

Schroders

SCHRODER ASIAN INVESTMENT GRADE CREDIT

Annual Report & Financial Statements

December 2019



SCHRODER ASIAN INVESTMENT GRADE CREDIT

(a sub-fund of Schroder International Opportunities Portfolio)

Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006

Manager

Schroder Investment Management (Singapore) Ltd
138 Market Street
#23-01 CapitaGreen
Singapore 048946
Company Registration No. 199201080H

Trustee

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320
Company Registration No. 194900022R

Auditor

PricewaterhouseCoopers LLP
7 Straits View
Marina One East Tower, Level 12
Singapore 018936

Solicitor to the Manager

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

Solicitor to the Trustee

Shook Lin & Bok LLP
1 Robinson Road
#18-00 AIA Tower
Singapore 048542

Further Information

Schroders is a Foreign Account Tax Compliance Act ("FATCA") compliant organisation. Please find the FATCA classification of this Fund and its Global Intermediary Identification Number ("GIIN") below.

FATCA entity classification: Nonreporting IGA FFI / Sponsored Investment Entity
GIIN: WM9S4Z.00025.SF.702

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COMMENTARY

2019 has been a positive year for Asian bond markets despite worsening US-China trade relations, increased geopolitical risks (with protests in Hong Kong, parts of the Middle East and Latin America), Brexit and weakening economic data globally. In December, a “Phase One” trade deal was finally reached between US and China and was scheduled to be signed in January. This brought near-term optimism to the financial markets and reduced trade uncertainties for investors.

“Insurance cuts” were performed in 2019, lowering the Fed policy rate to 1.75%. US Treasuries returned negative in 2019, with the front end of the US Treasury curve underperforming the longer-dated maturity segments. Over the year 2-year UST yields fell from 2.49% end December 2018 to 1.57% end December 2019 and returned -36.93% while the 10-year UST yields fell from 2.68% end December 2018 to 1.92% end December 2019 and returned -28.56%.

In Asia, most central banks adopted a dovish monetary policy stance and cut policy rates in 2019. Notably, central banks in India, Indonesia, and Philippines were more dovish and lowered rates by 135 bps, 100 bps, and 75 bps respectively. Apart from them, both the central banks in South Korea and Thailand reduced their policy rates by 50 bps. In Asian credit markets, a combination of a rally in US Treasuries and credit spread tightening contributed to strong returns in 2019 after having a modest negative return in 2018. Asian credit markets had a positive year in 2019 (11.34% in USD terms, as measured by the JPMorgan Asian Credit Index). This was primarily driven by the outperformance of high yield names which delivered an overall gain of 12.76% over the same period. The investment grade segment of the market trailed slightly behind and ended the year with a return of 10.98%.

Against this backdrop, the Schroder Asian Investment Grade Credit Fund returned 10.8% (net of fees) over the second half of 2019 and outperformed its benchmark (CPF-OA rate + 1%) which returned 3.5%. The Fund also outperformed the Asian investment grade credit market (JP Morgan Asia Credit Index SGD-hedged) which gained 10.4%.

Country allocation and security selection were the key contributors to returns. The Fund benefitted from its off-benchmark allocations to the United Arab Emirates and Australia, both of which contributed meaningfully and added to returns. The decision to move from an overweight to underweight in Hong Kong towards the end of the third quarter of last year over concerns of escalating protests worked well and contributed positively to the Fund in 2019. However, the underweight allocation to China partially offset some of the positive contribution as Chinese credits returned positive over the year. Strong security selection decisions added value as well. In particular, select names within the Chinese energy sector, Indonesian quasi-sovereign and utilities sectors and Thailand financial and energy sectors contributed positively and added to performance.

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Outlook

Looking ahead, we see continued global monetary policy support being led by advanced economies. Potential fiscal stimulus in some parts of the Eurozone and Asia should also help rebuild confidence and reduce the risk of a global recession. Furthermore, the initial trade deal between China and the US should at least prevent any further worsening in trade relations, but it does not mean an end to the uncertainty. This should keep global bond yields on a downward trajectory – supporting bond prices – as investors remain cautious.

In China, growth momentum is likely to remain weak as policymakers maintain a more measured approach to fiscal and monetary support in order to keep borrowing contained. Despite this, a free fall of the Chinese economy is not expected as infrastructure investment should pick up against a backdrop of a still resilient services sector. Furthermore, consumer price inflation – which of late has been driven by food prices – is expected to fall in the first quarter of 2020. This gives the Chinese central bank more room to ease monetary policy. This should support continued positive performance of onshore (yuan-denominated) Chinese government bonds.

In currencies, we expect the higher yielding Indonesian Rupiah and Indian Rupee to do well as their central banks should have more scope to ease monetary policies to support growth. On balance we should see a weaker US dollar in 2020, as headwinds facing the US dollar are gradually building. The combination of a presidential election and the Fed's stated bias to keep monetary policy easy – the Fed's chief concern still seemingly a prolonged period of below-target inflation – leaves less headroom for the US dollar to strengthen versus higher yielding currencies. Uncertainty around the US elections as well as lower US interest rates should drive investors to seek “safer” and higher-yielding markets outside the US. All said, the base case for the US dollar being weaker should augur well for inflows into Asian assets and hence be broadly supportive of Asian currencies and bonds in 2020.

On Asian credit, we think that it will be driven by the following themes in 2020:

1. Global monetary policy will continue to dominate market sentiment and returns. With over \$11 trillion of negative yielding debt globally, the thirst for yield will push investors to go further afield in search of positive yield.
2. Technological disruption as well as Environmental, Social and Governance (ESG) considerations will be key drivers.
3. Chinese economic growth will keep weakening as the transition from a manufacturing-led to a domestic consumption and service driven economy continues. Policymakers will look to mitigate weakness in the property sector through targeted, city-by-city measures.
4. Chinese credit is still a large source of opportunity in Asia. Regional credit investors are beginning to appreciate the yield and diversification benefits of onshore Chinese (yuan-denominated) credit.

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We are of the view that the Asian credit market appears to be rather expensive due to its gains in 2019. However, given that attractive return opportunities are still hard to source globally, Asian credit remains worthy of consideration, but careful selection is needed. On that note, we see pockets of value in China, Indonesian and Indian high yield. We also think that China presents some of the better opportunities within investment grade, as a lack of bond supply particularly from South East Asia has resulted in unattractive yields in other countries. As for the semi-government hard currency corporate universe, we see some value in Indonesian quasi-sovereign issuers whereas we are cautious on frontier Asian sovereign USD-denominated bonds due to their rich valuations especially after adjusting for geopolitical and fiscal risks.

December 2019

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REPORT OF THE TRUSTEE

For the financial year ended 31 December 2019

The Trustee is under a duty to take into custody and hold the assets of Schroder Asian Investment Grade Credit (the “Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 10 to 42, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
HSBC Institutional Trust Services (Singapore) Limited

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STATEMENT BY THE MANAGER

For the financial year ended 31 December 2019

In the opinion of Schroder Investment Management (Singapore) Ltd, the accompanying financial statements set out on pages 10 to 42, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio holdings of Schroder Asian Investment Grade Credit (the "Fund") as at 31 December 2019, and the financial performance and movements of unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of Schroder Investment Management (Singapore) Ltd

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
SCHRODER ASIAN INVESTMENT GRADE CREDIT
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Our Opinion

In our opinion, the accompanying financial statements of Schroder Asian Investment Grade Credit (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 December 2019, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 December 2019;
- the Statement of Financial Position as at 31 December 2019;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2019;
- the Statement of Portfolio as at 31 December 2019; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. 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.

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Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines 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 Manager is responsible for assessing the Fund'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 Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

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 SSAs 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.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
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We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 26 March 2020

SCHRODER ASIAN INVESTMENT GRADE CREDIT*(a sub-fund of Schroder International Opportunities Portfolio)**Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***STATEMENT OF TOTAL RETURN***For the financial year ended 31 December 2019*

	Notes	2019 \$	2018 \$
Income			
Interest on deposits with banks	10	67,958	47,519
Sundry income		3,261	-
		71,219	47,519
Less : Expenses			
Management fees	10	1,390,182	1,002,548
Trustee fees	10	98,637	89,095
Valuation fees	10	67,894	60,024
Custodian fees	10	26,075	23,579
Registration fees	10	22,190	25,347
Audit fees		13,088	21,609
Transaction costs		3,594	1,356
Others		73,279	68,037
		1,694,939	1,291,595
Net expense		(1,623,720)	(1,244,076)
Net gains or losses on value of investments and financial derivatives			
Net gains on investments		27,313,604	4,901,816
Net gains on spot foreign exchange contracts		49,189	214,330
Net gains/(losses) on forward foreign exchange contracts		1,933,660	(7,441,417)
Net gains/(losses) on futures contracts		99,220	(539,501)
Net gains on swap contracts		88,201	306,852
Net foreign exchange losses		(164,997)	(75,977)
		29,318,877	(2,633,897)
Total return/(deficit) for the year before income tax		27,695,157	(3,877,973)
Income tax expense	3	-	(2,276)
Total return/(deficit) for the year		27,695,157	(3,880,249)

SCHRODER ASIAN INVESTMENT GRADE CREDIT*(a sub-fund of Schroder International Opportunities Portfolio)**Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***STATEMENT OF FINANCIAL POSITION***As at 31 December 2019*

	Notes	2019 \$	2018 \$
ASSETS			
Portfolio of investments		302,554,454	210,304,938
Bank balances	10	4,810,960	5,948,496
Receivables	5	7,362,340	1,095,479
Financial derivatives	6	3,685,024	2,159,992
Margin account	11	1,600,173	1,907,185
Total assets		320,012,951	221,416,090
LIABILITIES			
Payables	7	3,557,622	2,197,000
Financial derivatives	6	82	911,369
Total liabilities		3,557,704	3,108,369
EQUITY			
Net assets attributable to unitholders	8	316,455,247	218,307,721

SCHRODER ASIAN INVESTMENT GRADE CREDIT*(a sub-fund of Schroder International Opportunities Portfolio)**Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 31 December 2019*

	Notes	2019 \$	2018 \$
Net assets attributable to unitholders at the beginning of the financial year		218,307,721	210,887,076
Operations			
Change in net assets attributable to unitholders resulting from operations		27,695,157	(3,880,249)
Unitholders' contributions/(withdrawals)			
Creation of units		177,509,213	118,002,794
Cancellation of units		(100,695,545)	(102,116,265)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		76,813,668	15,886,529
Distributions	4	(6,361,299)	(4,585,635)
Total increase in net assets attributable to unitholders		98,147,526	7,420,645
Net assets attributable to unitholders at the end of the financial year	8	316,455,247	218,307,721

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***STATEMENT OF PORTFOLIO***As at 31 December 2019***Primary**

	Holdings at 31 Dec 2019	Fair value at 31 Dec 2019 \$	Percentage of total net assets attributable to unitholders at 31 Dec 2019 %
By geography			
Quoted			
Fixed income			
AUSTRALIA			
BHP Billiton Finance USA Ltd Var 19 Oct 2075 (Announced on 13 Oct 2015)	2,700,000	4,274,979	1.35
Newcrest Finance Pty Ltd 5.75% 15 Nov 2041	2,400,000	3,769,087	1.19
Santos Finance Ltd EMTN 5.25% 13 Mar 2029	4,000,000	5,855,951	1.85
		13,900,017	4.39
CHINA			
AAC Technologies Hldg Inc 3% 27 Nov 2024	3,645,000	4,853,364	1.53
Azure Orbit IV Intl Finance Ltd EMTN 3.5% 25 Jan 2021	2,000,000	2,711,110	0.86
Baidu Inc 3.875% 29 Sep 2023	1,500,000	2,105,096	0.67
Beijing Gas Singapore Capital Corp 2.75% 31 May 2022	2,400,000	3,239,100	1.02
Beijing State-Owned Assets Management (Hong Kong) Co Ltd 4.125% 26 May 2025	2,000,000	2,823,765	0.89
Bocom Leasing Management Hong Kong Co Ltd EMTN 4% 22 Jan 2022	1,333,000	1,836,978	0.58
CCCI Treasury Ltd Var Perp	2,100,000	2,838,336	0.90
CDBL Funding 1 4.25% 2 Dec 2024	1,000,000	1,423,648	0.45
CDBL Funding 2 EMTN 3.15325% 18 Jul 2021	400,000	539,390	0.17
Charming Light Investments Ltd EMTN 4.375% 21 Dec 2027	5,000,000	7,236,604	2.30
China Cinda Finance 2017 I Ltd EMTN 4.75% 21 Feb 2029	2,500,000	3,787,005	1.20
China Construction Bank Corp 4.25% 27 Feb 2029	2,700,000	3,802,062	1.20
China Construction Bank Corp Var 13 May 2025	1,600,000	2,157,001	0.68
China Development Bank EMTN 4% 24 Jan 2037	2,000,000	2,997,063	0.95
China Life Insurance Co Ltd Var 3 Jul 2075	2,200,000	2,980,417	0.94
China Overseas Grand Oceans Finance IV Cayman Ltd 4.875% 1 Jun 2021	735,000	1,015,106	0.32
China Resources Land Ltd EMTN Var Perp	1,477,000	1,995,978	0.63
CITIC Ltd EMTN 3.875% 28 Feb 2027	2,000,000	2,804,953	0.89
CNAC HK Finbridge Co Ltd 3.875% 19 Jun 2029	2,000,000	2,785,913	0.88
CNAC HK Finbridge Co Ltd 4.125% 14 Mar 2021	2,400,000	3,281,683	1.04
CNAC HK Finbridge Co Ltd 4.125% 19 Jul 2027	900,000	1,274,960	0.40

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STATEMENT OF PORTFOLIO

As at 31 December 2019

Primary (continued)

	Holdings at 31 Dec 2019	Fair value at 31 Dec 2019 \$	Percentage of total net assets attributable to unitholders at 31 Dec 2019 %
By geography			
Quoted			
Fixed income			
CHINA (continued)			
CNOOC Finance 2013 Ltd 2.875% 30 Sep 2029	1,810,000	2,435,974	0.77
CNOOC Finance 2013 Ltd 3.3% 30 Sep 2049	858,000	1,096,096	0.35
COSL Singapore Capital Ltd EMTN 4.5% 30 Jul 2025	2,000,000	2,882,593	0.91
CRCC Chengan Ltd Var Perp	1,000,000	1,365,660	0.43
CSCEC Finance Cayman II Ltd 3.5% 5 Jul 2027	1,800,000	2,489,956	0.79
Huarong Finance 2017 Co Ltd 3.02039% 27 Apr 2022	1,000,000	1,363,892	0.43
Huarong Finance 2017 Co Ltd EMTN FRN 7 Nov 2022	4,300,000	5,763,464	1.82
Huarong Finance II Co Ltd EMTN 5.5% 16 Jan 2025	1,800,000	2,655,412	0.84
ICBCIL Finance Co Ltd 3.625% 19 May 2026	1,200,000	1,654,775	0.52
ICBCIL Finance Co Ltd EMTN 3.65% 5 Mar 2022	1,800,000	2,471,319	0.78
ICBCIL Finance Co Ltd EMTN 3.75% 5 Mar 2024	3,000,000	4,183,831	1.32
Longfor Group Hldg Ltd 3.95% 16 Sep 2029	1,738,000	2,345,765	0.74
Longfor Properties Co Ltd 3.875% 13 Jul 2022	2,100,000	2,889,601	0.91
MCC Hldg Hong Kong Corp Ltd 2.95% 31 May 2020	2,200,000	2,958,260	0.93
Shanghai Electric Group Global Investment Ltd 2.65% 21 Nov 2024	1,248,000	1,684,517	0.53
Shanghai Port Group BVI Development Co Ltd 2.85% 11 Sep 2029	2,200,000	2,885,250	0.91
Shanghai Port Group BVI Hldg Co Ltd Convertible Bond 9 Aug 2022	2,000,000	2,813,008	0.89
SIHC Intl Capital Ltd 4.35% 26 Sep 2023	1,500,000	2,111,148	0.67
Sinopec Group Overseas Development 2017 Ltd 3.625% 12 Apr 2027	1,000,000	1,412,763	0.45
SPIC Luxembourg Latam Renewable Energy Investment Co 4.65% 30 Oct 2023	1,810,000	2,569,587	0.81
Three Gorges Finance I (Cayman Islands) Ltd 3.2% 16 Oct 2049	3,200,000	4,135,326	1.31
Vanke Real Estate Hong Kong Co Ltd EMTN 4.15% 18 Apr 2023	1,400,000	1,947,485	0.62
Vanke Real Estate Hong Kong Co Ltd EMTN FRN 25 May 2023	1,400,000	1,900,714	0.60
Weichai Intl Hong Kong Energy Group Co Ltd 4.125% 30 Sep 2020	1,500,000	2,036,499	0.64
Weichai Intl Hong Kong Energy Group Co Ltd Var Perp	1,500,000	2,028,613	0.64
Wuhan Metro Group Co Ltd EMTN 2.96% 24 Sep 2024	450,000	609,307	0.19
		121,180,347	38.30

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	Holdings at 31 Dec 2019	Fair value at 31 Dec 2019 \$	Percentage of total net assets attributable to unitholders at 31 Dec 2019 %
By geography			
Quoted			
Fixed income			
HONG KONG			
AIA Group Ltd 3.2% 11 Mar 2025	2,000,000	2,762,866	0.87
AIA Group Ltd 4.5% 16 Mar 2046	1,800,000	2,806,250	0.89
Castle Peak Power Finance Co Ltd EMTN 3.25% 25 Jul 2027	1,100,000	1,507,248	0.48
Haitong Intl Securities Group Ltd 3.125% 18 May 2025	2,098,000	2,796,857	0.88
HKT Capital No. 4 Ltd 3% 14 Jul 2026	1,900,000	2,525,352	0.80
Hongkong Electric Finance Ltd EMTN 2.875% 3 May 2026	1,600,000	2,152,623	0.68
Li & Fung Ltd EMTN 4.375% 4 Oct 2024	1,000,000	1,371,126	0.43
Towngas Finance Ltd 4.75% Perp	1,800,000	2,530,146	0.80
		18,452,468	5.83
INDIA			
Indian Oil Corp Ltd 4.75% 16 Jan 2024	2,400,000	3,420,596	1.08
NTPC Ltd EMTN 3.75% 3 Apr 2024	2,170,000	2,997,914	0.95
NTPC Ltd EMTN 4.25% 26 Feb 2026	400,000	566,453	0.18
NTPC Ltd EMTN 4.375% 26 Nov 2024	1,000,000	1,422,767	0.45
Reliance Ind Ltd 3.667% 30 Nov 2027	2,100,000	2,924,235	0.92
		11,331,965	3.58
INDONESIA			
Indonesia Government Intl Bond 3.4% 18 Sep 2029	1,500,000	2,099,148	0.66
Indonesia Government Intl Bond 6.625% 17 Feb 2037	1,600,000	2,929,874	0.93
LLPL Capital Pte Ltd 6.875% 4 Feb 2039	2,200,000	3,416,634	1.08
Minejasa Capital BV 4.625% 10 Aug 2030	2,500,000	3,486,761	1.10
Minejasa Capital BV 5.625% 10 Aug 2037	1,000,000	1,466,475	0.46
Perusahaan Penerbit SBSN Indonesia III 4.15% 29 Mar 2027	1,400,000	2,028,405	0.64
Perusahaan Penerbit SBSN Indonesia III 4.325% 28 May 2025	2,000,000	2,914,529	0.92
Perusahaan Penerbit SBSN Indonesia III 4.35% 10 Sep 2024	2,000,000	2,880,913	0.91
Perusahaan Penerbit SBSN Indonesia III 4.45% 20 Feb 2029	4,800,000	7,091,684	2.25
Perusahaan Penerbit SBSN Indonesia III 4.55% 29 Mar 2026	462,000	681,894	0.22
PT Pelabuhan Indonesia II 5.375% 5 May 2045	2,300,000	3,572,063	1.13
PT Pertamina Persero 4.7% 30 Jul 2049	2,200,000	3,163,456	1.00
PT Perusahaan Listrik Negara 4.375% 5 Feb 2050	2,900,000	3,967,726	1.25
PT Perusahaan Listrik Negara 4.875% 17 Jul 2049	489,000	715,068	0.23
		40,414,630	12.78

SCHRODER ASIAN INVESTMENT GRADE CREDIT*(a sub-fund of Schroder International Opportunities Portfolio)**Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***STATEMENT OF PORTFOLIO***As at 31 December 2019***Primary (continued)**

	Holdings at 31 Dec 2019	Fair value at 31 Dec 2019 \$	Percentage of total net assets attributable to unitholders at 31 Dec 2019 %
By geography			
Quoted			
Fixed income			
KUWAIT			
Equate Petrochemical BV 4.25% 3 Nov 2026	1,291,000	1,861,608	0.59
NBK Tier 1 Financing 2 Ltd Var Perp	2,400,000	3,226,628	1.02
		5,088,236	1.61
MACAO			
Sands China Ltd 5.125% 8 Aug 2025	3,500,000	5,191,610	1.64
Sands China Ltd 5.4% 8 Aug 2028	1,500,000	2,275,400	0.72
		7,467,010	2.36
PHILIPPINES			
Philippine Government Intl Bond 3% 1 Feb 2028	1,900,000	2,658,322	0.84
Philippine Government Intl Bond 3.75% 14 Jan 2029	1,250,000	1,857,690	0.59
		4,516,012	1.43
SAUDI ARABIA			
Samba Funding Ltd 2.75% 2 Oct 2024	2,864,000	3,826,180	1.21
SINGAPORE			
BOC Aviation Ltd 3.875% 27 Apr 2026	2,300,000	3,217,856	1.02
CMT MTN Pte Ltd EMTN 3.609% 4 Apr 2029	4,500,000	6,298,317	1.98
MAS Bill Series 84 28 Feb 2020	3,000,000	2,991,630	0.95
Singapore Treasury Bill Series 168 10 Mar 2020	1,600,000	1,594,696	0.50
Singapore Treasury Bill Series 180 25 Feb 2020	3,000,000	2,992,095	0.95
		17,094,594	5.40
SOUTH KOREA			
Korea Resources Corp 4% 18 Apr 2023	6,300,000	8,838,441	2.79
Shinhan Bank GMTN 4.5% 26 Mar 2028	3,700,000	5,384,465	1.70
Shinhan Financial Group Co Ltd Var 5 Feb 2030	697,000	951,387	0.30
Shinsegae Co Ltd Var 8 May 2045	3,000,000	4,046,213	1.28
		19,220,506	6.07

SCHRODER ASIAN INVESTMENT GRADE CREDIT*(a sub-fund of Schroder International Opportunities Portfolio)**Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***STATEMENT OF PORTFOLIO***As at 31 December 2019***Primary (continued)**

	Holdings at 31 Dec 2019	Fair value at 31 Dec 2019 \$	Percentage of total net assets attributable to unitholders at 31 Dec 2019 %
By geography			
Quoted			
Fixed income			
TAIWAN			
Competition Team Technologies Ltd 3.75% 12 Mar 2024	2,000,000	2,774,941	0.88
Formosa Group Cayman Ltd 3.375% 22 Apr 2025	1,700,000	2,357,340	0.74
		5,132,281	1.62
THAILAND			
Bangkok Bank PCL / Hong Kong Var 25 Sep 2034	5,000,000	6,851,093	2.16
UNITED ARAB EMIRATES			
Abu Dhabi Government Intl Bond 3.125% 30 Sep 2049	2,890,000	3,769,183	1.19
Abu Dhabi National Energy Co PJSC 4% 3 Oct 2049	822,000	1,152,814	0.36
Aldar Sukuk No 2 Ltd 3.875% 22 Oct 2029	2,039,000	2,804,102	0.89
Emaar Sukuk Ltd 3.635% 15 Sep 2026	1,200,000	1,613,306	0.51
Emaar Sukuk Ltd EMTN 3.875% 17 Sep 2029	1,625,000	2,174,109	0.69
Esic Sukuk Ltd EMTN 3.939% 30 Jul 2024	1,316,000	1,766,542	0.56
MAF Global Securities Ltd 4.75% 7 May 2024	2,000,000	2,880,913	0.91
MAF Sukuk Ltd 4.638% 14 May 2029	2,000,000	2,901,203	0.92
MDGH - GMTN BV 3.7% 7 Nov 2029	2,300,000	3,198,702	1.01
Senaat Sukuk Ltd 4.76% 5 Dec 2025	2,000,000	2,925,111	0.92
		25,185,985	7.96
Accrued interest on fixed income securities		2,893,130	0.91
Portfolio of investments		302,554,454	95.61
Other net assets		13,900,793	4.39
Net assets attributable to unitholders		316,455,247	100.00

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***STATEMENT OF PORTFOLIO***As at 31 December 2019***Primary** (continued)

	Percentage of total net assets attributable to unitholders at 31 Dec 2019 %	Percentage of total net assets attributable to unitholders at 31 Dec 2018 %
By geography (summary)		
Quoted		
Australia	4.39	-
China	38.30	38.51
Hong Kong	5.83	15.32
India	3.58	2.92
Indonesia	12.78	9.53
Kuwait	1.61	-
Macao	2.36	-
Malaysia	-	0.71
Philippines	1.43	3.86
Saudi Arabia	1.21	-
Singapore	5.40	8.79
South Korea	6.07	11.10
Taiwan	1.62	1.04
Thailand	2.16	3.52
United Arab Emirates	7.96	-
Accrued interest on fixed income securities	0.91	1.03
Portfolio of investments	95.61	96.33
Other net assets	4.39	3.67
Net assets attributable to unitholders	100.00	100.00

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***STATEMENT OF PORTFOLIO***As at 31 December 2019***Secondary**

	Fair value at 31 Dec 2019 \$	Percentage of total net assets attributable to unitholders at 31 Dec 2019 %	Percentage of total net assets attributable to unitholders at 31 Dec 2018 %
By industry			
Automobiles & Components	-	-	1.20
Bank	24,948,024	7.88	15.42
Central Bank	2,991,630	0.95	2.33
Chemicals/Petrochemicals	2,357,340	0.74	3.98
Construction & Engineering	3,447,643	1.09	2.66
Diversified Financial Services	12,943,760	4.09	1.49
Diversified Operations	-	-	1.19
Environmental Services	-	-	0.28
Finance	3,217,856	1.02	2.96
Government	33,498,433	10.59	4.37
Hotel & Leisure	7,467,010	2.36	0.71
Industrial Machinery	1,684,517	0.53	-
Insurance	8,549,533	2.70	2.36
Internet Services	2,105,096	0.67	0.28
Investment	12,985,480	4.10	6.69
Metals & Mining	16,882,507	5.33	3.30
Miscellaneous	92,627,024	29.28	25.11
Oil & Gas	15,364,238	4.86	4.33
Private Equity	-	-	0.94
Real Estate	17,377,860	5.49	4.72
Retail	5,417,339	1.71	1.85
Sovereign Agency	-	-	1.59
Technology Hardware & Equipment	7,628,305	2.41	-
Telecommunications	-	-	3.13
Transportation & Logistics	4,937,723	1.56	1.29
Utilities	23,230,006	7.34	3.12
Accrued interest on fixed income securities	2,893,130	0.91	1.03
Portfolio of investments	302,554,454	95.61	96.33
Other net assets	13,900,793	4.39	3.67
Net assets attributable to unitholders	316,455,247	100.00	100.00

SCHRODER ASIAN INVESTMENT GRADE CREDIT*(a sub-fund of Schroder International Opportunities Portfolio)**Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***STATEMENT OF PORTFOLIO***As at 31 December 2019***Secondary (continued)**

	Fair value at 31 Dec 2019 \$	Percentage of total net assets attributable to unitholders at 31 Dec 2019 %	Percentage of total net assets attributable to unitholders at 31 Dec 2018 %
By credit rating			
AA / Aa2	6,967,885	2.20	1.21
AA- / Aa3	1,507,248	0.48	0.65
A+ / A1	20,212,300	6.39	6.50
A / A2	43,309,338	13.69	10.44
A- / A3	39,472,079	12.47	15.13
BBB+ / Baa1	62,138,812	19.64	20.25
BBB / Baa2	73,772,028	23.31	21.28
BBB- / Baa3	44,703,213	14.13	17.51
Not rated debt securities	7,578,421	2.39	2.33
Accrued interest on fixed income securities	2,893,130	0.91	1.03
Portfolio of investments	302,554,454	95.61	96.33
Other net assets	13,900,793	4.39	3.67
Net assets attributable to unitholders	316,455,247	100.00	100.00

SCHRODER ASIAN INVESTMENT GRADE CREDIT

(a sub-fund of Schroder International Opportunities Portfolio)

Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Schroder Asian Investment Grade Credit (the “Fund”) is a sub-fund of Schroder International Opportunities Portfolio, a Singapore umbrella fund constituted by a Deed of Trust dated 3 January 2006 (and as amended, restated and supplemented from time to time) (thereafter referred to as “Trust Deed”). The Trust Deed is governed in accordance with the laws of the Republic of Singapore. The Manager of the Fund is Schroder Investment Management (Singapore) Ltd and the Trustee is HSBC Institutional Trust Services (Singapore) Limited.

The Fund, which was launched on 8 February 2007, invests in a portfolio of investment grade (i.e. at or greater than BBB-) debt securities denominated in local and foreign currencies, issued by governments, government agencies, supra-national and corporate borrowers across Asia (ex Japan) debt markets. The Fund may also make tactical investments (up to 30% maximum including cash) in G7 Government bonds for diversification and capital preservation purposes.

The Fund’s investment objective is to provide a return of capital growth and income.

The Fund is single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switching in and out of the Fund. This is known as “dilution”. In order to counter this and to protect unitholders’ interests, with effect from 1 October 2018, the Manager will apply “dilution adjustment” as part of its daily valuation policy. This will mean that in certain circumstances the Manager (if in its opinion in good faith it is in the interest of unitholders to do so) will make adjustments in the calculations of the net asset value per unit, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

The need to make a dilution adjustment will depend upon the net value of subscriptions, switching and redemptions received by the Fund for each dealing day. The Manager therefore reserves the right to make a dilution adjustment where the Fund experiences a net cash movement which exceeds a threshold of the previous dealing day’s total net asset value.

Any dilution adjustment as at the last dealing day of the year will be disclosed under units in issue.

SCHRODER ASIAN INVESTMENT GRADE CREDIT

(a sub-fund of Schroder International Opportunities Portfolio)

Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

(b) Recognition of income

Interest income on deposits is recognised on a time proportion basis using the effective interest method.

(c) Investments

Investments are classified as financial assets held at fair value through profit or loss. Purchases of investments are recognised on trade date. Investments are recorded at fair value on initial recognition, and subsequently carried at fair value.

The fair value of financial assets and liabilities traded in active markets is based on market mid prices for debt securities on the reporting date. Accrued interest or discount or premium on debt securities at the reporting date are included in the fair value of debt securities. Interest income on debt securities is presented within net gains or losses on investments on the Statement of Total Return.

Investments are derecognised on the trade date of disposal. Net gains or losses on investments are taken up in the Statement of Total Return.

(d) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

SCHRODER ASIAN INVESTMENT GRADE CREDIT

(a sub-fund of Schroder International Opportunities Portfolio)

Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies (continued)

(e) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(f) Bank balances

Bank balances comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(g) Payables

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(h) Foreign currency translation

The Fund may hold assets and liabilities denominated in currencies other than Singapore dollars. The financial statements are presented in Singapore dollars, which is the Fund's functional and presentation currency.

Foreign currency transactions during the year are translated into Singapore dollars at the rates of exchange ruling on the transaction dates. Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the reporting date. Foreign exchange gains or losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of foreign currency monetary assets and liabilities, are taken to the Statement of Total Return.

(i) Financial derivatives

Financial derivatives are recognised at fair value on the date in which a financial derivative contract is entered into and are subsequently re-measured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions. A financial derivative is carried as an asset when its fair value is positive, and as a liability when its fair value is negative.

Net gains or losses on financial derivatives held for protection or enhancement of investments are taken to the Statement of Total Return as gains or losses on financial derivatives.

SCHRODER ASIAN INVESTMENT GRADE CREDIT

(a sub-fund of Schroder International Opportunities Portfolio)

Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant accounting policies (continued)

(j) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

(k) Distribution

The Manager shall have the absolute discretion to determine whether a distribution is to be made. In the event that the Manager determines that a distribution will be made, an amount required to effect such a distribution shall be transferred to a distribution account for payment on distribution date. This amount shall not be treated as part of the property of the Fund.

Distribution is accrued for at the reporting date if the necessary approvals have been obtained and a legal or constructive obligation has been created.

3. Income tax

The Fund has been approved by the Monetary Authority of Singapore under the Enhanced-Tier Fund Tax Incentive Scheme (Section 13X of the Income Tax Act) and is included in the Central Provident Fund Investment Scheme. Subject to certain conditions being met on an annual basis, the Fund will be granted tax exemption on the specified income in respect of any designated investment for the life of the Fund. The tax exemption does not apply in the year when the relevant conditions are not met. The terms “specified income” and “designated investments” are defined in the relevant Income Tax legislations and MAS Circulars.

	2019 \$	2018 \$
Singapore income tax	-	2,276

The Singapore income tax represents tax on bond interest income not exempted under the Enhanced-Tier Fund Tax Incentive Scheme.

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2019***4. Distributions**

The Fund distributed a total of \$6,361,299 (2018: \$4,585,635) to Class A and RMB Hedged Class unitholders on the register during the year as disclosed below.

2019**Class A**

Record date	Payment date	Distribution rate \$ per 100 units	Distribution amount \$
29 Mar 2019	16 Apr 2019	0.7368	1,521,906
28 Jun 2019	16 Jul 2019	0.7534	1,560,890
30 Sep 2019	16 Oct 2019	0.7639	1,515,336
31 Dec 2019	17 Jan 2020	0.7648	1,720,667
			<u>6,318,799</u>

RMB Hedged Class

Record date	Payment date	Distribution rate RMB per 100 units	Distribution amount RMB	Distribution amount \$
29 Mar 2019	16 Apr 2019	9.2304	37,975	7,658
28 Jun 2019	16 Jul 2019	9.4544	39,241	7,755
30 Sep 2019	16 Oct 2019	9.5883	71,242	13,808
31 Dec 2019	17 Jan 2020	9.6311	68,632	13,279
			<u>217,090</u>	<u>42,500</u>

2018**Class A**

Record date	Payment date	Distribution rate \$ per 100 units	Distribution amount \$
29 Mar 2018	17 Apr 2018	0.6308	867,697
29 Jun 2018	17 Jul 2018	0.6203	953,005
28 Sep 2018	16 Oct 2018	0.6158	1,021,964
31 Dec 2018	17 Jan 2019	1.0250	1,710,399
			<u>4,553,065</u>

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2019***4. Distributions (continued)****RMB Hedged Class**

Record date	Payment date	Distribution rate RMB per 100 units	Distribution amount RMB	Distribution amount \$
29 Mar 2018	17 Apr 2018	7.7648	38,453	8,043
29 Jun 2018	17 Jul 2018	7.6800	35,029	7,186
28 Sep 2018	16 Oct 2018	7.6553	35,180	7,006
31 Dec 2018	17 Jan 2019	12.8150	52,068	10,335
			160,730	32,570

5. Receivables

	2019 \$	2018 \$
Amount receivable for creation of units	7,362,272	1,062,583
Interest receivable	-	129
Refund of GST	-	32,716
Other	68	51
	7,362,340	1,095,479

6. Financial derivatives

Financial derivative contracts comprise forward foreign exchange and futures contracts due for settlement or contractual re-pricing within 3 months (2018: within 3 months) from the reporting date. The contracted or underlying principal amounts of these financial derivatives and their corresponding gross fair values at the reporting date are analysed below.

	Notional amount \$	Fair value assets \$	Fair value liabilities \$
2019			
Contracts:			
Forward foreign exchange	300,542,114	3,234,977	(82)
Futures	50,625,430	450,047	-

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2019***6. Financial derivatives (continued)**

	Notional amount \$	Fair value assets \$	Fair value liabilities \$
<u>2018</u>			
Contracts:			
Forward foreign exchange	213,833,362	1,607,252	(8,450)
Futures	81,363,650	552,740	(902,919)

7. Payables

	2019 \$	2018 \$
Amount payable for cancellation of units	1,638,354	339,416
Amount payable for dividend distribution	1,733,946	1,720,734
Accrued management fees	129,967	92,194
Accrued trustee fees	9,184	6,819
Accrued valuation fees	6,146	4,234
Other accrued expenses	40,025	33,603
	3,557,622	2,197,000

8. Units in issue

Class A	2019 Units	2018 Units
At the beginning of the financial year	166,868,166	116,047,221
Created	155,079,904	103,929,207
Cancelled	(96,965,498)	(53,108,262)
At the end of the financial year	224,982,572	166,868,166
	\$	\$
Net assets attributable to unitholders	194,404,517	135,143,891
Net assets attributable to unitholders per unit	0.86	0.81

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2019***8. Units in issue (continued)**

Class I	2019 Units	2018 Units
At the beginning of the financial year	81,856,077	108,524,254
Created	46,301,621	31,523,921
Cancelled	(20,567,440)	(58,192,098)
At the end of the financial year	107,590,258	81,856,077
	\$	\$
Net assets attributable to unitholders	120,552,930	82,347,767
Net assets attributable to unitholders per unit	1.12	1.01
RMB Hedged Class	2019 Units	2018 Units
At the beginning of the financial year	406,301	648,153
Created	340,407	18,890
Cancelled	(34,109)	(260,742)
At the end of the financial year	712,599	406,301
	RMB	RMB
Net assets attributable to unitholders	7,758,451	4,113,453
Net assets attributable to unitholders per unit	10.89	10.12

The Fund currently offers 3 Classes of units, namely Class A units, Class I units and RMB Hedged Class units. All 3 Classes of units constitute the Fund and have different features. The key differences between the Classes are the currency of denomination and distribution policy applicable to each Class. Class A and Class I are denominated in SGD. The RMB Hedged Class is subject to foreign exchange risk against the Fund's functional currency.

Net assets attributable to unitholders ("NAV") is apportioned between all 3 Classes of units based on the proportion of NAV of each Class, which is determined by computing the equivalent number of units of Class A, Class I and RMB Hedged Class units in issue. Any expense, income and/or gain which is attributable to a particular Class shall be deducted from or added to the net assets attributable to that Class.

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2019***8. Units in issue (continued)**

A reconciliation of the net assets attributable to unitholders per unit per the financial statements and the net assets attributable to unitholders per unit for issuing/redeeming units at the financial year end date is presented below:

Class A	2019	2018
	\$	\$
Net assets attributable to unitholders per unit per the financial statements	0.86	0.81
Effect of distribution per unit	0.01	0.01
Net assets attributable to unitholders per unit for issuing/redeeming of units	0.87	0.82
RMB Hedged Class	2019	2018
	RMB	RMB
Net assets attributable to unitholders per unit per the financial statements	10.89	10.12
Effect of distribution per unit	0.10	0.13
Net assets attributable to unitholders per unit for issuing/redeeming of units	10.99	10.25

There is no difference between the net assets attributable to unitholders per unit per the financial statements and the net assets attributable to unitholders per unit for issuing/redeeming of units for the Class I units.

SCHRODER ASIAN INVESTMENT GRADE CREDIT

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For the financial year ended 31 December 2019

9. Financial risk management

The Fund's activities expose it to a variety of risks including but not limited to market risk (including interest rate risk and currency risk), liquidity risk and credit risk.

The overall responsibility for the management of the Fund's financial risks lies with the Manager whom, among other things, will regularly assess the economic condition, monitor changes in market outlook and take appropriate measures accordingly to manage the Fund's exposure to these risks. The Manager may from time to time employ derivatives including but not limited to options, futures and currency forwards, subject to the terms of the Trust Deed, for the purpose of efficient portfolio management.

The data used and assumptions made in the sensitivity analyses below may not reflect actual market conditions, nor is it representative of any potential future market conditions. The sensitivity analyses can be complex and the disclosures made here are not exhaustive. The market exposures change regularly and the assumptions made below may not be representative of the risk taken throughout the year. The sensitivity analyses below should not be solely relied upon by investors in their investment decision making.

(a) Market risk

Market risk is the risk of potential adverse changes to the value of financial instruments because of changes in market conditions such as interest rate and currency rate movements and volatility in security prices.

The Fund's investments are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager conducts detailed analysis before making investment decisions, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund. The Manager may also select other financial instruments within the investment guidelines as set out in the Fund's Trust Deed. Guidelines are set to reduce the Fund's risk exposure to market volatility through diversifying the portfolio by investing across various geographies, industry sectors and issuers where permitted.

The benchmark which the performance of the Fund is measured against is the CPFIS-OA Interest Rate + 100 basis points per annum.

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2019***9. Financial risk management (continued)****(a) Market risk (continued)**

At reporting date, the Fund's assets principally consist of quoted debt securities and bank balances. The Fund's exposure to market risk are discussed below:

(i) Interest rate risk

The Fund's interest-bearing financial instruments expose it to risks associated with the effect of fluctuations in the prevailing levels of market interest rates, which will affect the value of these financial instruments and therefore the financial position and cash flows of the Fund. Interest rate risk represents a significant component of the market risk of the Fund.

The Manager will regularly assess the economic condition, monitor changes in interest rates outlook, and invest in debt securities with different maturity profiles and may use derivatives to manage the Fund's interest rate risk.

The table below summarises the Fund's exposure to interest rate risk. They include the Fund's trading assets and liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates.

	As at 31 December 2019				
	Up to 1 year \$	1-5 years \$	Over 5 years \$	Non- interest bearing \$	Total \$
Assets					
Portfolio of investments	12,573,180	83,493,681	203,594,463	2,893,130	302,554,454
Bank balances	4,810,960	-	-	-	4,810,960
Receivables	-	-	-	7,362,340	7,362,340
Financial derivatives	-	-	-	3,685,024	3,685,024
Margin account	1,600,173	-	-	-	1,600,173
Total assets	18,984,313	83,493,681	203,594,463	13,940,494	320,012,951
Liabilities					
Payables	-	-	-	3,557,622	3,557,622
Financial derivatives	-	-	-	82	82
Total liabilities	-	-	-	3,557,704	3,557,704

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)**

Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9. Financial risk management (continued)**(a) Market risk (continued)****(i) Interest rate risk (continued)**

	As at 31 December 2018				
	Up to 1 year \$	1-5 years \$	Over 5 years \$	Non- interest bearing \$	Total \$
Assets					
Portfolio of investments	10,685,538	52,129,047	145,241,120	2,249,233	210,304,938
Bank balances	5,948,496	-	-	-	5,948,496
Receivables	-	-	-	1,095,479	1,095,479
Financial derivatives	-	-	-	2,159,992	2,159,992
Margin account	1,907,185	-	-	-	1,907,185
Total assets	18,541,219	52,129,047	145,241,120	5,504,704	221,416,090
Liabilities					
Payables	-	-	-	2,197,000	2,197,000
Financial derivatives	-	-	-	911,369	911,369
Total liabilities	-	-	-	3,108,369	3,108,369

The table below summarises the potential impact of increases/decreases in each of the Fund's reference interest rates on the Fund's net assets attributable to unitholders as at reporting date. The analysis is based on the assumption that each of the Fund's reference interest rates increases/decreases by a reasonable possible shift, with all other variables held constant, and that the fair value of the Fund's investments in debt securities moves inversely to the interest rate changes. This represents management's best estimate of a reasonable possible shift in each of the reference interest rates, having regard to their historical movement.

Currency denomination of debt securities	2019		2018	
	Reasonable possible change bps	Impact on net assets attributable to unitholders \$	Reasonable possible change bps	Impact on net assets attributable to unitholders \$
SGD	34	181,051	30	122,873
USD	34	4,918,433	25	2,243,381

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2019***9. Financial risk management (continued)****(a) Market risk (continued)****(ii) Currency risk**

The Fund may hold monetary and non-monetary assets and liabilities denominated in currencies other than Singapore dollars. Consequently, the Fund may be exposed to currency risk since the value of these assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Manager monitors the exposure on all foreign currency denominated assets and liabilities and may manage the currency risks by hedging some or all of the currency risk exposure through derivatives such as forward currency contracts, currency futures, currency swap agreements or currency options, or alternatively increase exposure to preferred foreign currencies.

The table below summarises the Fund's exposure to foreign currencies from its monetary and non-monetary assets and liabilities:

	As at 31 December 2019			
	CNH	SGD	USD	Total
	\$	\$	\$	\$
Assets				
Portfolio of investments	-	7,578,421	294,976,033	302,554,454
Bank balances	9,322	3,512,733	1,288,905	4,810,960
Receivables	-	7,362,340	-	7,362,340
Margin account	-	-	1,600,173	1,600,173
Total assets	9,322	18,453,494	297,865,111	316,327,927
Liabilities				
Payables	13,279	3,544,043	300	3,557,622
Total liabilities	13,279	3,544,043	300	3,557,622
Net financial (liabilities)/assets	(3,957)	14,909,451	297,864,811	312,770,305
Currency forward and futures	1,498,630	297,400,776	(298,449,359)	
Currency exposure	1,494,673	312,310,227	(584,548)	

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)**

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9. Financial risk management (continued)**(a) Market risk (continued)****(ii) Currency risk (continued)**

	CNH \$	As at 31 December 2018 SGD \$	USD \$	Total \$
Assets				
Portfolio of investments	-	5,085,927	205,219,011	210,304,938
Bank balances	2,136	1,299,178	4,647,182	5,948,496
Receivables	-	1,095,350	129	1,095,479
Margin account	-	-	1,907,185	1,907,185
Total assets	2,136	7,480,455	211,773,507	219,256,098
Liabilities				
Payables	10,335	2,186,458	207	2,197,000
Total liabilities	10,335	2,186,458	207	2,197,000
Net financial (liabilities)/assets	(8,199)	5,293,997	211,773,300	217,059,098
Currency forward and futures	815,849	209,465,396	(210,281,245)	
Currency exposure	807,650	214,759,393	1,492,055	

The following table shows the sensitivity of the Fund's monetary and non-monetary assets and liabilities to foreign currency exposure should the currencies increase or decrease against the Fund's functional currency with all other variables held constant.

Currency	2019		2018	
	Reasonable possible change %	Impact on net assets attributable to unitholders \$	Reasonable possible change %	Impact on net assets attributable to unitholders \$
CNH	2	29,893	2	16,153
USD	2	(11,691)	3	44,762

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9. Financial risk management (continued)

(b) Liquidity risk

The Fund's liquidity risk arises mainly from redemptions of units. The Fund invests the majority of its assets in investments that are traded in active markets. However, liquidity may be poor in certain segments of the Asian bond markets (e.g. selective corporate bonds), particularly in times of risk aversion. Therefore, the Manager considers liquidity as one of the key risks in Asian fixed income investing. Given this, at all stages of the investment process, the Manager takes into account liquidity and its impact on the overall portfolio and emphasises diversification across the portfolio's credit exposures.

The Fund has the ability to borrow in the short-term for the purposes of meeting redemptions and short-term bridging requirements. Dedicated personnel are responsible for monitoring the Fund's liquidity position on a daily basis to ensure that sufficient cash resources and liquid assets are available to meet liabilities as and when they fall due.

Units are redeemable at the holder's option. However, the Manager also has the option to limit redemption requests to 10% of the total number of units then in issue on each dealing day, with the approval of the Trustee.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying values as the impact of discounting is not significant.

	2019	2018
	Less than	Less than
	3 months	3 months
	\$	\$
Payables	3,557,622	2,197,000
Financial derivatives	82	911,369

All financial derivatives are disclosed above based on fair value as at the reporting date. Realised gains or losses on forward foreign exchange and futures contracts are settled on maturity date. The notional amounts of all financial derivatives are disclosed in note 6.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9. Financial risk management (continued)

(c) Credit risk

The Fund takes on exposure to credit risk arising mainly from its investments in debt securities where issuers may be unable to meet their financial obligations, such as payments of principal and/or interest on an instrument. In addition, an issuer may suffer adverse changes in its financial condition that could lower the credit quality of the security. A change in the credit rating of a security can also affect the security's liquidity and make it more difficult to sell.

The Fund invests in investment grade debt securities as rated by Standard & Poor's, Moody's or Fitch. The Fund may also invest in non-rated debt securities issued by Singapore-incorporated entities and Singapore statutory boards. An analysis of the credit ratings of the Fund's investments has been disclosed in the Statement of Portfolio.

The Manager has in place procedures for proper credit screening and monitoring of credit risk, including the use of approved counterparties with credit limits set and subject to specified financial strength criteria. Exposure against all counterparties is then monitored on a daily basis. In addition, the Manager uses detailed credit research processes in the investment processes employed in respect of the Fund.

The Fund's exposure to credit risk also arises from its bank balances and assets held with custodians and counterparties. The table below summarises the credit rating of banks, custodians and counterparties with whom the Fund's assets are held as at reporting date.

As at 31 December 2019	Credit rating	Source of credit rating
<u>Bank & Custodian</u>		
The Hongkong and Shanghai Banking Corp Ltd	a1	Moody's
<u>Counterparty</u>		
JPMorgan Chase Bank NA	a2	Moody's
The Hongkong and Shanghai Banking Corp Ltd	a1	Moody's
UBS AG	a3	Moody's

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2019***9. Financial risk management (continued)****(c) Credit risk (continued)**

As at 31 December 2018	Credit rating	Source of credit rating
<u>Bank & Custodian</u>		
The Hongkong and Shanghai Banking Corp Ltd	a1	Moody's
<u>Counterparty</u>		
JPMorgan Chase Bank NA	a2	Moody's
Morgan Stanley Bank NA	baa2	Moody's
Standard Chartered Bank	baa1	Moody's
The Hongkong and Shanghai Banking Corp Ltd	a1	Moody's
UBS AG	a3	Moody's

The credit ratings shown are the Baseline Credit Assessment ratings as published by Moody's.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(d) Fair value estimation

The fair value of financial instruments is based on quoted market prices as at the reporting date. The quoted market price used for debt securities is the market mid price and the quoted market price used for other financial assets is the current bid price; the appropriate quoted market price used for financial liabilities is the current asking price.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2019***9. Financial risk management (continued)****(d) Fair value estimation (continued)**

The following table analyses within the fair value hierarchy the Fund's financial instruments measured at fair value at reporting date:

	As at 31 December 2019			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Assets				
Financial assets at fair value through profit or loss				
Debt securities	7,578,421	294,976,033	-	302,554,454
Financial derivatives	450,047	3,234,977	-	3,685,024
	<u>8,028,468</u>	<u>298,211,010</u>	<u>-</u>	<u>306,239,478</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial derivatives	-	82	-	82
	<u>-</u>	<u>82</u>	<u>-</u>	<u>82</u>
	As at 31 December 2018			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Assets				
Financial assets at fair value through profit or loss				
Debt securities	5,085,927	205,219,011	-	210,304,938
Financial derivatives	552,740	1,607,252	-	2,159,992
	<u>5,638,667</u>	<u>206,826,263</u>	<u>-</u>	<u>212,464,930</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial derivatives	902,919	8,450	-	911,369
	<u>902,919</u>	<u>8,450</u>	<u>-</u>	<u>911,369</u>

Investments in Singapore government and central bank debt securities and exchange traded derivatives whose values are based on quoted market prices in active markets are classified within level 1. The quoted price for these financial instruments is not adjusted.

Financial instruments that trade in markets not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include government and corporate debt securities and over-the-counter derivatives.

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)**

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9. Financial risk management (continued)**(d) Fair value estimation (continued)**

There are no financial instruments classified within level 3.

Except for bank balances which are classified as level 1, the Fund's assets and liabilities not measured at fair value at reporting date have been classified as level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the reporting date.

(e) Offsetting financial assets and financial liabilities

The following tables present the Fund's financial assets and liabilities subject to offsetting, enforceable master netting arrangements or similar agreements.

The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position are disclosed in the first three columns of the tables below.

2019

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the Statement of Financial Position	Net amounts of financial assets presented in the Statement of Financial Position	Related amounts not set-off in the Statement of Financial Position		
	\$	\$	\$	Financial instruments	Cash collateral	Net amount
				\$	\$	\$
Contracts:						
Forward foreign exchange	3,234,977	-	3,234,977	(82)	-	3,234,895
Futures	450,047	-	450,047	-	-	450,047

2019

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the Statement of Financial Position	Net amounts of financial liabilities presented in the Statement of Financial Position	Related amounts not set-off in the Statement of Financial Position		
	\$	\$	\$	Financial instruments	Cash collateral	Net amount
				\$	\$	\$
Contracts:						
Forward foreign exchange	82	-	82	(82)	-	-

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)**

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For the financial year ended 31 December 2019

9. Financial risk management (continued)**(e) Offsetting financial assets and financial liabilities (continued)**

<u>2018</u>	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the Statement of Financial Position	Net amounts of financial assets presented in the Statement of Financial Position	Related amounts not set-off in the Statement of Financial Position		
	\$	\$	\$	Financial instruments	Cash collateral	Net amount
				\$	\$	\$
Contracts:						
Forward foreign exchange	1,607,252	-	1,607,252	(3,493)	-	1,603,759
Futures	552,740	-	552,740	(552,740)	-	-
<u>2018</u>						
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the Statement of Financial Position	Net amounts of financial liabilities presented in the Statement of Financial Position	Related amounts not set-off in the Statement of Financial Position		
	\$	\$	\$	Financial instruments	Cash collateral	Net amount
				\$	\$	\$
Contracts:						
Forward foreign exchange	8,450	-	8,450	(3,493)	-	4,957
Futures	902,919	-	902,919	(552,740)	-	350,179

(f) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2019***10. Related party disclosure**

The Manager of the Fund is Schroder Investment Management (Singapore) Ltd. The Trustee is HSBC Institutional Trust Services (Singapore) Limited. With effect from 1 July 2019, HSBC France, Luxembourg Branch replaces Schroder Investment Management (Europe) SA, as the Registrar of the Fund. Both Trustee and Registrar are subsidiaries of the HSBC Group. The management fees paid to the Manager and registration fees paid to the Registrar; trustee fees, valuation fees and custodian fees charged by, and interest earned on deposits with, the HSBC Group are shown in the Statement of Total Return.

As at reporting date, the Fund maintained with the HSBC Group, the following bank balances:

	2019	2018
	\$	\$
Current accounts	4,810,960	5,948,496

11. Margin account

	2019	2018
	\$	\$
Margin account	1,600,173	1,907,185

Margin account represents the margin deposit held in respect of futures contracts. The potential effect of offsetting arrangement is disclosed in note 9(e).

SCHRODER ASIAN INVESTMENT GRADE CREDIT**(a sub-fund of Schroder International Opportunities Portfolio)**

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

12. Financial ratios

	2019			2018		
	Class A	Class I	RMB Hedged Class	Class A	Class I	RMB Hedged Class
Expense ratio ¹	0.90%	0.12%	0.99%	0.90%	0.12%	1.00%
	Fund			Fund		
Turnover ratio ²			98.88%			68.84%

- ¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio was based on total operating expenses divided by the average net asset values for each Class for the year. The total operating expenses do not include brokerage and other transaction costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. Expenses which are common to all Classes are apportioned based on the proportion of NAV of each Class. The Fund does not pay any performance fee. The respective values used in the calculation of the expense ratio are disclosed below. The average net asset values are based on the daily balances.

	2019			2018		
Expense ratio calculations	Class A	Class I	RMB Hedged Class	Class A	Class I	RMB Hedged Class
	\$	\$	\$	\$	\$	\$
Total operating expenses	1,548,278	121,792	11,916	1,120,406	147,749	10,234
Average net asset value	172,613,150	105,074,295	1,199,719	124,246,712	121,769,650	1,023,460

- ² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower value of purchases or sales of the underlying investments divided by the average daily net asset value.

	2019		2018	
Turnover ratio calculations	Fund		Fund	
	\$		\$	
Lower of purchases or sales	275,767,331	(sales)	170,056,575	(sales)
Average net asset value	278,887,164		247,039,822	

REPORT TO UNITHOLDERS

31 December 2019

The following is a report on the Schroder Asian Investment Grade Credit (the “Fund”):

1. Top 10 holdings of the Fund as at 31 December 2019:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Korea Resources Corp 4% 18 Apr 2023	8,838,441	2.79
Charming Light Investments Ltd EMTN 4.375% 21 Dec 2027	7,236,604	2.30
Perusahaan Penerbit SBSN Indonesia III 4.45% 20 Feb 2029	7,091,684	2.25
Bangkok Bank PCL / Hong Kong Var 25 Sep 2034	6,851,093	2.16
CMT MTN Pte Ltd EMTN 3.609% 4 Apr 2029	6,298,317	1.98
Santos Finance Ltd EMTN 5.25% 13 Mar 2029	5,855,951	1.85
Huarong Finance 2017 Co Ltd EMTN FRN 7 Nov 2022	5,763,464	1.82
Shinhan Bank GMTN 4.5% 26 Mar 2028	5,384,465	1.70
Sands China Ltd 5.125% 8 Aug 2025	5,191,610	1.64
AAC Technologies Hldg Inc 3% 27 Nov 2024	4,853,364	1.53

Top 10 holdings of the Fund as at 31 December 2018:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Dianjian Haixing Ltd Var Perp	5,452,000	2.49
CK Hutchison Capital Securities 17 Ltd Var Perp	4,955,269	2.27
CSCEC Finance Cayman II Ltd 3.5% 5 Jul 2027	4,347,459	1.98
China Development Bank EMTN 4% 24 Jan 2037	4,228,222	1.94
SingTel Group Treasury Pte Ltd EMTN 3.875% 28 Aug 2028	4,094,111	1.88
Shinsegae Co Ltd Var 8 May 2045	4,032,613	1.84
Beijing Capital Polaris Investment Co Ltd 4.25% 26 Mar 2021	3,663,063	1.68
Weichai Intl Hong Kong Energy Group Co Ltd Var Perp	3,659,655	1.68
China Cinda Finance 2017 I Ltd EMTN 4.375% 8 Feb 2025	3,654,205	1.67
Oversea-Chinese Banking Corp Ltd Var 15 Oct 2024	3,555,098	1.63

The Fund was not invested in other unit trusts, mutual funds or collective investment schemes as at 31 December 2019. For the full composition of investments of the Fund as at 31 December 2019 and an analysis of the investments by credit ratings, refer to the Statement of Portfolio on pages 13 to 20.

REPORT TO UNITHOLDERS

31 December 2019

2. The Fund has the following exposure to financial derivatives as at 31 December 2019:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Contracts:		
Forward foreign exchange	3,234,895	1.02
Futures	450,047	0.14

The net loss on financial derivatives realised in the period 1 January 2019 to 31 December 2019 amounted to S\$1,514,672.

The net gain on outstanding financial derivatives marked to market as at 31 December 2019 amounted to S\$3,684,942.

3. The Fund did not have any borrowings as at 31 December 2019.
4. The amount of subscriptions and redemptions in the period 1 January 2019 to 31 December 2019 were as follows:

	\$
Subscriptions	177,509,213
Redemptions	100,695,545

5. Expense Ratio

Class A

1 January 2019 to 31 December 2019	0.90%
1 January 2018 to 31 December 2018	0.90%

Class I

1 January 2019 to 31 December 2019	0.12%
1 January 2018 to 31 December 2018	0.12%

RMB Hedged Class

1 January 2019 to 31 December 2019	0.99%
1 January 2018 to 31 December 2018	1.00%

REPORT TO UNITHOLDERS

31 December 2019

6. Turnover of Portfolio

1 January 2019 to 31 December 2019	98.88%
1 January 2018 to 31 December 2018	68.84%

7. Soft dollar commissions/arrangements:

In the management of the Fund, the Manager may accept soft dollar commissions from, or enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Fund and the soft dollars received are restricted to the following kinds of services:

- (i) research, analysis or price information;
- (ii) performance measurement;
- (iii) portfolio valuations; and
- (iv) administration services.

The Manager may not receive or enter into soft dollar commissions or arrangements unless (a) such soft dollar commissions or arrangements shall reasonably assist the Manager in their management of the Fund, (b) best execution is carried out for the transactions, and (c) that no unnecessary trades are entered into in order to qualify for such soft dollar commissions or arrangements. The Manager shall not receive goods and services such as travel, accommodation and entertainment.

8. For related party transactions, refer to note 10 in the Notes to the Financial Statements.

9. Performance of Fund for periods ended 31 December 2019

	3 mths	6 mths	1 yr	3 yrs*	5 yrs*	10 yrs*	Since Launch*#
Class A	1.0%	3.3%	10.8%	3.9%	3.1%	3.3%	2.6%
Benchmark**	0.9%	1.8%	3.5%	3.5%	3.5%	3.5%	3.5%
Class I	1.1%	3.6%	11.5%	4.6%	3.9%	-	3.9%
Benchmark**	0.9%	1.8%	3.5%	3.5%	3.5%	-	3.5%
RMB Hedged Class	1.3%	3.7%	11.6%	6.2%	5.5%	-	4.9%
Benchmark**	1.2%	3.8%	6.4%	6.0%	5.6%	-	4.0%

* Returns of more than 1 year are annualised

Since launch figures from 8 February 2007 (Class A), 2 December 2013 (Class I) and 28 February 2013 (RMB Hedged Class)

** Benchmark: CPFIS-OA Interest Rate + 100 bps p.a.

Source: Schroders, class currency, bid to bid, net income reinvested.

