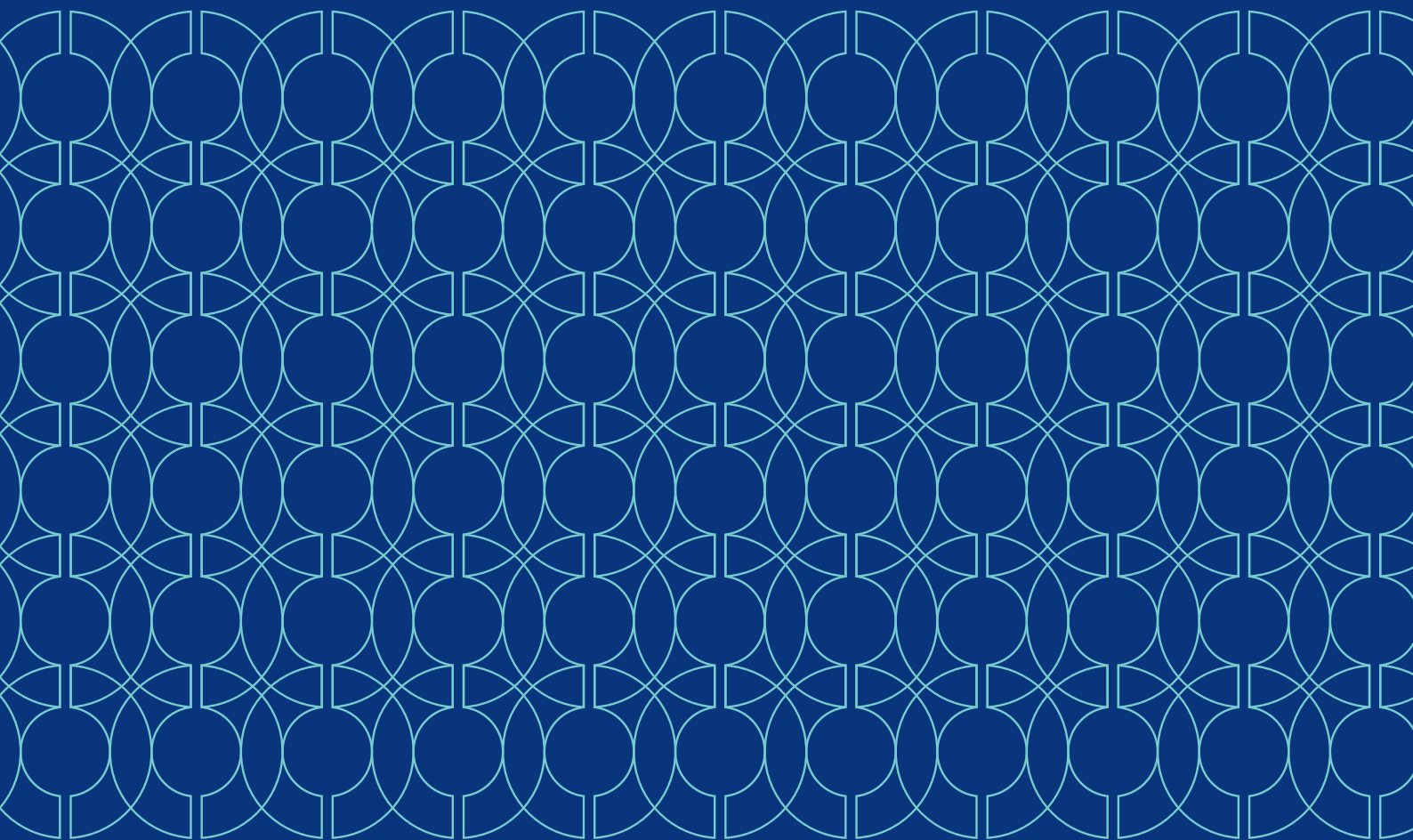


Schroders

SCHRODER ASIAN GROWTH FUND

Annual Report & Financial Statements

December 2018



SCHRODER ASIAN GROWTH FUND

Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991

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

Clifford Chance Pte Ltd
Marina Bay Financial Centre
25th Floor, Tower 3
12 Marina Boulevard
Singapore 018982

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.00023.SF.702

COMMENTARY

The Fund posted negative returns over the year 2018, marginally lagging the benchmark amid weakness across the global equity market. Since the middle of 2018, Asian equity markets have corrected sharply due to a deterioration in the outlook for growth, at a time when the cost of capital in many markets was increasing. The latter happened due to upward pressure on US dollar interest rates.

The weaker growth outlook stems from the following:

- (a) the slowdown in Chinese growth due to the lagged impact of slower credit growth in the last 18 months, as authorities have moved to rein in the shadow banking industry;
- (b) the impact of higher oil prices, which acts as a tax on consumption and pressures corporate profit margins;
- (c) upward pressure on interest rates in emerging markets like India, Indonesia and the Philippines as Central Banks have been forced to react to the higher US dollar rates and deteriorating trade balances to support local currencies;
- (d) the deterioration in the trade war between the US and China, which has impacted corporate confidence and is starting to exert a drag on capital investment decisions.

Meanwhile, despite these local headwinds in Asia, the US economy has performed very strongly as the recent tax cuts flowed through the corporate sector and unemployment continued to fall to new cyclical lows – all of which, until very recently, increased the Federal Reserve's confidence in raising rates and pushed US long bond yields to a seven-year high in November. In a world where the US dollar remains the most important reserve currency, these higher borrowing costs and generally tighter US dollar liquidity conditions have put pressure on capital flows to emerging markets and tightened local liquidity in Asia as well, which has been a further headwind for markets.

Although earnings growth in 2018 still looks set for 10%, at the margin revisions have turned negative in recent months and markets have moved very quickly to price in the more difficult outlook, with valuations for regional benchmarks correcting sharply in the last six months as a result. Price-earnings multiples have dropped from above average levels in January to circa 1 standard deviation below longer term averages today, while many of the more highly rated growth stocks have seen an even sharper pull-back.

In the near term, market performance is likely to remain dominated by the interplay of these same factors. On the positive front, expectations for Asian growth have now adjusted a long way and Chinese authorities have moved at the margin to a slightly more pro-growth stance. This is demonstrated by recent cuts in reserve requirements and encouragement for the banking sector to lend to private enterprises, while expectations are increasing for further cuts in taxes as well as a pick-up in infrastructure spending. This slightly looser Chinese policy will take time to show up in the macro data due to the normal policy lag in the real economy, with headline growth still expected to slow in coming months, but the change in signalling from the authorities to support growth is still important for markets. Oil prices have also corrected sharply from their recent highs, which alleviates much of the current account pressure on the more fragile emerging economies and will reduce the drag on consumption more widely. At the same time, US bond yields and rate expectations have moderated significantly in the last few weeks, partly in response to the crack in the US stock market and also due to the ongoing slowdown in growth outside the US. All of this is helping to stabilise sentiment towards risk assets.

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Much harder to read is the outlook on the trade front. We now have a three-month standstill until early March 2019, after the recent meeting of the two countries' Presidents at the G20 meeting. There is some renewed optimism that an outline framework for a longer lasting trade agreement can be agreed upon in this period, which will avoid any further escalation in tariffs – this would clearly be positive for markets near term. However, there is far less confidence that this will really be the end of trade frictions. Many in the US hold longer-term concerns regarding China's threat to US national security on different fronts and the Chinese administration's reluctance to alter its model of state sponsored economic development and its desire to build its own expertise in key technology sectors.

Lower valuation multiples for Asian markets today should raise the potential for longer-term stock market returns. However, investors are likely to remain cautious near term given the likelihood of further cuts in earnings forecasts, as analysts adjust to the weaker macro backdrop into 2019 and the continued uncertainty on the trade front, and continued increases in US dollar interest rates in the next few months. Given this difficult backdrop, we continue to tread carefully in equity markets and have not moved to significantly increase risk recently despite the correction. As bottom-up investors, our focus remains on those businesses best equipped to survive the current slowdown and exploit the favourable longer-term trends we continue to see in the region. Such trends include the continued growth in domestic consumption and growth of service sector industries in countries like India, Indonesia and China, the technological leadership of Chinese players in the online space and the growth potential for industry leaders in the Korean and Taiwanese tech hardware sectors.

December 2018

SCHRODER ASIAN GROWTH FUND

Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2018

The Trustee is under a duty to take into custody and hold the assets of Schroder Asian Growth Fund (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 9 to 34, 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

SCHRODER ASIAN GROWTH FUND

Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2018

In the opinion of Schroder Investment Management (Singapore) Ltd, the accompanying financial statements set out on pages 9 to 34, 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 Growth Fund (the "Fund") as at 31 December 2018, 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 GROWTH FUND

Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991

Our Opinion

In our opinion, the accompanying financial statements of Schroder Asian Growth Fund (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 2018, 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 2018;
- the Statement of Financial Position as at 31 December 2018;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2018;
- the Statement of Portfolio as at 31 December 2018; 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.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SCHRODER ASIAN GROWTH FUND

Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991

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
SCHRODER ASIAN GROWTH FUND**

Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991

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, 28 March 2019

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***STATEMENT OF TOTAL RETURN***For the financial year ended 31 December 2018*

	Notes	2018 \$	2017 \$
Income			
Dividends:			
Singapore		958,046	300,816
Foreign		27,261,740	14,665,203
Interest on deposits with banks	10	36,714	6,366
		28,256,500	14,972,385
Less : Expenses			
Management fees	10	15,750,829	9,901,574
Trustee fees	10	435,356	279,375
Valuation fees	10	340,538	213,359
Custodian fees	10	385,324	247,943
Registration fees	10	1,387,173	872,439
Audit fees		22,280	19,967
Transaction costs		1,185,550	702,943
Others		553,315	370,278
		20,060,365	12,607,878
Net income		8,196,135	2,364,507
Net gains or losses on value of investments and financial derivatives			
Net (losses)/gains on investments		(235,718,348)	299,111,713
Net losses on spot foreign exchange contracts		(1,072,402)	(699,887)
Net foreign exchange gains		284,442	85,605
		(236,506,308)	298,497,431
Total (deficit)/return for the year before			
Income tax		(228,310,173)	300,861,938
Less : Income tax	3	(3,234,189)	(1,419,937)
Total (deficit)/return for the year		(231,544,362)	299,442,001

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***STATEMENT OF FINANCIAL POSITION***As at 31 December 2018*

	Notes	2018 \$	2017 \$
ASSETS			
Portfolio of investments		1,335,932,507	1,174,950,691
Bank balances	10	26,880,282	18,623,890
Sales awaiting settlement		97,759	1,518,972
Receivables	5	11,016,446	12,521,202
Financial derivatives	6	-	504
Total assets		<u>1,373,926,994</u>	<u>1,207,615,259</u>
LIABILITIES			
Purchases awaiting settlement		-	8,250,266
Payables	7	34,434,973	31,339,095
Financial derivatives	6	853	7,826
Total liabilities		<u>34,435,826</u>	<u>39,597,187</u>
EQUITY			
Net assets attributable to unitholders	8	<u>1,339,491,168</u>	<u>1,168,018,072</u>

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 31 December 2018*

	Notes	2018 \$	2017 \$
Net assets attributable to unitholders at the beginning of the financial year		1,168,018,072	633,507,687
Operations			
Change in net assets attributable to unitholders resulting from operations		(231,544,362)	299,442,001
Unitholders' contributions/(withdrawals)			
Creation of units		744,153,242	505,064,690
Cancellation of units		(285,158,484)	(228,244,552)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		458,994,758	276,820,138
Distributions	4	(55,977,300)	(41,751,754)
Total increase in net assets attributable to unitholders		171,473,096	534,510,385
Net assets attributable to unitholders at the end of the financial year	8	1,339,491,168	1,168,018,072

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***STATEMENT OF PORTFOLIO***As at 31 December 2018***Primary**

	Holdings at 31 Dec 2018	Fair value at 31 Dec 2018 \$	Percentage of total net assets attributable to unitholders at 31 Dec 2018 %
By geography			
Quoted			
Equities			
CHINA			
Alibaba Group Hldg Ltd ADR	346,946	64,818,676	4.83
China Intl Travel Service Corp Ltd A Shares	1,420,506	16,965,104	1.27
China Mobile Ltd	1,506,500	19,761,619	1.48
China Pacific Insurance Group Co Ltd H Shares	7,328,800	32,343,049	2.41
China Petroleum & Chemical Corp H Shares	20,926,000	20,364,238	1.52
China Resources Land Ltd	3,976,000	20,834,496	1.56
China Taiping Insurance Hldg Co Ltd	6,699,542	25,075,737	1.87
CNOOC Ltd	6,924,000	14,585,206	1.09
Hangzhou Hikvision Digital Technology Co Ltd A Shares	1,866,240	9,537,407	0.71
Hangzhou Hikvision Digital Technology Co Ltd A Shares warrants expiring 2 May 2019	977,284	4,994,404	0.37
Hefei Meiya Optoelectronic Technology Inc A Shares	4,422,496	18,670,504	1.39
Hollysys Automation Technologies Ltd	485,663	11,590,896	0.87
Huadong Medicine Co Ltd A Shares	1,589,507	8,343,903	0.62
Huazhu Group Ltd ADR	706,251	27,559,814	2.06
Hutchison China MediTech Ltd ADR	718,038	22,597,855	1.69
Midea Group Co Ltd A Shares	2,157,539	15,777,237	1.18
New Oriental Education & Technology Group Inc ADR	307,603	22,979,799	1.72
Springland Intl Hldg Ltd	10,356,000	2,794,434	0.21
Tencent Hldg Ltd	1,430,300	78,185,626	5.83
Vipshop Hldg Ltd ADR	1,364,078	10,151,441	0.76
WuXi Biologics Cayman Inc	645,000	5,631,198	0.42
Zhejiang Sanhua Intelligent Controls Co Ltd A Shares	4,487,141	11,296,615	0.84
		464,859,258	34.70
HONG KONG			
AIA Group Ltd	4,992,000	56,488,243	4.22
BOC Hong Kong (Hldg) Ltd	5,243,500	26,563,445	1.98
Chow Sang Sang Hldg Intl Ltd	4,263,000	8,623,659	0.64
Galaxy Entertainment Group Ltd	3,256,000	28,228,244	2.11
Jardine Strategic Hldg Ltd	619,200	30,982,124	2.31
Kerry Properties Ltd	5,322,500	24,786,179	1.85
Pacific Textiles Hldg Ltd	8,424,000	10,206,991	0.76
Swire Properties Ltd	6,270,050	30,017,452	2.24
Techtronic Ind Co Ltd	4,709,000	34,102,966	2.55
		249,999,303	18.66

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***STATEMENT OF PORTFOLIO***As at 31 December 2018***Primary (continued)**

	Holdings at 31 Dec 2018	Fair value at 31 Dec 2018 \$	Percentage of total net assets attributable to unitholders at 31 Dec 2018 %
By geography			
Quoted			
Equities			
INDIA			
Anveshan Heavy Engineering Ltd	64,824	452,778	0.03
Apollo Hospitals Enterprise Ltd	811,853	19,943,835	1.49
Arvind Fashions Ltd	350,054	5,824,155	0.43
Arvind Ltd	1,750,270	3,341,881	0.25
HDFC Bank Ltd	1,195,097	49,503,307	3.70
ICICI Bank Ltd	4,455,361	31,326,610	2.34
IndusInd Bank Ltd	364,053	11,366,890	0.85
Infosys Ltd	1,677,265	21,577,505	1.61
The Phoenix Mills Ltd	1,398,486	15,387,788	1.15
Zee Entertainment Enterprises Ltd	1,813,473	16,868,463	1.26
		175,593,212	13.11
INDONESIA			
PT Tempo Scan Pacific Tbk	5,371,200	707,657	0.05
PHILIPPINES			
Ayala Land Inc	14,419,400	15,174,248	1.13
RFM Corp	70,610,600	8,949,787	0.67
		24,124,035	1.80
SINGAPORE			
Jardine Cycle & Carriage Ltd	358,500	12,672,975	0.95
Oversea-Chinese Banking Corp Ltd	2,752,080	30,988,421	2.31
		43,661,396	3.26
SOUTH KOREA			
ING Life Insurance Korea Ltd	386,637	13,224,246	0.99
LG Chem Ltd	67,783	28,731,595	2.14
Mando Corp	337,594	11,938,582	0.89
NCSOFT Corp	13,301	7,579,585	0.57
Samsung Electronics Co Ltd	1,838,721	86,923,313	6.49
SK Materials Co Ltd	119,645	22,068,914	1.65
		170,466,235	12.73
SRI LANKA			
John Keells Hldg PLC	11,282,414	13,368,452	1.00

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***STATEMENT OF PORTFOLIO***As at 31 December 2018***Primary (continued)**

	Holdings at 31 Dec 2018	Fair value at 31 Dec 2018 \$	Percentage of total net assets attributable to unitholders at 31 Dec 2018 %
By geography			
Quoted			
Equities			
TAIWAN			
Hon Hai Precision Ind Co Ltd	3,123,056	9,804,995	0.73
Largan Precision Co Ltd	111,000	15,824,803	1.18
Merida Ind Co Ltd	2,282,850	13,969,820	1.04
Taiwan Semiconductor Manufacturing Co Ltd	9,133,309	91,329,074	6.82
		130,928,692	9.77
THAILAND			
Kasikornbank PCL NVDR	2,815,500	21,804,126	1.63
UNITED KINGDOM			
Standard Chartered PLC	2,617,650	27,091,532	2.02
UNITED STATES OF AMERICA			
Samsonite Intl SA	3,441,000	13,328,609	1.00
Portfolio of investments		1,335,932,507	99.73
Other net assets		3,558,661	0.27
Net assets attributable to unitholders		1,339,491,168	100.00

Legend :

ADR : American Depositary Receipts

NVDR : Non-Voting Depositary Receipts

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***STATEMENT OF PORTFOLIO***As at 31 December 2018***Primary (continued)**

	Percentage of total net assets attributable to unitholders at 31 Dec 2018 %	Percentage of total net assets attributable to unitholders at 31 Dec 2017 %
By geography (summary)		
Quoted		
China	34.70	38.26
Hong Kong	18.66	17.50
India	13.11	10.22
Indonesia	0.05	0.11
Philippines	1.80	1.79
Singapore	3.26	3.01
South Korea	12.73	15.40
Sri Lanka	1.00	0.95
Taiwan	9.77	9.56
Thailand	1.63	2.46
United Kingdom	2.02	1.33
United States of America	1.00	-
Portfolio of investments	99.73	100.59
Other net assets/(liabilities)	0.27	(0.59)
Net assets attributable to unitholders	100.00	100.00

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***STATEMENT OF PORTFOLIO***As at 31 December 2018***Secondary**

	Fair value at 31 Dec 2018 \$	Percentage of total net assets attributable to unitholders at 31 Dec 2018 %	Percentage of total net assets attributable to unitholders at 31 Dec 2017 %
By industry			
Automobiles & Components	11,938,582	0.89	1.32
Bank	198,644,331	14.83	11.22
Chemicals/Petrochemicals	50,800,509	3.79	1.76
Consumer Durables	62,901,471	4.69	4.88
Diversified Operations	44,350,576	3.31	2.57
Education Services	22,979,799	1.72	2.65
Finance	-	-	0.87
Food & Beverage	8,949,787	0.67	0.80
Health Care/Pharmaceuticals	57,224,448	4.27	5.21
Hotel & Leisure	72,753,162	5.44	4.79
Industrial Machinery	75,660,981	5.65	5.09
Insurance	127,131,275	9.49	9.95
Internet Services	64,818,676	4.83	6.58
IT Services	21,577,505	1.61	-
Media	95,054,089	7.09	7.56
Oil & Gas	34,949,444	2.61	1.66
Real Estate	106,200,163	7.93	7.89
Retail	34,242,509	2.56	4.00
Semiconductor	91,329,074	6.82	6.80
Software	7,579,585	0.57	1.74
Technology Hardware & Equipment	127,084,922	9.48	12.06
Telecommunications	19,761,619	1.48	1.19
Portfolio of investments	1,335,932,507	99.73	100.59
Other net assets/(liabilities)	3,558,661	0.27	(0.59)
Net assets attributable to unitholders	1,339,491,168	100.00	100.00

SCHRODER ASIAN GROWTH FUND

Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

1. General

Schroder Asian Growth Fund (the “Fund”) is a unit trust constituted by a Deed of Trust dated 4 April 1991 (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 May 1991, seeks long-term capital growth primarily through investment in securities of companies quoted on stock markets in Asia (including Australia and New Zealand but excluding Japan). The portfolio of the Fund will be broadly diversified with no specific industry or sectoral emphasis.

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 GROWTH FUND

Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

Dividend income is recorded gross in the Statement of Total Return in the accounting year in which a dividend is declared payable by the investee company. 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 last traded market prices for equities on the reporting date.

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) 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.

SCHRODER ASIAN GROWTH FUND

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For the financial year ended 31 December 2018

2. Significant accounting policies (continued)

(e) 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.

(f) 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.

(g) 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.

SCHRODER ASIAN GROWTH FUND

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For the financial year ended 31 December 2018

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.

	2018 \$	2017 \$
Foreign income tax	2,815,757	1,419,937
Capital gains tax	418,432	-
	<u>3,234,189</u>	<u>1,419,937</u>

The foreign income tax represents tax deducted at source on dividends derived from outside Singapore and received in Singapore.

4. Distributions

The Fund distributed a total of \$55,977,300 (2017: \$41,751,754) to unitholders on the register during the year as disclosed below.

2018 S\$ Class

Record date	Payment date	Distribution rate \$ per 100 units	Distribution amount \$
29 Mar 2018	17 Apr 2018	2.2296	7,348,091
29 Jun 2018	17 Jul 2018	2.2410	7,877,719
28 Sep 2018	16 Oct 2018	2.1288	7,851,257
31 Dec 2018	17 Jan 2019	6.9982	26,885,039
			<u>49,962,106</u>

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2018***4. Distributions (continued)****US\$ Class**

Record date	Payment date	Distribution rate US\$ per 100 units	Distribution amount US\$	Distribution amount \$
29 Mar 2018	17 Apr 2018	2.3604	627,959	823,380
29 Jun 2018	17 Jul 2018	2.2818	707,862	970,407
28 Sep 2018	16 Oct 2018	2.1630	705,081	966,737
31 Dec 2018	17 Jan 2019	7.1258	2,384,024	3,254,670
			4,424,926	6,015,194

2017**S\$ Class**

Record date	Payment date	Distribution rate \$ per 100 units	Distribution amount \$
31 Mar 2017	19 Apr 2017	1.8546	4,175,195
30 Jun 2017	18 Jul 2017	2.0352	4,834,946
29 Sep 2017	17 Oct 2017	2.1624	5,551,514
29 Dec 2017	17 Jan 2018	8.5338	24,488,533
			39,050,188

US\$ Class

Record date	Payment date	Distribution rate US\$ per 100 units	Distribution amount US\$	Distribution amount \$
31 Mar 2017	19 Apr 2017	1.8426	187,510	261,933
30 Jun 2017	18 Jul 2017	2.0520	209,335	289,342
29 Sep 2017	17 Oct 2017	2.2104	273,419	372,316
29 Dec 2017	17 Jan 2018	8.8638	1,337,628	1,777,975
			2,007,892	2,701,566

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2018***5. Receivables**

	2018 \$	2017 \$
Amount receivable for creation of units	10,307,381	12,246,463
Dividend receivable	229,104	274,716
Refund of GST	479,903	-
Other	58	23
	11,016,446	12,521,202

6. Financial derivatives

Financial derivative contracts comprise spot foreign exchange contracts due for settlement or contractual re-pricing within 3 months (2017: 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 \$
2018			
Contracts:			
Spot foreign exchange	71,529	-	(853)
2017			
Contracts:			
Spot foreign exchange	3,789,340	504	(7,826)

7. Payables

	2018 \$	2017 \$
Amount payable for cancellation of units	2,292,607	3,773,601
Amount payable for dividend distribution	30,139,709	26,266,508
Accrued management fees	1,328,344	1,094,470
Accrued trustee fees	36,725	30,488
Accrued valuation fees	27,137	17,391
Capital gains tax provision	459,390	29,523
Other accrued expenses	151,061	127,114
	34,434,973	31,339,095

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2018***8. Units in issue**

S\$ Class	2018 Units	2017 Units
At the beginning of the financial year	286,959,304	214,440,951
Created	163,282,900	131,074,732
Cancelled	(66,071,439)	(58,556,379)
At the end of the financial year	384,170,765	286,959,304
	\$	\$
Net assets attributable to unitholders	1,195,034,801	1,088,551,092
Net assets attributable to unitholders per unit	3.11	3.79
US\$ Class	2018 Units	2017 Units
At the beginning of the financial year	15,090,905	11,031,348
Created	27,037,705	13,049,989
Cancelled	(8,672,378)	(8,990,432)
At the end of the financial year	33,456,232	15,090,905
	US\$	US\$
Net assets attributable to unitholders	105,987,875	59,460,581
Net assets attributable to unitholders per unit	3.17	3.94

The Fund currently offers 2 Classes of units, namely S\$ Class units and US\$ Class units. Both Classes of units constitute the Fund and have different features. The key difference between the Classes is the currency of denomination applicable to each Class. The US\$ Class is structured such that all or substantially all its assets are invested into the S\$ Class, and is subject to foreign exchange risk against the Fund's functional currency.

Net assets attributable to unitholders ("NAV") is apportioned between both Classes of units based on the proportion of NAV of each Class, which is determined by computing the equivalent number of units of S\$ Class and US\$ 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 GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2018***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:

S\$ Class	2018 \$	2017 \$
Net assets attributable to unitholders per unit per the financial statements	3.11	3.79
Effect for movement in the net asset value between the last dealing date and the financial year end date [^]	-	*
Effect of distribution per unit	0.07	0.09
Net assets attributable to unitholders per unit for issuing/redeeming of units	3.18	3.88
US\$ Class	2018 US\$	2017 US\$
Net assets attributable to unitholders per unit per the financial statements	3.17	3.94
Effect for movement in the net asset value between the last dealing date and the financial year end date [^]	-	*
Effect of distribution per unit	0.07	0.09
Net assets attributable to unitholders per unit for issuing/redeeming of units	3.24	4.03

* Less than 0.01

[^] The net asset value for the purposes of processing unit subscription and redemption was established in accordance with the methodology indicated in the Fund's Prospectus. This item reflects the movement in the net asset value per unit between the last dealing date and the financial year end date of 2017. There is no such movement for year 2018.

SCHRODER ASIAN GROWTH FUND

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

9. Financial risk management

The Fund's activities expose it to a variety of risks including but not limited to market risk (including price risk, 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 and industry sectors.

The benchmark against which the performance of the Fund is measured is the MSCI All Country Asia ex Japan Index.

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2018***9. Financial risk management (continued)****(a) Market risk (continued)**

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

(i) Price risk

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

Reasonable possible change %	2018 Impact on net assets attributable to unitholders \$	Reasonable possible change %	2017 Impact on net assets attributable to unitholders \$
6	86,414,356	7	75,881,458

The disclosure above is shown in absolute terms, changes and impacts could be positive or negative.

(ii) Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. No interest rate sensitivity analysis is presented.

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2018***9. Financial risk management (continued)****(a) Market risk (continued)****(iii) 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 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.

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

	As at 31 December 2018						
	HKD	KRW	SGD	TWD	USD	Others*	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
Portfolio of investments	479,012,923	170,466,235	43,661,396	130,928,692	195,675,009	316,188,252	1,335,932,507
Bank balances	468,200	60	26,221,152	-	189,646	1,224	26,880,282
Sales awaiting settlement	6,474	-	-	-	-	91,285	97,759
Receivables	2	-	10,608,877	-	407,567	-	11,016,446
Total assets	479,487,599	170,466,295	80,491,425	130,928,692	196,272,222	316,280,761	1,373,926,994
Liabilities							
Payables	-	-	30,215,362	-	3,760,221	459,390	34,434,973
Total liabilities	-	-	30,215,362	-	3,760,221	459,390	34,434,973
Net financial assets	479,487,599	170,466,295	50,276,063	130,928,692	192,512,001	315,821,371	1,339,492,021
Currency spot	-	-	71,529	-	-	(71,529)	
Currency exposure	479,487,599	170,466,295	50,347,592	130,928,692	192,512,001	315,749,842	

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2018***9. Financial risk management (continued)****(a) Market risk (continued)****(iii) Currency risk (continued)**

	As at 31 December 2017						
	HKD	KRW	SGD	TWD	USD	Others*	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
Portfolio of investments	386,759,171	179,896,314	35,162,071	111,647,951	240,052,274	221,432,910	1,174,950,691
Bank balances	-	22	16,797,669	1,796,776	29,405	18	18,623,890
Sales awaiting settlement	-	-	-	-	1,518,972	-	1,518,972
Receivables	274,716	-	11,226,766	-	1,019,720	-	12,521,202
Total assets	387,033,887	179,896,336	63,186,506	113,444,727	242,620,371	221,432,928	1,207,614,755
Liabilities							
Purchases awaiting settlement	3,457,631	1,802,592	-	2,985,325	-	4,718	8,250,266
Payables	-	-	29,316,529	-	1,993,043	29,523	31,339,095
Total liabilities	3,457,631	1,802,592	29,316,529	2,985,325	1,993,043	34,241	39,589,361
Net financial assets							
Currency spot	2,270,608	-	(744,765)	-	(1,525,843)	-	-
Currency exposure	385,846,864	178,093,744	33,125,212	110,459,402	239,101,485	221,398,687	

* Foreign currencies to which the Fund does not have a significant exposure are included within 'Others'.

Portfolio of investments, which is the most significant item on the Statement of Portfolio, is exposed to currency risk and price risk. The price risk sensitivity analysis in note 9(a)(i) includes the impact of currency risk on portfolio of investments.

The Fund's net financial assets comprise mainly portfolio of investments which are non-monetary financial assets, hence a separate currency risk sensitivity analysis has not been performed on the remaining financial assets.

SCHRODER ASIAN GROWTH FUND

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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 and/or in investments where the issuer stands ready to unwind. Investments in unquoted shares (excluding IPO shares which have been approved for listing) are allowed within the 5% deviation limit.

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.

	2018	2017
	Less than	Less than
	3 months	3 months
	\$	\$
Purchases awaiting settlement	-	8,250,266
Payables	34,434,973	31,339,095
Financial derivatives	853	7,826

All financial derivatives are disclosed above based on fair value as at the reporting date. Spot foreign exchange contracts are settled based on contractual notional amounts on settlement 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 2018

9. Financial risk management (continued)

(c) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, including transactions with counterparties such as issuers, brokers, custodians and banks.

Impairment allowances are made for losses that have been incurred by the reporting date, if any. 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.

All transactions in quoted securities are settled/paid upon delivery using approved brokers. The risk of default is deemed to be low, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund's exposure to credit risk arises mainly 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 2018	Credit rating	Source of credit rating
<u>Bank & Custodian</u>		
The Hongkong and Shanghai Banking Corp Ltd	a1	Moody's
<u>Counterparty</u>		
Citibank NA	baa2	Moody's
Deutsche Bank AG	ba1	Moody's
Thai NVDR Co Ltd	Not Rated	
The Hongkong and Shanghai Banking Corp Ltd	a1	Moody's

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2018***9. Financial risk management (continued)****(c) Credit risk (continued)**

As at 31 December 2017	Credit rating	Source of credit rating
<u>Bank & Custodian</u>		
The Hongkong and Shanghai Banking Corp Ltd	a1	Moody's
<u>Counterparty</u>		
Citibank NA	baa2	Moody's
Deutsche Bank AG	ba1	Moody's
Thai NVDR Co Ltd	Not Rated	

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

As at reporting date, the Fund holds depository receipts or shares issued by credit-rated and non credit-rated counterparties, the values of which are referenced to underlying quoted securities. The market value of these depository receipts is disclosed in the Statement of Portfolio.

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 equities is the last traded market 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 GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2018***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 2018			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Financial assets at fair value through profit or loss				
Equities	1,329,655,574	6,276,933	-	1,335,932,507
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial derivatives	-	853	-	853
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Financial assets at fair value through profit or loss				
Equities	1,174,950,691	-	-	1,174,950,691
Financial derivatives	-	504	-	504
	1,174,950,691	504	-	1,174,951,195
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial derivatives	-	7,826	-	7,826

Investments in listed equities 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 equities pending listing and over-the-counter derivatives.

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.

SCHRODER ASIAN GROWTH FUND

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

9. Financial risk management (continued)**(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.

<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		Net amount \$
				Financial instruments \$	Cash collateral \$	
Contracts: Spot foreign exchange	853	-	853	-	-	853

<u>2017</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		Net amount \$
				Financial instruments \$	Cash collateral \$	
Contracts: Spot foreign exchange	504	-	504	-	-	504

<u>2017</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		Net amount \$
				Financial instruments \$	Cash collateral \$	
Contracts: Spot foreign exchange	7,826	-	7,826	-	-	7,826

(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 GROWTH FUND

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For the financial year ended 31 December 2018

10. Related party disclosure

The Manager of the Fund is Schroder Investment Management (Singapore) Ltd. The Registrar for the Fund is Schroder Investment Management (Europe) SA (formerly known as Schroder Investment Management (Luxembourg) SA), a related party of the Manager. The Trustee is HSBC Institutional Trust Services (Singapore) Limited, a subsidiary 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:

	2018 \$	2017 \$
Current accounts	26,880,282	18,623,890

11. Financial ratios

	2018	2017
Expense ratio ¹	1.35%	1.35%
Turnover ratio ²	12.92%	14.25%

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 value 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. 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 value is based on the daily balances.

Expense ratio calculations	2018 \$	2017 \$
Total operating expenses	18,874,814	11,904,935
Average net asset value	1,399,919,210	881,785,695

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.

Turnover ratio calculations	2018 \$		2017 \$	
Lower of purchases or sales	180,842,209	(sales)	125,683,239	(sales)
Average net asset value	1,399,919,210		881,785,695	

REPORT TO UNITHOLDERS

31 December 2018

The following is a report on the Schroder Asian Growth Fund (the "Fund"):

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

	Fair value \$	Percentage of total net assets attributable to unitholders %
Taiwan Semiconductor Manufacturing Co Ltd	91,329,074	6.82
Samsung Electronics Co Ltd	86,923,313	6.49
Tencent Hldg Ltd	78,185,626	5.83
Alibaba Group Hldg Ltd ADR	64,818,676	4.83
AIA Group Ltd	56,488,243	4.22
HDFC Bank Ltd	49,503,307	3.70
Techtronic Ind Co Ltd	34,102,966	2.55
China Pacific Insurance Group Co Ltd H Shares	32,343,049	2.41
ICICI Bank Ltd	31,326,610	2.34
Oversea-Chinese Banking Corp Ltd	30,988,421	2.31

Top 10 holdings of the Fund as at 31 December 2017:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Samsung Electronics Co Ltd	88,660,096	7.59
Tencent Hldg Ltd	76,230,134	6.52
Alibaba Group Hldg Ltd ADR	70,055,604	6.00
Taiwan Semiconductor Manufacturing Co Ltd	69,200,526	5.92
AIA Group Ltd	48,452,248	4.15
HDFC Bank Ltd	43,425,845	3.72
China Lodging Group Ltd ADS	34,427,537	2.95
China Pacific Insurance Group Co Ltd H Shares	33,858,107	2.90
Techtronic Ind Co Ltd	32,893,747	2.82
New Oriental Education & Technology Group Inc ADR	30,951,655	2.65

The Fund was not invested in other unit trusts, mutual funds or collective investment schemes as at 31 December 2018. For the full composition of investments of the Fund as at 31 December 2018, refer to the Statement of Portfolio on pages 12 to 16.

REPORT TO UNITHOLDERS

31 December 2018

2. The Fund has the following exposure to financial derivatives as at 31 December 2018:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Contracts:		
Spot foreign exchange	(853)	(*)

* Less than 0.01

The net loss on financial derivatives realised in the period 1 January 2018 to 31 December 2018 amounted to S\$1,071,549.

The net loss on outstanding financial derivatives marked to market as at 31 December 2018 amounted to S\$853.

3. The Fund did not have any borrowings as at 31 December 2018.
4. The amount of subscriptions and redemptions in the period 1 January 2018 to 31 December 2018 were as follows:

	\$
Subscriptions	744,153,242
Redemptions	285,158,484

5. Expense Ratio

1 January 2018 to 31 December 2018	1.35%
1 January 2017 to 31 December 2017	1.35%

6. Turnover of Portfolio

1 January 2018 to 31 December 2018	12.92%
1 January 2017 to 31 December 2017	14.25%

REPORT TO UNITHOLDERS

31 December 2018

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 2018

	3 mths	6 mths	1 yr	3 yrs*	5 yrs*	10 yrs*	Since Launch**
S\$ Class	-9.8%	-13.8%	-14.6%	9.9%	8.0%	13.6%	8.6%
Benchmark**	-8.9%	-10.1%	-12.7%	7.3%	5.3%	9.6%	5.9%
US\$ Class	-9.6%	-13.8%	-16.3%	11.3%	6.3%	14.2%	10.4%
Benchmark**	-8.7%	-10.1%	-14.4%	8.8%	3.7%	10.2%	8.6%

* Returns of more than 1 year are annualised

Since launch figures from 8 May 1991 (S\$ Class) and 30 April 2004 (US\$ Class)

** Benchmark: The benchmark of the Fund has been changed from the MSCI AC Far East ex Japan Index (Gross Dividend Reinvested) to the MSCI AC Far East ex Japan Index (Net Dividend Reinvested) with effect from 1 March 2013. On 1 March 2016, the MSCI AC Asia ex Japan Index (Net Dividend Reinvested) replaced the MSCI AC Far East ex Japan Index (Net Dividend Reinvested).

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

