

Schroders

SCHRODER ASIAN GROWTH FUND

Semi-Annual Report & Financial Statements

June 2020



SCHRODER ASIAN GROWTH FUND

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

Manager

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Company Registration No. 199201080H

Trustee

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Company Registration No. 194900022R

Auditor

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Solicitor to the Trustee

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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

Asian equity markets performed strongly in Q2, continuing their snap back from the lows in March. The rally reflected growing optimism about a return to more normal economic activity as lockdowns continued to ease across many developed economies and much of North Asia. The real fuel for this dramatic rebound in markets has been the unprecedented levels of fiscal and monetary stimulus provided by authorities around the world, which has, in turn, dramatically reduced bankruptcy risks. This reduced solvency risk has allowed investors to look through the current slump in earnings towards a more normal operating environment into 2021, in order to justify current valuations.

Given the lack of visibility on the timing of an end to global lockdowns and travel restrictions, and the shape of the subsequent recovery in activity, it is no surprise that companies are providing little concrete guidance on their outlooks for 2020. In our interaction with managements, it has been more important to understand what measures they have been taking to deal with the crisis and how well-placed they are to ride out the downturn – operationally and financially. For many companies, this year's earnings are likely to be something of a write-off, so it is less important to focus on the outlook over the next few months. Markets will be willing to look through this crisis as long as there is scope for a healthy recovery next year to a more 'normalised' level of profitability. Our attention is, therefore, more focused on establishing the medium-term prospects for the businesses in which we are invested.

In terms of strategy, we believe that the impact of the virus and economic lockdowns has been to further accelerate many of the pre-existing macroeconomic trends, rather than turn the investment world on its head. For instance, the online businesses that were already gaining share before the crisis, have received a further boost during the lockdowns, while the weaker offline retailers have been pushed even closer to the brink. Given these trends, our focus remains very firmly on identifying the stronger businesses that are best placed to survive, indeed thrive, in this hostile macroeconomic environment. This is our preference, rather than necessarily looking for depressed headline valuation multiples, as these are often aligned with the weaker franchises in the market.

June 2020

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 period ended 30 June 2020 (Unaudited)*

	30 Jun 2020 \$	30 Jun 2019 \$
Income		
Dividends:		
Singapore	857,638	661,222
Foreign	15,992,325	21,316,319
Interest on deposits with banks	5,998	54,487
Sundry income	11,720	-
	16,867,681	22,032,028
Less : Expenses		
Management fees	8,163,449	8,473,469
Less : Management fee rebates	-	(32)
Trustee fees	225,317	233,563
Valuation fees	177,058	183,337
Custodian fees	198,868	204,710
Registration fees	718,930	746,211
Audit fees	8,451	8,179
Transaction costs	624,161	655,688
Others	151,521	231,751
	10,267,755	10,736,876
Net income	6,599,926	11,295,152
Net gains or losses on value of investments and financial derivatives		
Net (losses)/gains on investments	(46,136,623)	170,484,496
Net losses on spot foreign exchange contracts	(304,398)	(98,592)
Net foreign exchange losses	(7,123)	(360,582)
	(46,448,144)	170,025,322
Total (deficit)/return for the period before income tax	(39,848,218)	181,320,474
Income tax credit/(expense)	1,072,233	(3,439,619)
Total (deficit)/return for the period	(38,775,985)	177,880,855

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***STATEMENT OF FINANCIAL POSITION***As at 30 June 2020 (Unaudited)*

	30 Jun 2020 \$	31 Dec 2019 \$
ASSETS		
Portfolio of investments	1,496,936,528	1,628,690,475
Bank balances	17,858,475	13,242,559
Receivables	6,505,115	6,358,600
Financial derivatives	13,730	-
Total assets	1,521,313,848	1,648,291,634
LIABILITIES		
Purchases awaiting settlement	7,390,385	-
Payables	21,497,407	51,834,684
Financial derivatives	5,538	-
Total liabilities	28,893,330	51,834,684
EQUITY		
Net assets attributable to unitholders	1,492,420,518	1,596,456,950

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 period ended 30 June 2020 (Unaudited)*

	30 Jun 2020 \$	31 Dec 2019 \$
Net assets attributable to unitholders at the beginning of the financial period/year	1,596,456,950	1,339,491,168
Operations		
Change in net assets attributable to unitholders resulting from operations	(38,775,985)	278,914,174
Unitholders' contributions/(withdrawals)		
Creation of units	254,816,270	403,066,858
Cancellation of units	(303,288,243)	(361,019,671)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(48,471,973)	42,047,187
Distributions	(16,788,474)	(63,995,579)
Total (decrease)/increase in net assets attributable to unitholders	(104,036,432)	256,965,782
Net assets attributable to unitholders at the end of the financial period/year	1,492,420,518	1,596,456,950

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***STATEMENT OF PORTFOLIO***As at 30 June 2020 (Unaudited)***Primary**

	Holdings at 30 Jun 2020	Fair value at 30 Jun 2020 \$	Percentage of total net assets attributable to unitholders at 30 Jun 2020 %
By geography			
Quoted			
Equities			
CHINA			
Alibaba Group Hldg Ltd	946,716	35,716,908	2.39
Alibaba Group Hldg Ltd ADR	333,751	100,429,776	6.73
Anhui Kouzi Distillery Co Ltd	2,285,457	22,961,456	1.54
Baozun Inc ADR	319,741	17,150,803	1.15
Budweiser Brewing Co APAC Ltd	3,305,600	13,417,132	0.90
China Mengniu Dairy Co Ltd	3,863,000	20,581,607	1.38
China Pacific Insurance Group Co Ltd H Shares	7,328,800	27,306,502	1.83
China Petroleum & Chemical Corp H Shares	20,574,000	11,961,458	0.80
China Resources Land Ltd	5,220,000	27,576,647	1.85
China Taiping Insurance Hldg Co Ltd	6,985,542	15,616,531	1.05
CNOOC Ltd	8,297,000	12,873,339	0.86
Hollysys Automation Technologies Ltd	604,674	11,219,221	0.75
Huazhu Group Ltd ADR	417,712	20,424,656	1.37
Hutchison China MediTech Ltd ADR	961,755	37,003,984	2.48
JD.com Inc	178,700	7,455,913	0.50
Leyard Optoelectronic Co Ltd	10,734,431	12,861,047	0.86
Midea Group Co Ltd A Shares	2,298,028	27,120,173	1.82
New Oriental Education & Technology Group Inc ADR	237,244	43,101,864	2.89
Tencent Hldg Ltd	1,517,600	136,198,538	9.12
Vipshop Hldg Ltd ADR	1,120,152	31,112,721	2.08
WuXi Biologics Cayman Inc	645,000	16,462,614	1.10
Zhejiang Sanhua Intelligent Controls Co Ltd A Shares	6,365,727	27,516,977	1.84
		676,069,867	45.29
HONG KONG			
AIA Group Ltd	4,496,600	58,517,452	3.91
Chow Sang Sang Hldg Intl Ltd	5,001,000	7,390,313	0.50
Galaxy Entertainment Group Ltd	3,293,000	31,266,340	2.10
Hong Kong Exchanges & Clearing Ltd	332,100	19,726,302	1.32
Jardine Strategic Hldg Ltd	553,800	16,649,071	1.12
Kerry Properties Ltd	5,872,500	21,140,530	1.42
Pacific Textiles Hldg Ltd	9,888,000	6,656,454	0.45
Swire Properties Ltd	5,188,450	18,379,157	1.23
Techtronic Ind Co Ltd	3,218,000	43,905,416	2.93
		223,631,035	14.98

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***STATEMENT OF PORTFOLIO***As at 30 June 2020 (Unaudited)***Primary (continued)**

	Holdings at 30 Jun 2020	Fair value at 30 Jun 2020 \$	Percentage of total net assets attributable to unitholders at 30 Jun 2020 %
By geography			
Quoted			
Equities			
INDIA			
Apollo Hospitals Enterprise Ltd	907,382	22,630,644	1.52
Arvind Fashions Ltd	610,431	1,889,177	0.13
Arvind Fashions Ltd Rights	415,898	480,273	0.03
Arvind Ltd	1,750,270	1,047,783	0.07
HDFC Bank Ltd	2,392,175	47,109,695	3.15
ICICI Bank Ltd	4,413,602	28,660,117	1.92
Infosys Ltd	1,677,265	22,807,162	1.53
The Phoenix Mills Ltd	1,610,424	17,405,249	1.17
Zee Entertainment Enterprises Ltd	2,650,936	8,380,511	0.56
		150,410,611	10.08
PHILIPPINES			
Ayala Land Inc	12,813,200	12,125,978	0.81
Bank of the Philippine Islands	7,482,160	15,083,494	1.02
RFM Corp	70,610,600	8,540,752	0.57
		35,750,224	2.40
SINGAPORE			
Oversea-Chinese Banking Corp Ltd	3,062,994	27,566,946	1.85
SOUTH KOREA			
LG Chem Ltd	59,349	33,762,198	2.26
Samsung Electronics Co Ltd	1,865,564	114,241,100	7.65
SK Biopharmaceuticals Co Ltd	17,128	973,377	0.07
SK Materials Co Ltd	120,462	27,942,056	1.87
		176,918,731	11.85
SRI LANKA			
John Keells Hldg PLC	13,164,018	12,080,262	0.81

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***STATEMENT OF PORTFOLIO***As at 30 June 2020 (Unaudited)***Primary (continued)**

	Holdings at 30 Jun 2020	Fair value at 30 Jun 2020 \$	Percentage of total net assets attributable to unitholders at 30 Jun 2020 %
By geography			
Quoted			
Equities			
TAIWAN			
MediaTek Inc	462,000	12,648,006	0.85
Merida Ind Co Ltd	2,521,850	23,967,174	1.61
Taiwan Semiconductor Manufacturing Co Ltd	7,548,309	111,710,893	7.48
		148,326,073	9.94
THAILAND			
Kasikornbank PCL NVDR	3,000,300	12,628,141	0.85
UNITED KINGDOM			
Standard Chartered PLC	2,677,800	19,809,924	1.33
UNITED STATES OF AMERICA			
Samsonite Intl SA	9,789,900	13,744,714	0.92
Portfolio of investments		1,496,936,528	100.30
Other net liabilities		(4,516,010)	(0.30)
Net assets attributable to unitholders		1,492,420,518	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 30 June 2020 (Unaudited)***Primary** (continued)

	Percentage of total net assets attributable to unitholders at 30 Jun 2020 %	Percentage of total net assets attributable to unitholders at 31 Dec 2019 %
By geography (summary)		
Quoted		
China	45.29	39.51
Hong Kong	14.98	17.54
India	10.08	12.43
Philippines	2.40	3.08
Singapore	1.85	2.27
South Korea	11.85	11.57
Sri Lanka	0.81	1.02
Taiwan	9.94	10.37
Thailand	0.85	1.27
United Kingdom	1.33	1.65
United States of America	0.92	1.31
Portfolio of investments	100.30	102.02
Other net liabilities	(0.30)	(2.02)
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 30 June 2020 (Unaudited)***Secondary**

	Fair value at 30 Jun 2020 \$	Percentage of total net assets attributable to unitholders at 30 Jun 2020 %	Percentage of total net assets attributable to unitholders at 31 Dec 2019 %
By industry			
Automobiles & Components	-	-	0.53
Bank	150,858,317	10.11	14.67
Chemicals/Petrochemicals	61,704,254	4.13	3.45
Computer/Software	22,807,162	1.53	1.45
Consumer Durables	74,905,748	5.02	4.84
Diversified Operations	28,729,333	1.93	2.85
Education Services	43,101,864	2.89	2.39
Finance	19,726,302	1.32	-
Food & Beverage	65,500,947	4.39	3.51
Health Care/Pharmaceuticals	77,070,619	5.16	4.27
Hotel & Leisure	51,690,996	3.46	3.95
Industrial Machinery	82,641,614	5.54	5.85
Insurance	101,440,485	6.80	8.49
Internet Services	296,951,938	19.90	14.03
Media	8,380,511	0.56	0.91
Oil & Gas	24,834,797	1.66	2.41
Real Estate	96,627,561	6.47	8.14
Retail	38,503,034	2.58	2.15
Semiconductor	124,358,899	8.33	8.49
Technology Hardware & Equipment	127,102,147	8.52	9.64
Portfolio of investments	1,496,936,528	100.30	102.02
Other net liabilities	(4,516,010)	(0.30)	(2.02)
Net assets attributable to unitholders	1,492,420,518	100.00	100.00

SCHRODER ASIAN GROWTH FUND*Constituted under a Trust Deed in the Republic of Singapore on 4 April 1991***UNITS IN ISSUE***For the financial period ended 30 June 2020 (Unaudited)*

S\$ Class	30 Jun 2020 Units	31 Dec 2019 Units
At the beginning of the financial period/year	399,209,254	384,170,765
Created	70,836,154	103,462,277
Cancelled	(72,847,718)	(88,423,788)
At the end of the financial period/year	397,197,690	399,209,254
	\$	\$
Net assets attributable to unitholders	1,375,019,440	1,436,405,443
Net assets attributable to unitholders per unit	3.46	3.60
 US\$ Class	 30 Jun 2020 Units	 31 Dec 2019 Units
At the beginning of the financial period/year	32,023,789	33,456,232
Created	3,722,213	9,655,433
Cancelled	(11,326,726)	(11,087,876)
At the end of the financial period/year	24,419,276	32,023,789
	US\$	US\$
Net assets attributable to unitholders	84,155,463	119,028,377
Net assets attributable to unitholders per unit	3.45	3.72

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

FINANCIAL RATIOS

For the financial period ended 30 June 2020 (Unaudited)

	30 Jun 2020	30 Jun 2019
Expense ratio ¹	1.33%	1.34%
Turnover ratio ²	6.92%	8.92%

- 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	30 Jun 2020	30 Jun 2019
	\$	\$
Total operating expenses	20,059,415	19,722,924
Average net asset value	1,508,685,316	1,468,554,789

- 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	30 Jun 2020	30 Jun 2019
	\$	\$
Lower of purchases or sales	101,339,985 (purchases)	135,403,187 (sales)
Average net asset value	1,463,685,513	1,518,724,386

REPORT TO UNITHOLDERS

30 June 2020

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

1. Top 10 holdings of the Fund as at 30 June 2020:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Tencent Hldg Ltd	136,198,538	9.12
Samsung Electronics Co Ltd	114,241,100	7.65
Taiwan Semiconductor Manufacturing Co Ltd	111,710,893	7.48
Alibaba Group Hldg Ltd ADR	100,429,776	6.73
AIA Group Ltd	58,517,452	3.91
HDFC Bank Ltd	47,109,695	3.15
Techtronic Ind Co Ltd	43,905,416	2.93
New Oriental Education & Technology Group Inc ADR	43,101,864	2.89
Hutchison China MediTech Ltd ADR	37,003,984	2.48
Alibaba Group Hldg Ltd	35,716,908	2.39

Top 10 holdings of the Fund as at 30 June 2019:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Samsung Electronics Co Ltd	99,886,459	6.37
Taiwan Semiconductor Manufacturing Co Ltd	95,085,282	6.06
Alibaba Group Hldg Ltd ADR	93,291,017	5.95
Tencent Hldg Ltd	92,924,788	5.93
AIA Group Ltd	72,834,338	4.64
HDFC Bank Ltd	60,515,769	3.86
Techtronic Ind Co Ltd	45,400,791	2.90
ICICI Bank Ltd	41,720,657	2.66
China Pacific Insurance Group Co Ltd H Shares	38,773,569	2.47
Oversea-Chinese Banking Corp Ltd	36,673,298	2.34

The Fund was not invested in other unit trusts, mutual funds or collective investment schemes as at 30 June 2020. For the full composition of investments of the Fund as at 30 June 2020, refer to the Statement of Portfolio on pages 6 to 10.

REPORT TO UNITHOLDERS
30 June 2020

2. The Fund has the following exposure to financial derivatives as at 30 June 2020:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Contracts:		
Spot foreign exchange	8,192	*

* Less than 0.01

The net loss on financial derivatives realised in the period 1 January 2020 to 30 June 2020 amounted to S\$312,590.

The net gain on outstanding financial derivatives marked to market as at 30 June 2020 amounted to S\$8,192.

3. The Fund did not have any borrowings as at 30 June 2020.

4. The amount of subscriptions and redemptions in the period 1 January 2020 to 30 June 2020 were as follows:

	\$
Subscriptions	254,816,270
Redemptions	303,288,243

5. Expense Ratio

1 July 2019 to 30 June 2020	1.33%
1 July 2018 to 30 June 2019	1.34%

6. Turnover of Portfolio

1 January 2020 to 30 June 2020	6.92%
1 January 2019 to 30 June 2019	8.92%

REPORT TO UNITHOLDERS

30 June 2020

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. Related Party Transactions

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:

	30 Jun 2020	31 Dec 2019
	\$	\$
Current accounts	<u>17,858,475</u>	<u>13,242,559</u>

REPORT TO UNITHOLDERS

30 June 2020

9. Performance of Fund for periods ended 30 June 2020

	3 mths	6 mths	1 yr	3 yrs*	5 yrs*	10 yrs*	Since Launch**
S\$ Class	16.2%	-2.6%	3.7%	5.0%	8.6%	9.2%	8.7%
Benchmark**	14.4%	-1.2%	4.9%	4.1%	5.1%	6.3%	6.1%
US\$ Class	18.6%	-6.2%	0.6%	4.6%	7.8%	9.2%	10.3%
Benchmark**	16.7%	-4.7%	1.7%	3.6%	4.4%	6.3%	8.5%

* 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.

