

**First Sentier Investors
International IM Limited**
**Annual Report and Financial
Statements for the year
ended 31 December 2023**
Registered Number SC079063



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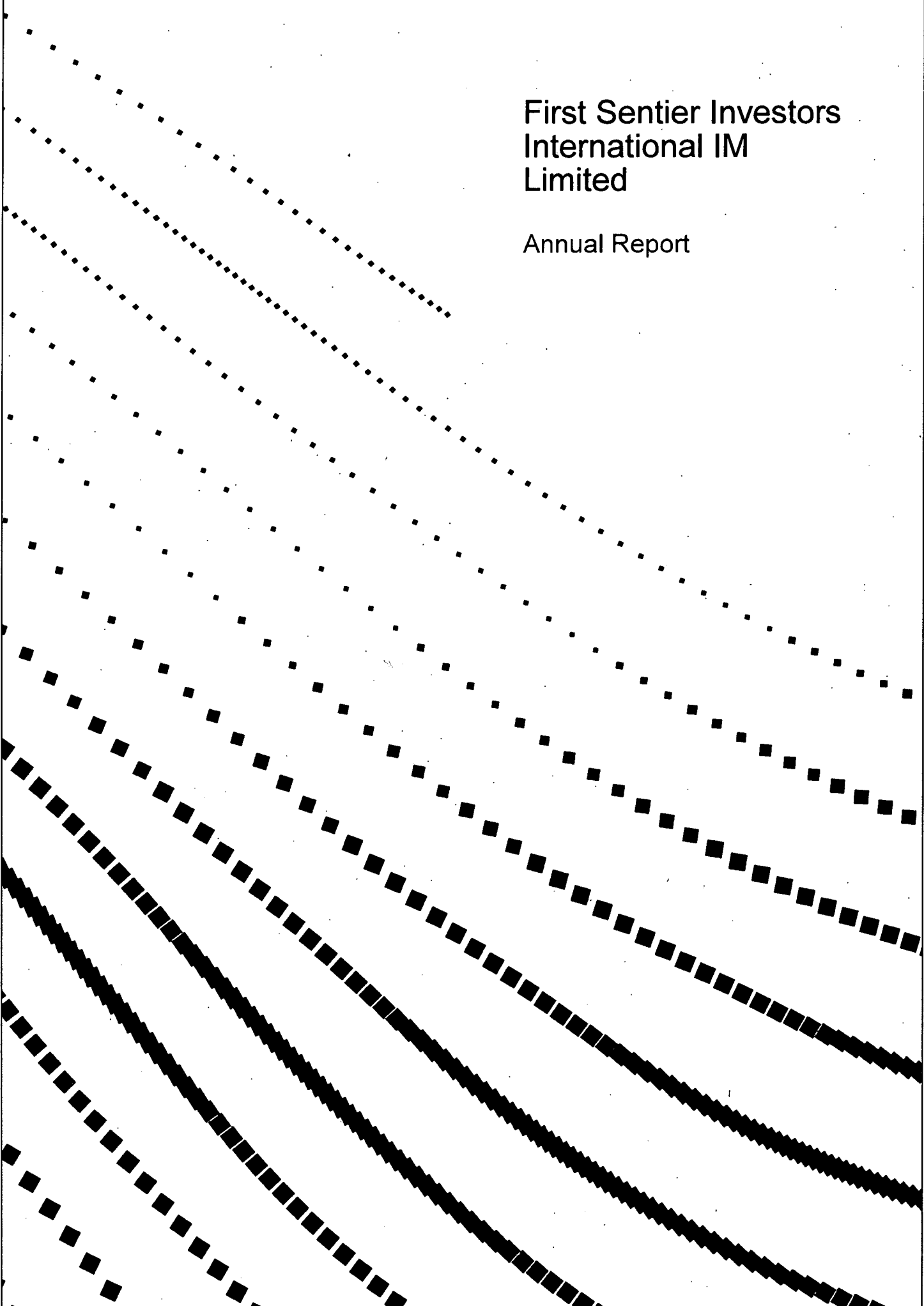
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First Sentier Investors International IM Limited

Annual Report



Report of the Directors for the Year Ended 31 December 2023

The Directors present their report and the audited financial statements of First Sentier Investors International IM Limited ("the Company") for the year ended 31 December 2023.

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 including a review of the business, analysis using financial key performance indicators and dividend recommendation.

Registered Office Address

23 St Andrew Square, Edinburgh, EH2 1BB

Principal Activity

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, mainly for clients resident outside the UK.

Directors

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

G N Cotton
J P L Daniel (appointed 2 May 2023)
S C Evans (resigned 23 August 2023)
C E Johnson*
V W C Kubitscheck*
M D Steinberg

*denotes Independent Non-Executive Director.

Company Secretary

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

R S Sheppard

Directors and their Interests

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

Subject to the Companies Act 2006, qualifying third party indemnity insurance policies have been effected for the Directors and Officers of First Sentier Investors UK Holdings Limited and its UK subsidiaries (the "FSI UKH Group") in respect of potential liabilities arising from negligence or error. The directors' indemnities insurance was in force at the date of the report.

Report of the Directors for the Year Ended 31 December 2023

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102, "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", 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 corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Section 172 of the Companies Act of 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. Matters to which Directors have regard when fulfilling these duties are outlined in the Company's Strategic Report.

Equal Opportunities and employment of disabled persons

First Sentier Investors Holdings Group ("FSI" or "FSI Group" or "Group") believes a diverse workforce and inclusive workplace is vital for the development and success of the Group, and leads to better outcomes for our staff, our clients and the wider community.

Drawing on the Group's organisational values, the business encourages and promotes equality and acknowledges the many different dimensions of diversity that contribute to achieving this. These dimensions include gender, marital or family status, sexual orientation, gender identity, and age. It also encompasses cognitive or physical abilities, religious beliefs, cultural background, socio-economic background, perspective or experience, and allows for reasonable adjustments for those with special requirements during both the recruitment process and during employment. All employees are offered training, career development and, if available, promotion opportunities during their course of employment.

Employee Engagement and Business Relationships

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, clients 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 2023

Disclosure of Information to Independent Auditors

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 determined necessary to be 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.

Energy and carbon disclosure

The Company is exempt from providing disclosures concerning greenhouse gas emissions, energy consumption and energy efficiency under section 20A(2) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 because the disclosures are made at Group level.

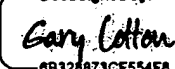
Independent Auditors

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

Post balance sheet events

Refer to Note 14 for disclosure of post balance sheet events.

Approved by the Board and signed on its behalf by

DocuSigned by:

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G N Cotton

Director
Edinburgh
19 March 2024

Strategic Report for the Year Ended 31 December 2023

Company Structure and Purpose

The Company's principal activity is to act as investment manager of various client mandates and product structures on behalf of the FSI Group. The Company is regulated by the Financial Conduct Authority (FCA) in the UK.

The Company is an entity within the FSI UKH Group companies which form part of the international operations of FSI Group which is headquartered in Sydney, Australia. FSI Group is also part of a wider group ("MUFG Group") whose ultimate parent is Mitsubishi UFJ Financial Group, Inc.; a company incorporated in Japan.

The FSI Group 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 independent 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 include listed equities, fixed income and infrastructure real assets.

The FSI Group offers 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, including responsible investment principles. These investment teams retain complete investment autonomy to make decisions on investment philosophy, process and fund capacity – an important feature of FSI's growth and performance.

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.

The FSI UKH Group's distribution activities are performed throughout Europe with offices in United Kingdom, Republic of Ireland, Germany and France. On 7 February 2023, the Central Bank of Ireland approved the establishment of a Branch in Luxembourg further expanding the European footprint of the FSI global Group from just France and Germany.

On 14 November 2023, FSI Group and AlbaCore Capital Group ("AlbaCore") completed the transaction to go into a strategic partnership that unites FSI's strategic capital and broad distribution strengths with AlbaCore's credit expertise in delivering alpha to its investors.

Strategy Update

The Company's strategic goals operate over a three to five year horizon and are in line with those of the FSI Group. A recent strategy review has led to evolving from the pillars as descriptors of our strategy towards a clearer articulation in the form of strategic priorities / focus areas for 2024-2026. These are outlined below:

- o Building a truly inclusive high-performing culture by setting up our people to succeed;
- o Simplifying and scaling our business operations to deliver outstanding experiences for our clients;
- o Identifying sustainable growth opportunities by investing in organic and inorganic capabilities; and
- o Refining our business model by redefining FSI as an affiliated manager

Key Performance Indicators

The key performance indicators ('KPIs') of the Company (as monitored within FSI UKH Group) are:

Revenue:

Revenue represents compensation received from segregated mandates for the provision of asset management services and revenue allocations to/from other entities in the FSI Group. Revenue has primarily increased in line with the delegated management fees and performance fees generated from the underlying assets under management.

Expenses:

Expenses of the Company arise mainly from internal cost allocations to/from other entities in the FSI Group for corporate services received by the Company. Expenses increased primarily due to these allocations.

Operating Profit:

Operating Profit for the company arises from a margin retained in the Company for services provided as delegated investment manager and contracted investment manager of segregated portfolios. Operating Profit has increased in line with the performance of the underlying funds and products for which the Company provides asset management services to.

Net Assets:

The increase in net assets is primarily due to retained profits after tax for the year.

Strategic Report for the Year Ended 31 December 2023

Review of Business, Risks and Uncertainties, and Future Developments

The Company is a wholly owned subsidiary of the FSI Group headquartered in Sydney, Australia.

The FSI Group is a global investment management business operating through a number of legal entities in Australia, Asia, the United Kingdom, Europe and North America. The FSI Group manages assets across a diverse range of global asset classes including equities, fixed income and credit, cash and direct infrastructure. Investments are managed on behalf of institutional investors and superannuation/pension funds, wholesale distributors and platforms, financial advisors and their clients.

The FSI Group (including AlbaCore) managed AUD 238 billion (2022: 216 billion) in assets under management ('AUM') globally as at 31 December 2023.

Under MUFG Group ownership, the FSI Group operates as a standalone business, governed by a Board comprising representatives from FSI and MUFG and independent non-executive directors.

Highlights for the reporting period include;

- On 20 March 2023, FSI entered into a strategic partnership with AlbaCore (a leading European credit manager); this transaction completed on 14 November 2023. The strategic partnership is aligned with FSI's corporate strategy to accelerate growth by diversifying the range of investment capabilities it can offer to clients as well as expanding its global footprint
- The FSI UKH Group published its fourth Assessment of Value report that reflects the assessment of value delivered to investors in the UK OEIC fund range over the period to 31 July 2023
- Work commenced on the refurbishing of FSI's premises in London and Edinburgh to provide an enhanced working experience for employees, particularly in the post-COVID hybrid working environment. These projects are expected to be completed in 2024
- FSI was awarded the ISO 14001 certification for its Environmental Management System (EMS) at both the corporate level (Corporate Sustainability Strategy and Systems) and office level (Edinburgh office operations). ISO 14001 provides a framework for organisations to design and implement an EMS, and continually improve their environmental performance and encompasses various aspects, from resource usage and waste management to monitoring environmental performance, while involving stakeholders in environmental commitments.

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

The long term investment philosophy of FSI Group's investment management professionals provides mitigation to its clients' investments and therefore revenues, should any adverse market depression materialise.

Strategic Report for the Year Ended 31 December 2023

Review of Business, Risks and Uncertainties, and Future Developments (continued)

The FSI Group 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 priorities.

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

Company activities

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

Section 172 Statement

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, clients 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 FSI Group, share a common 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 held on behalf of clients.

The Directors of the Company discuss, challenge and ultimately approve the strategy for the FSI UKH Group 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 Company's strategic goals are outlined on page 4 above.

Relevant matters considered, discussed, challenged and reviewed by the Directors of the Company during the period 1 January 2023 to the date of this Report:

- FSI's hybrid working principles, including monitoring and oversight of the Company's financial and operational resiliency
- FSI's vision and values and 3 to 5 year strategic goals
- FSI's approach to information security
- FSI's insurance arrangements across the global group
- briefings on FSI UK Group's financial position, approach to the internal capital and risk assessment process and 3 year capital plan in the UK
- briefings on material change projects and the project pipeline that impact the Company
- 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
- briefings from FSI's Chief Audit Officer in relation to the results of internal audits performed
- briefings from FSI's Head of Responsible Investment, including in relation to ESG and its impact, and climate-related risks and opportunities and their implications, for the Company
- briefings on the implementation of the FCA's Consumer Duty
- annual controls report pursuant to international standards on assurance engagements 3402
- briefings on client assets reports required to be filed to the FCA
- annual risk, prudential and remuneration disclosures

Strategic Report for the Year Ended 31 December 2023

Section 172 Statement (continued)

Employee engagement

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.

The FSI Group conducts an annual employee engagement survey to gather employee's views and opinions on a wide range of topics pertaining to their employment with the business. Employee feedback from this survey provides valuable information for the business to consider matters that are important to its employees.

Employees receive regular updates (at least quarterly) with regard to the FSI Group's performance and business outcomes, and are provided with a range of staff benefits and incentives that promote active engagement and correlation with business performance.

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 the following:

Relevant matters considered, discussed, challenged and reviewed by the Directors during the period 1 January 2023 to the date of this report

- FSI's approach to hybrid working
- FSI's approach to Gender Pay Gap Reporting
- enhancements and updates to staff rewards and benefit schemes
- briefings on remuneration policies, procedures and required actions to ensure compliance with relevant regulation
- FSI's learning and development and diversity and inclusion programmes
- 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.

The Company engages with suppliers with a mindset of partnership and mutual respect.

Relevant matters considered, discussed, challenged and reviewed by the Directors during the period 1 January 2023 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 and final report, in which appropriate actions required to be taken were identified and tracked
- FSI's approach to the Modern Slavery Act Statement

Strategic Report for the Year Ended 31 December 2023

Section 172 Statement (continued)

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 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.

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 a signatory to the United Nations Principles for Responsible Investment (also referred to as PRI) and has had group-wide stewardship principles in place since 2013. FSI has also partnered with its parent entity, MUFG, to create the First Sentier MUFG Sustainable Investment Institute.

Within FSI, there is not one standard approach to the integration of ESG factors into investment processes. Each team's approach to ESG integration is articulated in our responsible investment and stewardship reports. These approaches however incorporate a series of standards relating to responsible investment (RI) and stewardship that all FSI investment professionals are expected to adhere to in practice. They include policies on corporate engagement, proxy voting in public markets, investment screens and the requirement to assess active investments for relevant ESG risks and opportunities and document the results of those assessments.

FSI actively supports employees who want to give time and support to their communities and has a charitable foundation in place, the First Foundation, which is employee driven, and encourages 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 firm.

Relevant matters considered, discussed, challenged and reviewed by the Directors during the period 1 January 2023 to the date of this report

- FSI's approach to responsible investment, climate risk, ESG, corporate sustainability and philanthropy and its impact on the Company
- the approach taken by each investment team in relation to responsible investment, climate risk, and ESG
- overview of the regulatory horizon, to ensure that FSI is well prepared to implement changes as they arise, including in relation to the FCA's sustainable disclosure regulation

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 oversees 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, FSI staff, regulators, shareholders and FSI's ultimate parent company.

Relevant matters considered, discussed, challenged and reviewed by the Directors during the period 1 January 2023 to the date of this report

- the operation of the Senior Managers Certification Regime, a regulatory initiative designed to increase focus on corporate accountability and raise standards of professional behaviour, across FSI
- conduct risk is assessed as part of the Company's quarterly Chief Risk Officer reporting
- regulatory change and horizon scanning updates to ensure that FSI is well prepared to implement any change as it arises

Strategic Report for the Year Ended 31 December 2023

Going Concern

On the basis of their assessment of the activities of the Company, together with its current financial position, 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 from the date of this report. Accordingly, the Directors continue to adopt the going concern basis of accounting in the preparation of the statutory financial statements.

Results and Dividends

The income for the year after taxation was £26,653,000 (2022: £16,446,000).

The balance of profits retained in the Statement of Income and Retained Earnings as at 31 December 2023 was £48,857,000 (2022: £44,208,000). The Directors elected to pay interim dividends amounting to £22,004,000 during the year (2022: nil). The Directors do not recommend a final dividend (2022: nil).

The Company's AUM as at 31 December 2023 totalled £11.0bn (2022: £10.6bn).

Approved by the Board and signed on its behalf by

DocuSigned by:

Gary Cotton

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G N Cotton

Director
Edinburgh
19 March 2024

Independent Auditors' Report to the Members of First Sentier Investors International IM Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2023 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 14.

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 International 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. 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 and the directors about their own identification and assessment of the risks of irregularities including those that are specific to the company's business sector.

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, FCA regulations 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.

We discussed among the audit engagement team including relevant internal specialists such as tax 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 area¹ and our procedures performed to address it are described below:

- Management fees are earned and calculated in accordance with the Investment Management Agreements and constitutions of client mandates or collective investment vehicles. There is a risk that inputs relating to management fee rates are incorrect or that calculations are not monitored or updated in a timely manner for recognition in the appropriate period.

We have performed the following procedures to address this fraud risk:

- Made enquiries and performed a walkthrough of the process for the monitoring, preparation and review for the calculation of management fees;
- Reviewed the internal controls reports from the key service providers related to management fees, being BNYM and HSBC, and considered the impact of any deviations on our audit work; and
- From the population of investment agreements that have changed in the year, selected a sample and assessed whether changes have been recorded appropriately by tracing through to the revenue booked in the ledger and the bank statement.

Independent Auditors' Report to the Members of First Sentier Investors International IM Limited

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 directors' report.

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:

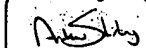
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

DocuSigned by:



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Andrew Stirling (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Edinburgh, United Kingdom

19 March 2024

Financial Statements

Statement of Income and Retained Earnings for the Year Ended 31 December 2023

	Note	2023 £'000	2022 £'000
Revenue	2	183,200	101,591
Administrative Expenses		(147,662)	(83,224)
Other operating (expense) / income		(2,373)	1,880
Operating profit	3	33,165	20,247
Interest receivable and similar income		1,754	184
Profit before taxation		34,919	20,431
Tax charge	5	(8,266)	(3,985)
Profit after taxation		26,653	16,446
Retained earnings at the end of the year			
Retained earnings at the beginning of the year		44,208	27,762
Profit after taxation		26,653	16,446
Dividends paid	6	(22,004)	-
Retained earnings at the end of the year	11	48,857	44,208

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

Financial Statements

Balance Sheet as at 31 December 2023

	Note	2023 £'000	2022 £'000
Assets			
Current assets			
Debtors	7	100,579	81,922
Cash at bank and in hand		77,070	58,212
Creditors: amounts falling due within one year	9	(100,600)	(67,734)
Net current assets		77,049	72,400
Total assets less current liabilities		77,049	72,400
Net assets		77,049	72,400
Capital and reserves			
Called up share capital	10	28,192	28,192
Retained earnings	11	48,857	44,208
Total shareholder's funds	11	77,049	72,400

Company Registration Number: SC079063

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

DocuSigned by:

Gary Cotton

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G N Cotton

Director
Edinburgh
19 March 2024

Notes to the Financial Statements for the Year Ended 31 December 2023

1. General information and accounting policies

General information

The Company is incorporated and domiciled in the UK and registered in Scotland under Company Number SC079063. It is a Private Limited Company. The registered office address is 23 St Andrew Square, Edinburgh, EH2 1BB.

The Company's immediate parent entity is First Sentier Investors (UK) IM Limited (Company Number SC047708, Scotland) and its ultimate parent entity is Mitsubishi UFJ Financial Group, Inc. ("MUFG") (Company Number 0100-01-073486, Japan).

The Company is regulated by the Financial Conduct Authority ("FCA") and the Securities and Exchange Commission ("SEC"). The principal activity of the Company is disclosed in the Directors' Report.

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 because the disclosures are made at Group level.

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 2024.

(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.

(d) Other operating income

Other operating income includes revenue from all other operating activities which are not related to the principal activities of the Company.

Notes to the Financial Statements for the Year Ended 31 December 2023

1. General information and accounting policies (continued)

Principal accounting policies (continued)

(e) 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.

(f) Interest Received

Interest income or expense is recognised in the Statement of Income and Retained Earnings using the effective interest method.

(g) 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 Other Income.

(h) Cash flow statement

As at 31 December 2023, 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.

(i) Cash at bank and in hand

Cash balances represent cash at bank and in hand. These are recognised at cost.

(j) Employees

The Company has no employees (31 December 2022: nil). The management and administration are undertaken by employees of other companies in the FSI UKH Group.

(k) Debtors

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

(l) Creditors

Creditors are measured at the transaction price.

(m) Financial instruments

The recognition, measurement, derecognition and (where applicable) impairment of financial instruments is accounted for in line with the provisions of FRS102 sections 11 and 12.

2. Revenue

	2023 £'000	2022 £'000
Revenue comprises:		
Management fees	16,918	21,599
Fees received from group undertakings	166,282	79,992
Total revenue	183,200	101,591

Notes to the Financial Statements for the Year Ended 31 December 2023

3. Operating profit

	2023 £'000	2022 £'000
Operating profit/(loss) is stated after charging/(crediting)		
Fees payable to auditors for audit of Company's financial statements	28	27
Fees payable to auditors for other assurance services	58	55
Foreign exchange loss/(gain)	2,373	(1,880)

4. Directors' emoluments

	2023 £'000	2022 £'000
Directors' emoluments excluding pension contributions	1,156	1,509
Aggregate pension contributions of all Directors	18	24
The emoluments, excluding pension contributions, of the highest paid Director	521	554
Pension contributions of the highest paid Director	5	4

All Directors of any FSI UKH Group companies are remunerated by First Sentier Investors (UK) Services Limited, or other related entities in the FSI Group. The amounts shown in the table above represent Directors' remuneration that is attributable to the Company from First Sentier Investors (UK) Services Limited or other related entities in the FSI Group.

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

Notes to the Financial Statements for the Year Ended 31 December 2023

5. Tax charge

	Note	2023 £'000	2022 £'000
Current tax			
UK corporation tax on profits of the period		8,206	3,882
Adjustments in respect of prior periods		60	103
Total current tax charge		8,266	3,985
Deferred tax			
Origination and reversal of timing differences	8	-	-
Deferred tax adjustments in respect of prior periods	8	-	-
Total deferred tax charge		-	-
Total tax charge		8,266	3,985

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 23.5% (2022: 19%).

	Note	2023 £'000	2022 £'000
Reconciliation of tax charge			
Profit before tax		34,919	20,431
Profit multiplied by effective standard rate of corporation tax in the UK of 23.5% (2022: 19%)		8,206	3,882
<u>Effects of:</u>			
Adjustments in respect of prior periods		60	103
Reduction in deferred tax rates		-	-
Total tax charge		8,266	3,985

Effective from 1 April 2023, the rate of corporation tax changed to 25% from 19%. The impact on the value of deferred tax assets is recognised in the table above.

Pillar Two legislation was enacted in the UK on 11 July 2023 including the implementation of a Domestic Top-up Tax. It will be effective for FSI UKH Group's financial year beginning 1 January 2024. The Group has performed a high level assessment of its potential exposure to Pillar Two income taxes based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on this, the Pillar Two effective tax rates are above 15% and are likely to remain at that level. The Group does not expect a potential exposure to Pillar Two top-up taxes.

6. Dividends paid

The Directors elected to pay interim dividends amounting to £22,004,000 during the year (2022: nil). The Directors do not recommend a final dividend (2022: nil).

Notes to the Financial Statements for the Year Ended 31 December 2023

7. Debtors

	Note	2023 £'000	2022 £'000
Trade debtors		10	219
Amounts owed by FSI Group undertakings		96,230	77,211
Taxation and social security costs		9	40
Other debtors		20	5
Deferred tax asset	8	1	1
Prepayments and accrued income		4,309	4,446
Total		100,579	81,922

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

8. Deferred tax asset

	Note	2023 £'000	2022 £'000
Deferred tax asset at start of the period		1	1
Adjustments in respect of prior periods	5	-	-
Deferred tax (charge) credit in Statement of Income and Retained Earnings		-	-
Deferred tax asset at the end of the period		1	1
Deferred tax is provided at 19% (2022: 19%) as follows:			
Tax losses		-	-
Capital allowances		1	1
Deferred tax asset at the end of the period		1	1

The total deferred tax assets is expected to reverse after one year.

9. Creditors: amounts falling due within one year

	Note	2023 £'000	2022 £'000
Amounts owed to FSI Group undertakings		88,302	58,779
Corporation tax payable		12,154	8,768
Other taxation and social security		31	46
Other creditors		18	27
Accruals and deferred income		95	114
Total		100,600	67,734

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 2023

10. Called up share capital

	2023 £'000	2022 £'000
Authorised, allocated and fully paid:		
28,191,573 (2022: 28,191,573) 'A' Ordinary shares of £1	28,192	28,192
Total	28,192	28,192

During the year, the Company issued no (2022: nil) £1 Ordinary A Class Shares to its immediate parent company, First Sentier Investors (UK) IM Limited.

11. Reconciliation of movement in shareholder's funds

	Called Up Share Capital £'000	Retained Earnings £'000	Total Shareholder s' Funds £'000
At 1 January 2022	28,192	27,762	55,954
Dividends paid	-	-	-
Profit for the year	-	16,446	16,446
At 1 January 2023	28,192	44,208	72,400
Dividends paid	-	(22,004)	(22,004)
Profit for the year	-	26,653	26,653
At 31 December 2023	28,192	48,857	77,049

12. 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.

13. Ultimate parent company

The immediate parent undertaking is First Sentier Investors (UK) IM Limited, a company incorporated in Scotland, United Kingdom.

The ultimate parent undertaking and controlling party, as at 31 December 2023, 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

Notes to the Financial Statements for the Year Ended 31 December 2023

14. Post balance sheet events

There are no post balance sheet events to disclose.