g. staff remote working)
- FSI's vision and values and 3 to 5 year strategic goals
- the Company's internal capital adequacy assessment process and 3 year capital plan
- FSI's Brexit strategy which aims to ensure long term relationships with existing and prospective European based clients are maintained
- material change projects and project pipeline
- FSI's approach to cyber security
- briefings from the Money Laundering Reporting Officer to ensure systems and processes remain appropriate and current
- briefings from FSI's investment management divisions, to ensure market knowledge remains current
- FSI's Group Insurance arrangements

# Strategic Report for the Year Ended 31 December 2020

## Section 172 Statement (continued)

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### *Employees are the key to success*

The Directors consider the employees of FSI to be a key success factor for the Company and this success is contingent on developing and maintaining an environment that creates and develops a diverse, high integrity, high performance culture. FSI seeks to attract and nurture talented individuals to support the success of its strategic goals. FSI has embedded effective retention and succession planning initiatives to further enhance the culture of long-term partnerships.

Furthermore, the Directors firmly believe that the Company's strategy to encourage and develop 'diversity of thought' in all its forms contributes to better decision-making in both investing for FSI's clients and in the management of FSI's business. The Board regularly receives reports and discusses wide ranging matters regarding Human Resources, including employee composition and progress on FSI's diversity and inclusion initiatives and outcomes.

During the period, the Board discussed the impact of the COVID-19 pandemic on FSI's operational and financial resiliency and received regular updates on status of its reaction during a period of unprecedented global uncertainty. From March 2020, the Company entered a primarily remote working environment in line with government guidance and to ensure the safety of employees and the wider community remained an upmost priority.

*Relevant matters considered, discussed, challenged and interrogated by the Directors during the period 1 January 2020 to the date of this report*

- the impact of the COVID-19 pandemic on staff and appropriate responses with regards to employee well-being and safety
- FSI's approach to the Modern Slavery Act Statement and Gender Pay Gap Reporting
- staff rewards and benefit schemes enhancements and updates
- FSI's learning and development and diversity and inclusion programme
- key staff hires, changes and team developments
- FSI's vision and values and 3 to 5 year strategic goals

### *Acting at all times in clients' best interests and in partnership with suppliers and others*

The Company's purpose and values are founded in delivering on FSI's commitment to being the best stewards for clients' assets. Directors have a legal, regulatory and ethical obligation to ensure clients' interests are protected as the highest priority, in order to ensure clients' continued confidence and trust in FSI and its investment capabilities. In this way long term client relationships are developed and investment managers are aligned with the outcomes they deliver for clients.

In November 2020, the Board published the results of its first Assessment of Value report in relation to the First Sentier Investors ICVC. In preparing this report the Directors objectively evaluated the value delivered to clients according to the seven criteria outlined by the Financial Conduct Authority. The Directors considered and rated every share class of every sub-fund as part of this process.

The Company engages with suppliers with a mindset of partnership and mutual respect. The Company has outsourced numerous core activities to third party suppliers and in each case the Directors' receive, where appropriate, various reports and insights to ensure proper governance and oversight of these outsourced functions is fulfilled.

The Company also publishes half yearly statistics on payment arrangements and outcomes with its suppliers.

*Relevant matters considered, discussed, challenged and interrogated by the Directors during the period 1 January 2020 to the date of this report*

- distribution updates and insights to keep abreast of changing client behaviours and requirements
- the client impact of all material initiatives and decisions
- Various product initiatives to ensure a continued level of relevance and appropriateness for clients
- the Assessment of Value process, in which appropriate actions required to be taken were identified and tracked
- quarterly review of key supplier performance and service levels, with key suppliers to First Sentier Investors ICVC also presenting on an annual basis to enable two-way open dialogue

### *FSI and the Environment and Community*

The Company is a responsible business in that the interests of all stakeholders are considered in both the stewardship of our clients' assets and in the management of the business and the culture which underpins it. The firm sees business value in its support and adoption of the highest international standards and codes of corporate responsibility practice.

The Company seeks to minimise its direct environmental and social impacts as well as those of investee companies through its investment activities. The Company also expects its service suppliers to uphold the highest standards of corporate conduct and ethical business behaviour and through its charitable foundations, the Company provides both financial and other resources to support a number of community and environmental projects and programmes.

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## FIRST SENTIER INVESTORS

First Sentier Investors (UK) IM Limited

A member of MUFG, a global financial group

# Strategic Report for the Year Ended 31 December 2020

## Section 172 Statement (continued)

### FSI and the Environment and Community (continued)

FSI is a founding member of the Cambridge University – Investment Leaders Group, part of the world renowned Cambridge Institute for Sustainability Leadership and since 2007 has been signatories to the United Nation's Principles for Responsible Investment (also referred to as PRI) and have had group-wide stewardship principles in place since 2013.

FSI actively supports employees who want to give time and support to their communities. The Company has a charitable foundation in place, the First Foundation, which is employee driven, encouraging staff to contribute to social and environmental activities for the benefit of their local communities. Charities are selected and contributions are made based on the nominations of employees. Staff are provided with time out to volunteer and any donations they make to the First Foundation charities are matched by the Company.

*Relevant matters considered, discussed, challenged and interrogated by the Directors during the period 1 January 2020 to the date of this report*

- Updates from the Responsible Investments Steering Group ("the RI Group") which oversees the RI strategy and progress of the Group
- Reviewing and noting the RI and Stewardship Report highlighting progress on a number of RI/ESG focused initiatives
- Updates on the Company's investment team approaches and client interactions as they pertain to responsible investment and sustainability
- Regulatory change and horizon scanning updates to ensure the firm is well prepared to implement any change as it arises including the EU SFDR regulations
- Further developing the knowledge and expertise of sustainability and responsible investment across the business
- Updates on current and prospective community outreach programmes conducted via the First Foundation

### Highest Standards of Integrity and Conduct

FSI is regulated by the FCA and its permission to operate is conditional on appropriate expectations and standards of conduct. Conduct risk is considered by the Board in its capital planning and risk management program which includes stress and scenario analyses of risks to FSI. To ensure this risk is controlled and mitigated appropriately the Board oversee a comprehensive program of regulatory compliance that is focussed on the protection of clients' interests and that of the broader industry and community.

FSI places the interests of its clients at the core of the business, with a clear focus on earning and maintaining clients' confidence in its investment capabilities and operations. The Company strives for the highest degree of transparency and accountability and places strong emphasis on the values of honesty and integrity.

Whilst conducting their duties, the Directors, through their stewardship of the Company, consider that conduct of the highest integrity should not exist simply for the purpose of fulfilling regulatory obligations but as a prerequisite for FSI's long term success. These standards apply in the way the Company engages with all its stakeholders, which include its clients, partners, staff, regulators, shareholders and FSI's ultimate parent company.

*Relevant matters considered, discussed, challenged and interrogated by the Directors during the period 1 January 2020 to the date of this report*

- the implementation and operation of the Senior Managers Certification Regime ("SMCR") across FSI. SMCR is a regulatory initiative designed to increase focus on corporate accountability and raise standards of professional behaviour
- conduct risk as part of the Company's annual internal risk assessment
- regulatory change and horizon scanning updates to ensure that FSI is well prepared to implement any change as it arises

### Going Concern

As noted in this Strategic Report, as part of the FSI Group, the Company has not been subject to a material impact with respect to COVID-19 during 2020. On the basis of their assessment of the activities of the Company, together with its current financial position, and the effect of the COVID-19 virus outbreak, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for a period of at least twelve months. Accordingly, the Directors continue to adopt the going concern basis of accounting in the preparation of the statutory financial statements.

## Strategic Report for the Year Ended 31 December 2020

### Results and Dividends

The profit for the year after taxation was £2,574,000 (Six months to 31 December 2019: loss of £3,034,000).

Dividends were recommended and paid as follows:

Year Ended 31 December 2020					Six Months Period Ended 31 December 2019			
Paid to Ordinary Share Class					Paid to Ordinary Share Class			
Dividend	Date paid	Paid (£'000)	"A" (£'000)	"B" (£'000)	Date paid	Paid (£'000)	"A" (£'000)	"B" (£'000)
Interim	-	-	-	-	26/07/2019	1,001	103	898
Total	-	-	-	-	Total	1,001	103	898

The balance of profits retained in the Statement of Income and Retained Earnings as at 31 December 2020 was £1,402,000 (six months to 31 December 2019: deficit of £1,172,000).

The Company's AUM as at 31 December 2020 stood at £16.3bn (31 December 2019: £15.8bn). These figures include OEIC assets of £15.0bn (31 December 2019: £14.6bn) as the Company is the appointed Advisor.

On behalf of the Board



G N Cotton  
Director  
London  
16 March 2021

# Independent Auditors' Report to the Members of First Sentier Investors (UK) IM Limited

## Report on the audit of the financial statements

### Opinion

In our opinion the financial statements of First Sentier Investors (UK) IM Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of income and retained earnings;
- the balance sheet; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# Independent Auditors' Report to the Members of First Sentier Investors (UK) IM Limited

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's obligations under the FCA Handbook and regulatory capital requirements.

We discussed among the audit engagement team including relevant internal specialists such as tax, and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Revenue recognition in relation to management fees are accounted for based on assets under management and fee rates as set out in the underlying investment management agreements. There is a risk that inputs relating to fund under management or fee rates are incorrect or transactions are not recognised in the appropriate period. We performed a walkthrough of the process for on boarding new clients and amending or terminating existing agreements, and tested a sample of revenue transactions to ensure that the correct inputs were used in the calculation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC and the Financial Conduct Authority ("FCA").

## Report on other legal and regulatory requirements

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the report of the directors.

# Independent Auditors' Report to the Members of First Sentier Investors (UK) IM Limited

## Matters on which we are required to report by exception

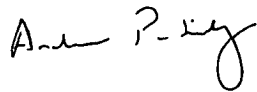
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

## Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Andrew Partridge CA (Senior statutory auditor)**

For and on behalf of Deloitte LLP  
Statutory Auditor  
Glasgow, United Kingdom  
16 March 2021

# Financial Statements

## Statement of Income and Retained Earnings for the Year Ended 31 December 2020

For the year ended 31 December 2020

		31 December 2020	Period 1 July 2019 to 31 December 2019
	Note	£'000	£'000
Revenue	2	76,816	38,464
Administrative Expenses		(73,638)	(42,159)
<b>Operating profit/(loss)</b>	3	<b>3,178</b>	<b>(3,695)</b>
Interest receivable and similar income		31	40
Interest payable and similar charges		(18)	-
Profit/(loss) before taxation		3,191	(3,655)
Tax (charge)/credit	5	(617)	621
<b>Profit/(loss) after taxation</b>		<b>2,574</b>	<b>(3,034)</b>
<b>Retained Earnings/(Deficit) at the end of the period</b>			
Retained Earnings/(Deficit) at the beginning of the period		(1,172)	2,863
Profit/(loss) after taxation		2,574	(3,034)
Dividend paid	6	-	(1,001)
<b>Retained Earnings/(Deficit) at the end of the period</b>		<b>1,402</b>	<b>(1,172)</b>

There were no material acquisitions or discontinued operations during either period.



## Financial Statements

### Balance Sheet

As at 31 December 2020

	Note	31 December 2020 £'000	31 December 2019 £'000
<b>Assets</b>			
<b>Fixed Assets</b>			
Investments	7	28,192	8,192
<b>Current assets</b>			
Cash at bank and in hand		2,188	36,964
Debtors	8	52,979	20,953
Deferred tax asset	9	392	622
<b>Total current assets</b>		<b>55,559</b>	<b>58,539</b>
Creditors amounts falling due within one year	10	(7,590)	(18,144)
<b>Net current assets</b>		<b>47,969</b>	<b>40,395</b>
<b>Net assets</b>		<b>76,161</b>	<b>48,587</b>
<b>Capital and reserves</b>			
Called up share capital	11	74,759	49,759
Retained earnings	12	1,402	(1,172)
<b>Total shareholder's funds</b>	12	<b>76,161</b>	<b>48,587</b>

Company Registration Number: SC047708

The financial statements and notes on pages 15 to 21 were approved and authorised for issue by the Board of Directors and were signed on its behalf by



16/03/21 12:30

**G N Cotton**  
Director  
16 March 2021

# Notes to the Financial Statements for the Year Ended 31 December 2020

## 1. General information and accounting policies

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### General information

The Company is regulated by the Financial Conduct Authority ("FCA") and the Securities and Exchange Commission ("SEC").

As at 31 December 2020, the Company's ultimate parent company is MUFG. MUFG is one of the world's leading financial groups.

On 2 August 2019, CFSGAM announced the completion of its sale from CBA to MUTB, a wholly owned subsidiary of MUFG. CFSGAM subsequently re-branded to First Sentier Investors from 16 September 2019 in Australia. The First Sentier Investors brand was adopted by the Company during the year.

### Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company is utilising the reduced disclosure exemptions in section FRS 102 1.12 from presenting a cash flow statement and certain related party disclosures.

### Change in company name

The Company was formerly known as First State Investment Management (UK) Limited. The change of name to First Sentier Investors (UK) IM Limited was effective on 18 September 2020.

### Change in reporting period

The Company changed its accounting year end to 31 December, effective for the first reporting period ending 31 December 2019. As such, this financial report is for the year ended 31 December 2020. The prior year comparative period is for six months from 1 July 2019 to 31 December 2019 and as a result, the comparative figures stated in the Statement of Income and Retained Earnings and related notes are not directly comparable.

### Principal accounting policies

A summary of the accounting policies, which have been applied consistently, is set out below. There are no significant judgements or management estimates.

#### (a) Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention. The principal accounting policies which have been applied consistently throughout both periods are set out below. The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings will be included in the consolidated financial statements of its ultimate parent, MUFG, as at 31 March 2021.

#### (b) Revenue

Revenue recognition is based on the benefits to the Company of any income flows which can be reliably determined. Revenue of the Company is from the provision of asset management services and includes management fees and performance fees. Revenue is presented net of Value Added Tax and other sales taxes.

Management fees are recognised as earned, during the period in which the services are performed. Such fees are primarily based on predetermined percentages of the value of AUM and are presented net of allocations across entities made in accordance with the transfer pricing policy.

Performance fees are calculated with reference to performance benchmarks specified in the individual investment management agreements. Revenues arising in respect of performance fee arrangements are recognised provided that the outcome of such arrangements can be estimated reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

Interest received (and paid) is recognised on an accruals basis by applying the appropriate rate of interest.

#### (c) Administrative expenses

Administrative expenses are recognised in the period in which they are incurred and include amounts recharged from other group companies.

# Notes to the Financial Statements for the Year Ended 31 December 2020

## 1. General information and accounting policies (continued)

### Principal accounting policies (continued)

#### (d) Taxation

The charge for taxation is based on the profit or loss for the period as adjusted for disallowable items. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the Balance Sheet date, together with adjustments to tax payable in respect of prior periods.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the Balance Sheet date.

Deferred tax assets are measured using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date that are expected to apply to the reversal of the timing difference.

Deferred tax assets are recognised if it is considered probable that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent years.

#### (e) Foreign currencies

Income and expenses are recorded at the exchange rate on the date of invoice so foreign exchange differences arise between the rate on the date of invoice and the rate at which the amounts are translated into sterling on the date of receipt. Foreign currency balances have been translated at market rates of exchange ruling at the Balance Sheet date. Gains and losses on exchange are taken to the Statement of Income and Retained Earnings within Administrative expenses.

#### (f) Investments

Investments in subsidiaries are shown in the Balance Sheet at cost less impairment, where applicable. Investments are subject to review for impairment by the Directors annually or otherwise when determined to be required. There is an obligation to identify whether there are any impairment indicators at the reporting date.

#### (g) Cash flow statement

As at 31 December 2020, the Company was a wholly owned subsidiary of MUFG and the cash flows of the Company are included in the consolidated group cash flow statement of MUFG and forms part of MUFG's financial statements. Therefore, the Company utilises an exemption (FRS 102 1.12) from preparation of a statement of cash flows.

#### (h) Employees

The Company has no employees (31 December 2019: Nil). The management and administration are undertaken by employees of other companies in the FSI UK Group.

#### (i) Debtors

Debtors are measured at the transaction price, less any impairment.

#### (j) Creditors

Creditors are measured at the transaction price.

## 2. Revenue

	31 December 2020 £'000	Period 1 July 2019 to 31 December 2019 <sup>1</sup> £'000
<b>Revenue comprises:</b>		
Management fees	6,489	5,302
Fees received from group undertakings	70,327	33,162
<b>Total revenue</b>	<b>76,816</b>	<b>38,464</b>

# Notes to the Financial Statements for the Year Ended 31 December 2020

## 3. Operating profit

	31 December 2020 £'000	Period 1 July 2019 to 31 December 2019 £'000
Operating profit is stated after charging/(crediting)		
Fees payable to auditors for audit of Company's financial statements	21	20
Fees payable to auditors for other assurance services	96	-
Foreign exchange gain	(344)	(116)

## 4. Directors' emoluments

	31 December 2020 £'000	Period 1 July 2019 to 31 December 2019 £'000
Directors' emoluments excluding pension contributions	3,099	3,474
Aggregate pension contributions of all Directors	17	13
The emoluments, excluding pension contributions, of the highest paid Director	1,206	1,199
Pension contributions of the highest paid Director	-	-

All Directors of any FSI UK group companies are remunerated by First Sentier Investors (UK) Services Limited (formerly First State Investment Services (UK) Limited), a related entity, and the amounts shown here are the proportion recharged to the Company from that entity. The full amounts of Directors' emoluments are shown in that company's Financial Statements.

No defined benefit pension scheme liabilities are accruing for directors under pension schemes operated by the Company.

## 5. Tax charge/(credit)

	31 December 2020 £'000	Period 1 July 2019 to 31 December 2019 £'000
<b>Current tax</b>		
UK corporation tax on profits for the period	303	-
Adjustments in respect of prior periods	84	-
<b>Tax charge</b>	<b>387</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	303	(621)
Adjustments in respect of prior periods	(32)	-
Adjustments in respect of changes in tax rates	(41)	-
<b>Total deferred tax charge/(credit)</b>	<b>230</b>	<b>(621)</b>
<b>Total tax charge/(credit)</b>	<b>617</b>	<b>(621)</b>

The corporation tax on the profit for the period is calculated at the standard rate applicable to the period of corporation tax in the UK of 19.00% (31 December 2019: 19%).

# Notes to the Financial Statements for the Year Ended 31 December 2020

## 5. Tax charge/(credit) (continued)

Reconciliation of tax charge/(credit)	31 December 2020 £'000	Period 1 July 2019 to 31 December 2019 £'000
Profit/(loss) before tax	3,191	(3,655)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (31 December 2019: 19%)	606	(694)
Effects of:		
Tax rate differences	(41)	73
Adjustments in respect of previous period	52	-
<b>Total tax charge/(credit)</b>	<b>617</b>	<b>(621)</b>

The main rate of corporation tax in the UK will remain 19% effective from 1 April 2021. The impact on the value of deferred tax assets is recognised in the table above.

## 6. Dividends paid

No dividends were paid for year ended 31 December 2020 (Six months to 31 December 2019: £1,001,000). The Directors do not recommend a final dividend (31 December 2019: Nil)

## 7. Investments

The Company is exempt from producing consolidated financial statements under section 401 of the Companies Act 2006. During the year, the Company held the following investment in a subsidiary company incorporated in the UK:

Name of company and registered address	Nature of Business	Number and description of shares held	% Held	31 December 2020 £'000	31 December 2019 £'000
First Sentier Investors International IM Limited (formerly First State Investments International Limited)	Fund Manager	28,191,573 (31 December 2019: 8,191,573) Ordinary £1	100	28,192	8,192
23 St Andrew Square, Edinburgh, EH2 1BB, Scotland					

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

During the year, the Company subscribed for 20,000,000 (2019: 5,441,473) £1 Ordinary A Class Shares in its subsidiary First Sentier Investors International IM Limited (formerly First State Investments International Limited). The cost of that investment is included in the table above.

# Notes to the Financial Statements for the Year Ended 31 December 2020

## 8. Debtors

	31 December 2020 £'000	31 December 2019 £'000
Trade debtors	990	1,187
Amounts owed by FSI Group undertakings	47,640	15,560
Corporation tax and group relief receivable	2,725	2,756
Taxation and social security costs	1	-
Prepayments and accrued income	1,623	1,450
<b>Total</b>	<b>52,979</b>	<b>20,953</b>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Corporation tax and group relief receivable comprises amounts due from other FSI UK Group companies of £2,928,000 and amounts due to HMRC of £203,000.

## 9. Deferred tax asset

	31 December 2020 £'000	31 December 2019 £'000
Deferred tax asset at start of the period	622	1
Deferred tax (charge) / credit in Statement of Income and Retained Earnings	(230)	621
<b>Deferred tax asset at the end of the period</b>	<b>392</b>	<b>622</b>
Deferred tax is provided at 19.00% (31 December 2019: 17.00%) as follows:		
Accelerated capital allowances	1	-
Tax losses	391	622
<b>Deferred tax asset at the end of the period</b>	<b>392</b>	<b>622</b>

Of the total deferred tax assets, £391,000 (31 December 2019: £622,000) is expected to reverse during the following period.

## 10. Creditors: amounts falling due within one year

	31 December 2020 £'000	31 December 2019 £'000
Amounts owed to FSI Group undertakings	7,080	17,346
Taxation and social security	119	328
Accruals and deferred income	391	470
<b>Total</b>	<b>7,590</b>	<b>18,144</b>

Amounts owed to FSI Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

# Notes to the Financial Statements for the Year Ended 31 December 2020

## 11. Called up share capital

	31 December 2020 £'000	31 December 2019 £'000
<b>Authorised, allocated and fully paid:</b>		
40,600,789 (31 December 2019: 15,600,789) 'A' Ordinary shares of £1	40,601	15,601
34,158,293 (31 December 2019: 34,158,293) 'B' Ordinary shares of £1	34,158	34,158
	<b>74,759</b>	<b>49,759</b>

During the year, the Company issued 25,000,000 (Six months to 31 December 2019: 15,502,773) £1 Ordinary A Class Shares to its immediate parent company, SI Holdings Limited.

The 'A' shares carry the right to receive the first £100,000 distributed per financial period by way of dividend. Any remaining balance to be distributed shall be distributed amongst the 'A' and 'B' shares pari passu according to their respective nominal values.

On a return of capital or liquidation or otherwise, the net assets of the Company shall be distributed amongst the 'A' and 'B' shares pari passu in proportion to the amounts paid up thereon.

## 12. Reconciliation of movement in shareholder's funds

	Called Up Share Capital £'000	Retained Earnings £'000	Total Shareholders' Funds £'000
At 1 July 2019	34,256	2,863	37,119
Shares issued during the period	15,503	-	15,503
Loss for the period	-	(3,034)	(3,034)
Dividends paid	-	(1,001)	(1,001)
At 1 January 2020	49,759	(1,172)	48,587
Shares issued during the year	25,000	-	25,000
Profit for the year	-	2,574	2,574
<b>At 31 December 2020</b>	<b>74,759</b>	<b>1,402</b>	<b>76,161</b>

## 13. Related party disclosures

Under FRS 102 section 33.1A - Related Party Disclosures, the Company is exempt from the requirement to disclose transactions with any other company in the MUFG Group.

## 14. Contingent liability

The question of Value Added Tax ('VAT') exemption being extended to pension fund clients was considered in the United Biscuits VAT case ('United Biscuits case') which was found in favour of Her Majesty's Revenue and Customs ('HMRC') during the year. The Company has a total value of outstanding protective VAT claims as at 31 December 2020 of £18,640,000 (31 December 2019: £18,640,000). The Company's claims were previously stood over pending the outcome of the United Biscuits' case and the stay on proceedings expired in January 2021. Following the expiry of the stay, it is likely that all of the Company's outstanding claims will be withdrawn during 2021.

# Notes to the Financial Statements for the Year Ended 31 December 2020

## 15. Ultimate parent company

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The immediate parent undertaking is SI Holdings Limited, a company incorporated in Scotland, United Kingdom.

The ultimate parent undertaking and controlling party, as at 31 December 2020, is MUFG, which is the parent undertaking of the smallest and the largest group to consolidate these financial statements. Copies of MUFG consolidated financial statements can be obtained from:

7-1, Marunouchi 2-chome, Chida-ku, Tokyo 100-8330 Japan or from the following website [www.mufg.jp](http://www.mufg.jp)

## 16. Post balance sheet events

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In the Finance Bill 2021, published on 11 March 2021, it was announced that the main rate of UK corporation tax would increase from 19% to 25% effective from 1 April 2023. The legislation in respect of the change has not been substantively enacted at the date of signing and the impact of the change in tax rate has therefore not been included in the financial statements.