Schroder Oriental Income Fund Limited

Half Year Report
For the six months ended 29 February 2024

Schroders

Performance Summary

NAV per share total return*

7.5%

Six months ended 28 February 2023: 1.6%

Share price total return*

5.6%

Six months ended 28 February 2023: 3.0%

Some of the financial measures are classified as APMs, as defined by the European Securities and Markets Authority and are indicated with an asterisk (*). Definitions of these performance measures, and other terms used in this report, are given on pages 22 and 23 together with supporting calculations where appropriate.

Investment objective

The investment objective of the Company is to provide a total return for investors primarily through investments in equities and equity-related investments, of companies which are based in, or which derive a significant proportion of their revenues from, the Asia Pacific region and which offer attractive yields.

Why invest in the Company?

Asian companies are increasingly world-leading, and are returning cash to shareholders. Schroder Oriental Income Fund Limited (the "Company") aims to tap into the Asian income story and help investors diversify their dividends.

- **Offering a reliable, yet diversified, source of growing income**
  By focusing on quality companies with attractive dividend growth prospects, the Company's Investment Manager is confident in the portfolio's income generating potential. Having grown its dividend every year since launch, the Company is classed in the AIC's next generation of dividend heroes.
- **A disciplined focus on companies with excellent long-term growth prospects**
  The Company is well placed to capitalise on the growing prominence of Asian companies that are transforming their sectors, providing investors with the potential for an attractive level of capital growth as well as income.
- **Rely on decades of deep expertise**
  Schroders is an acknowledged expert in Asian equity investing. The Investment Manager draws upon the extensive resources of Schroders' Asia Pacific equities research team based in six offices across the region, as well as Schroders' London-based specialists. The strength of these resources gives the portfolio manager an advantage in under-researched and inefficient markets.

MORNINGSTAR ★★★★ | ELITE RATED by FundCalibre.com | Kepler INCOME & GROWTH RATING

NAV per share
267.12p
31 August 2023: 256.01p

Share price
250.00p
31 August 2023: 244.50p

Share price discount to NAV per share*
6.4%
31 August 2023: 4.5%

Gearing*
5.5%
31 August 2023: 4.4%

Ongoing charges ratio*
0.90%
31 August 2023: 0.88%

Interim Management Report

Financial

Other Information

Scan this QR code on your smartphone camera to sign-up to receive regular updates on Schroder Oriental Income Fund Limited

Interim Management Report

Interim Management Report

As we approach our 20th anniversary, it is worth reflecting that, since inception, a shareholder has received a total return of 489.0%, whereas a passive investment in the Reference Index would have generated 288.5%.

In the six month period to 29 February 2024, Asian equity markets largely ended up where they started. Our reference index, the MSCI AC Pacific ex Japan Index (the "Reference Index"), in Sterling terms, rose by a modest 1.9% over the period. Your Company performed much more strongly, the NAV total return producing a highly creditable 7.5% over the six months with the share price total return a little less at 5.6%.

The Company has enjoyed significant outperformance of the wider markets in recent years and this latest period builds upon that. In the three year period to 29 February 2024, the Company's NAV total return outperformed the Reference Index by 23.6%, testament to the fact that a skilful active management approach in Asia has the ability to deliver significant value to investors. Of course, an active management approach can never assure consistent outperformance, but the Company has exceeded the Reference Index notably over one, three, five and 10 years, as well as since inception in 2005. Similarly, that outperformance is reflected against our peers where clear blue water lies between us and our nearest competitor. As we approach our 20th anniversary, it is worth reflecting that, since inception, a shareholder has received a total return of 489.0%, whereas a passive investment in the Reference Index would have generated 288.5%.

Asia's performance over the six month period is in contrast to that seen across developed equity markets in North America and Europe. The relative lack of growth can be laid at the door of China: China on its own is not Asia as a whole, but it has been casting a shadow over the region in the last year or so. As outlined in the Investment Manager's Review, sentiment towards Chinese equities is now very poor indeed, in contrast to the post-lockdown frenzy. Now, valuations are not at all demanding and are near multi-year lows. It is hard to predict when things may improve but when they do, any recovery could be swift. This would be likely to buoy the region as a whole. Our Investment Manager, having avoided significant China exposure for some years, is alert to this but they continue to believe that opportunities in other regional markets remain more compelling for the medium term, despite detailed re-analysis of individual Chinese shares. Fundamentally, we are stock pickers and do not seek to predict macro-economic trends or geopolitics. Opportunities in quality stocks with strong balance sheets, attractive dividends and good governance are easier to find elsewhere in the region. We are likely to remain underweight to China, albeit with a counterbalancing overweight to Hong Kong, which has also been under a pall.

Whatever the vagaries in the short term, our medium to long term returns will be driven by the quality of earnings from our portfolio of companies. It is in identifying these quality companies that our Investment Manager excels. Earnings from those companies is the power that drives our total return and our dividend to you, our shareholders. In the last couple of years, earnings growth has been muted in the Asian region but the cycle should turn soon as global interest rates begin to fall and the US dollar weakens, as is widely predicted. That should then be reflected in our dividend receipts because payout ratios in the region remain low, giving plenty of scope for dividend growth. The Company has an 18 year track record of progressive and significant dividend growth and, absent a catastrophe, we do not see any reason why this growth should not continue in the future. As we have grown our dividend over all those years, so too we have grown our revenue reserve. This reserve of undistributed income is important because it enables us, in a lean year, to maintain our own dividend growth. We are happy to use this "rainy day fund" for short periods, if needed, in order to give you the confidence to rely upon our dividend payments.

Despite the excellent performance and strong dividend growth, our shares continue to trade at a modest discount to NAV. This discount is all the more frustrating because it cannot reflect any discount for illiquidity which has plagued some investment trusts. Our underlying portfolio is highly liquid and there is good daily liquidity in our own shares. Rather, it seems that the position reflects poor sentiment towards the Asian region by global investors and poor sentiment towards investment trusts. Both of those factors should pass in due course and we should not be too despondent as our discount is modest in comparison to most. In the meantime, we have been doing two things. We have redoubled our efforts to spread the message of the Company's attractions and, indeed, the Company has been recommended as an attractive investment in many national newspapers as well as specialist websites. This lays the foundations to broaden the investor base over time. Secondly, we have been happy to repurchase shares at a discount. Over the six month period, we repurchased 5,670,000 shares at an average discount of 6.0%. Please be assured that we will continue to do so when we believe that it is in the best interests of shareholders.

Finally, as noted in my last report to you, during the period, Kate Cornish-Bowden resigned as a director due to other commitments. We have commenced the recruitment process to appoint a new director and anticipate being able to make an announcement in early summer. My own tenure as a director is also drawing to a close as a part of long-term planning. I will not be standing for re-election at the Annual General Meeting in December this year, having completed nearly nine years as a director. Whilst we did not expect to lose Kate as a director when we did, good succession planning in the past has meant that, even with her departure and mine before year end, we will have a strong mix of continuity, corporate memory and new perspectives. My report to you in the autumn will be my last and I look forward to writing to you then.

Paul Meader
Chairman

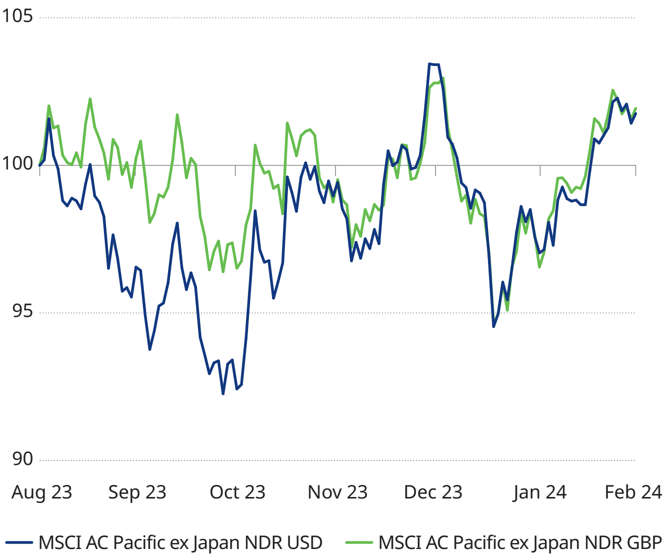
22 May 2024

Richard Sennitt

> *...although uncertainties remain around China's outlook, the region's inexpensive aggregate valuations... and a potentially recovering goods export cycle does set up a more constructive backdrop for Asian markets in 2024...*

The NAV per share of the Company recorded a positive total return of 7.5% over the six months to end February 2024. During the period under review, two interim dividends have been declared totalling 7.8 pence per share (2023: 7.6 pence per share).

Performance of the MSCI AC Pacific ex Japan Index – six months to 29 February 2024



Source: Thompson Datastream as at 29 February 2024 with net dividends reinvested ("NDR").

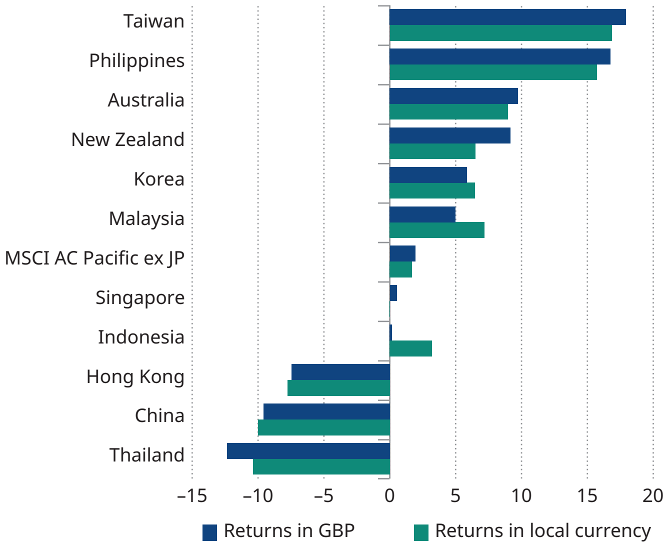
Asian markets were volatile over the six months to end February 2024 finishing up 1.9% in Sterling terms. Although positive, this performance lagged global equity markets, which were up strongly over the period, driven by continuing disinflationary trends across major global economies, and the resultant increased confidence that developed market central banks would be moving into an interest rate-cutting cycle in 2024.

Mirroring global performance, the strongest sector in Asia over the period, by far, was IT, where stocks benefitted from the improving cycle, as well as the longer-term benefits to demand of the impact of Artificial Intelligence ("AI"). The excess inventory, which surged after economies opened-up post-Covid, has been a major overhang on IT stocks (and other goods exporters) throughout much of the last two years, as companies have had to slash prices and production to reduce inventory levels. The prospect of potentially improving end-demand as interest rates come down, alongside the hope that destocking is finally coming to an end, proved a potent catalyst for IT stocks with anything remotely AI related seeing additional gains. This helped Taiwan and Korea, the two Asian markets most exposed to the sector, outperform the Reference Index.

Australia was the only other major country which outperformed the Reference Index over the period. It benefitted from the same disinflationary trends seen in other major markets, with inflation appearing to be peaking, leading to hopes that rates can start to be cut following 13 successive hikes. Banks performed strongly against this backdrop.

The major laggard in the region was China. It has been a challenging period for Chinese stocks, as the ongoing slow recovery from Covid, lack of significant fiscal stimulus, rock-bottom consumer confidence, and international investor concerns around geopolitical and domestic regulatory risks all combined to see the market sell off once again. An announcement in December 2023 of tighter restrictions on videogames led to big falls in several index heavyweights in that sector. Although the government appeared to backtrack quite quickly following the negative market reaction, it was another reminder of the unpredictable policy environment of the last few years in China. On a more positive note, there was some relief around geopolitical tensions, with the meeting of Presidents Xi and Biden at the November 2023 APEC summit in California. Despite the handshakes, however, there is little sign of any easing of US policies towards China and, with a presidential election looming in the US later in the year, little reason to expect much on this front in the short-term.

Country returns of the MSCI AC Pacific Index ex Japan – six months to 29 February 2024



Source: Schroders, Factset, net dividends reinvested in GBP and local currency.

Dividends continue to be largely driven by earnings, so for stocks in more cyclical areas such as Australian resources, or other economically-sensitive industries, where there has been some downward pressure in 2023 we have seen some cuts, but in areas such as financials, including the banks, interest rate rises have helped margins and earnings which has fed through into dividend increases in many cases. In year-on-year terms, Sterling has also generally been firmer against most currencies which has been a headwind.

Positioning and performance

The Company made a positive return over the period, with, as noted above, a NAV total return of 7.5% which was considerably better than the Reference Index return of 1.9%. Our significant underweight allocation to, and strong stock selection in, China was a major positive contributor to relative performance. Strong selection came from stocks such as **Midea Group**, a manufacturer of branded white goods including air conditioners, and an absence of internet platform companies that pay little or no dividend. Although our overweight to Hong Kong was a headwind, our stock selection there more than offset that, with telecom operator **HKT Trust and HKT** the standout performer. Positive stock selection in both Taiwan and Korea was also noteworthy, with IT companies including fabless design house **MediaTek**, foundry **Taiwan Semiconductor Manufacturing Company ("TSMC")** and memory manufacturer **Samsung Electronics** all performing strongly. In Korea, increasing focus on companies that could benefit from an improvement in shareholder focus also did well, including non-life insurance company **Samsung Fire and Marine**. The smaller markets of Indonesia and the Philippines also made positive stock contributions through holdings such as **Bank Mandiri** and port operator **International Container Terminal Services**. Stock selection in Australia lagged, as our positive return in financials was offset by our positions in resources and telecom operator **Telstra**. From a sectoral perspective, stock selection in, and overweight to, IT, our underweight to consumer discretionary and stock selection in communication services all added value, as did our overweight to financials. The overweight to real estate was a drag.

The geographic exposure in the Company's portfolio continues to be mainly spread between Taiwan, Australia, Korea, Singapore, and China. Over the period we added to positions in Australia and Korea as well as smaller markets such as Indonesia. China remains a substantial underweight but is, in part, offset by the overweight to the Hong Kong market which, in general, looks more attractive from a valuation perspective, albeit we have reduced exposure to some of the real estate names, such as **Fortune REIT**, which had performed relatively well. Elsewhere, we continue to like Singapore, with positions in the banks and **Singapore Telecom**, as well as overweights to some of the smaller markets such as Indonesia and the Philippines.

From a sectoral perspective our main additions were into some of the traditionally more defensive areas that had underperformed, such as consumer staples and health care, where we added to positions in Australia, such as supermarket operator **Coles**, and diagnostics company **Sonic Healthcare**. These were, in part, financed by reductions to banks, including the Australian names and **Sumitomo Mitsui Financial Group** in Japan, that had done well. We also reduced the overweight to real estate, trimming a number of names across the region. Financials and IT remain the Company's two largest exposures, with the IT exposure predominantly coming through positions in Taiwan and Korea, where both the cycle and long term outlook remains favourable.

Investment outlook and policy

Most of 2023 and the start of this year have been disappointing for Asian markets relative to global equities, with the region lagging developed markets. Much of this performance gap was driven by a divergence in valuation multiples through the year, with China and Hong Kong in particular experiencing significant de-rating for reasons outlined above.

Geopolitics has been another concern overhanging the region, with tensions around US-China relations, Taiwan, Ukraine and most recently the Middle East all contributing to investor caution. Positively, despite having the potential to escalate cross-strait tensions, the recent Taiwanese election passed off uneventfully with a result which was broadly in line with expectations. However, later in the year, we have the US elections and there remains the potential for heightened market volatility as these approach, where rhetoric on China is likely to heat up once again after a more restrained period recently. This can already be seen by a number of bills and policies that are aimed at restricting Chinese growth and influence.

Nevertheless, there are some reasons to be a little more optimistic on the outlook for the Chinese market in 2024. Most obviously, consensus expectations are now very low, compared to the post-reopening euphoria seen in the market at the start of 2023, and this is reflected in lower valuations than a year ago. There is clearly therefore scope for better market performance, should growth surprise on the upside. Although sentiment around the property market remains very poor, activity in that industry is already subdued, and consumer confidence is again at extremely depressed levels. That is not to say that there can't be further deterioration, of course, but a large degree of pessimism has already been priced in at this point. Given our underweight to China, we continue to look for higher-quality stocks that have sold off to levels which look attractive on a long-term view. However, the reality is that it has been hard for us to find new names that are attractive from an income perspective as many concerns remain when it comes to investing in the Chinese market – poor capital allocation, structurally lower nominal growth, unpredictable regulatory and policy shifts, high debt levels – and we remain significantly underweight the market.

We retain our preference for Hong Kong, where valuations are generally lower and shareholder returns are more of a focus for management teams. Although visitor numbers to Hong Kong have picked up significantly since the borders re-opened, the US dollar linked exchange rate system has meant that interest rates have followed the path of US rates which has depressed activity. If US rates do start to ease, the corollary for Hong Kong is expected to be that monetary conditions are likely to also improve which should be positive for the market.

Australia continues to be a market that has historically offered great long-term returns, in large part due to the reinvestment of dividends, but valuations are not obviously cheap versus the rest of the region, given its strong outperformance. Our principal exposure continues to be through the materials and financial sectors, but a de-rating of the health care sector and underperformance of consumer staples has seen us add to exposure there. More recently, the prospects of a soft landing have also seen banks perform strongly, which has led us to reduce our exposure to them. In the South-East Asian region, we are most exposed to Singapore, which is benefitting from its increasing status as a regional wealth management hub, as well as the growth of its ASEAN neighbours.

As noted above, the last 18 months or so have been tough for many Asian exporters, with excess inventories piling up in a variety of sectors whether in bicycles, textiles, power tools or semiconductors, to name a few. Of course, the demand outlook for Asian exports in 2024 remains uncertain, but the supply-side response of manufacturers, which is more under their control (i.e. cutting capital expenditure and production), has led to encouraging progress on destocking across many areas. Should expectations of a US "soft landing" come to pass, that would likely be positive for Asian goods exports, which historically has been supportive of Asian markets.

We remain overweight in IT, the best performing sector in 2023, as valuations moved higher on the back of normalising inventories, as well as the impact of AI on industry growth rates. Despite this, we view our holdings as still trading at relatively attractive valuations given the long-term growth outlook for the sector.

We also remain overweight to financials – a diverse sector spanning not only banks, but also insurers and exchange companies. The banks we own are generally well-capitalised, with strong deposit franchises. Many of our holdings are in more mature markets, such as Singapore, which in general trade at attractive valuations and decent dividend yields, but also have exposure to their faster growing hinterland. Direct exposure to faster growing markets, where credit penetration is relatively low, includes Indonesia. We also continue to be overweight Real Estate, albeit we have reduced the size of that overweight.

As mentioned, we have narrowed some of the underweights in those areas of the market typically perceived as more defensive, including consumer staples, health care and utilities. Given underperformance, relative valuations here are starting to look more interesting.

Korea has recently benefitted from an expectation that we might see an improvement in shareholder returns, similar to that which has been seen in Japan over the last few years. Korea has always looked cheap versus the region, and this in part has been due to perceived poor corporate governance and low shareholder returns. The government's 'Corporate Value-up' programme is meant to improve that, and companies that could benefit from that have performed better. We do have exposure to several companies that have already started to demonstrate improvement in shareholder returns, but have increased exposure to this theme through a holding in automaker **Kia**.

Turning to the wider region, the dividend yield looks relatively attractive at the moment versus a global benchmark. In the medium to long term, dividends tend to follow earnings and earnings have recovered materially from the Covid lows. However, earnings growth during 2023 has faced some ongoing pressures, as has been seen in earnings revisions trends, particularly in some of the more cyclical areas (areas where earnings follow the cycles of the economy) such as amongst the energy and resource names. This year, if consensus earnings are anything to go by, earnings growth should recover which should be a positive, albeit we would caution that there is risk to these earnings numbers. Still, we believe overall payout ratios in Asia do not look extended in an absolute sense and corporates in Asia remain relatively lowly geared (a relatively low rate of debt) which should be supportive of dividends. The arguably more significant impact on dividends received comes from the performance of Sterling, which was quite strong over the past 12 months, thus impacting the progression of dividend growth.

Overall, aggregate valuations for the region are now trading at around long-term averages. However, this masks a large variation across individual markets where Singapore, China and Hong Kong, amongst others, look relatively cheap versus history. Historically, easing global interest rates and a weaker US dollar have been positive for Asia given the knock-on impact to domestic monetary conditions. Therefore, if rates do start to fall later this year, and it should be said that recent expectations have seen the timings for cuts shift further out, it could be a potential catalyst for the markets given where starting valuations are.

So in conclusion, although uncertainties remain around China's outlook, the region's inexpensive aggregate valuations, alongside potentially easing global interest rates, a weaker US dollar and a recovering goods export cycle does set up a more constructive backdrop for Asian markets in 2024, barring a global hard landing, or a more extreme geopolitical risk event.

Sectoral breakdown of portfolio (gearing* at 5.5%)

	Portfolio Weight (%)
Information Technology	30.2
Banks	23.7
Communication Services	9.8
Other Financials	9.5
Real Estate	9.4
Materials	6.9
Consumer Discretionary	5.6
Consumer Staples	4.6
Industrials	2.8
Energy	1.9
Health Care	1.1
Utilities	–

Source: Schroders as at 29 February 2024.

Regional breakdown of portfolio (gearing* at 5.5%)

	Portfolio Weight (%)
Australia	21.8
Taiwan	21.5
Korea	15.9
Singapore	14.5
China	10.9
Hong Kong	10.1
Indonesia	4.5
Thailand	1.8
Philippines	1.7
Japan	1.6
Vietnam	1.2
Malaysia	–
New Zealand	–

Source: Schroders as at 29 February 2024.
*Borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

Past Performance is not a guide to future performance. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Any reference to regions/countries/sectors/stocks/securities is for illustrative purposes only and not a recommendation to buy or sell any financial instruments or adopt a specific investment strategy.

Schroder Investment Management Limited

22 May 2024

Investment Portfolio
at 29 February 2024

Investments are classified by the Investment Manager in the region or country of their main business operations or listing. Stocks in bold are the 20 largest investments, which by value account for 57.9% (28 February 2023: 56.7% and 31 August 2023: 57.9%) of total investments.

	£'000	%
Australia		
BHP Billiton[1]	**18,796**	**2.7**
Telstra	**17,825**	**2.6**
National Australia Bank	**16,808**	**2.4**
Rio Tinto[1]	**15,354**	**2.2**
ANZ Group	**10,600**	**1.5**
Coles Group	**10,597**	**1.5**
Westpac Banking	10,103	1.4
Suncorp	8,861	1.3
ASX	8,184	1.2
Sonic Healthcare	6,712	1.0
Orica	6,166	0.9
Deterra Royalties	4,947	0.7
Woolworths	4,055	0.6
Woodside Energy	3,340	0.4
Mirvac	3,006	0.4
Total Australia	**145,354**	**20.8**
Taiwan		
TSMC	**65,544**	**9.3**
MediaTek	**18,877**	**2.7**
ASE Technology	**14,015**	**2.0**
Delta Electronics	**11,033**	**1.6**
Hon Hai Precision Industries	10,172	1.5
United Microelectronics	9,014	1.3
Uni-President Enterprises	7,483	1.1
CTBC Financial	6,607	0.9
Total Taiwan	**142,745**	**20.4**
South Korea		
Samsung Electronics (including preference shares)	**63,912**	**9.1**
Samsung Fire and Marine Insurance (including preference shares)	**13,886**	**2.0**
SK Telecom	10,481	1.5
Kia Corporation	7,478	1.1
KB Financial	7,419	1.1
LG Chemical preference shares	1,151	0.2
Total South Korea	**104,327**	**15.0**

	£'000	%
Singapore		
Oversea-Chinese Banking	**21,217**	**3.0**
Singapore Telecommunications	**17,942**	**2.5**
DBS	**12,977**	**1.9**
CapitaLand Integrated Commercial Trust (REIT^)	9,030	1.3
Singapore Exchange	8,780	1.3
Venture	7,552	1.1
United Overseas Bank	6,691	1.0
Mapletree Industrial Trust (REIT^)	6,445	0.9
Mapletree Logistics Trust (REIT^)	5,110	0.7
Total Singapore	**95,744**	**13.7**
Mainland China		
Midea Group warrants[2] 08/07/2024 and A shares	**20,024**	**2.9**
China Petroleum & Chemical H shares[3]	9,500	1.4
Shenzou International[3]	8,240	1.2
China Pacific Insurance[3]	7,474	1.1
Sany Heavy Industry A shares	7,194	1.0
China Construction Bank[3]	7,069	1.0
China Resources Land[3]	5,524	0.8
Ping An Insurance H shares[3]	5,341	0.8
Total Mainland China	**70,366**	**10.2**
Hong Kong (SAR)		
BOC Hong Kong	**18,458**	**2.6**
HKT Trust and HKT	**10,484**	**1.5**
Link REIT^	9,669	1.4
Hong Kong Exchanges & Clearing	8,701	1.2
Swire Properties	5,748	0.8
Kerry Properties	4,585	0.7
Hang Lung Properties	3,839	0.5
Hang Lung Group	3,459	0.5
Swire Pacific B	3,144	0.5
Total Hong Kong (SAR)	**68,087**	**9.7**
Indonesia		
Bank Mandiri	**16,363**	**2.3**
Telekomunikasi Indonesia	8,372	1.2
Bank Negara Indonesia	5,820	0.8
Total Indonesia	**30,555**	**4.3**

	£'000	%
Thailand		
Kasikornbank NVDR*	6,728	1.0
Land and Houses NVDR*	5,172	0.7
Total Thailand	**11,900**	**1.7**
Philippines		
International Container Terminal Services	**11,125**	**1.6**
Total Philippines	**11,125**	**1.6**
Japan		
Sumitomo Mitsui Financial Group	10,186	1.5
Total Japan	**10,186**	**1.5**
Vietnam		
Vietnam Dairy Products	7,777	1.1
Total Vietnam	**7,777**	**1.1**
Total Investments[4]	**698,166**	**100.0**

[1] Listed in the UK
[2] Listed in Luxembourg
[3] Listed in Hong Kong
[4] Total investments comprises:

	£'000	%
Equities and NVDR	622,557	89.2
Preference shares	57,541	8.2
Warrants	18,068	2.6
Total Investments	**698,166**	**100.0**

* "NVDR" means non-voting depositary receipts
^ "REIT" means real estate investment trust

Investment Policy

The investment policy of the Company is to invest in a diversified portfolio of investments, primarily equities and equity-related investments, of companies which are based in, or derive a significant proportion of their revenues from, the Asia Pacific region. The portfolio is diversified across a number of industries and a number of countries in that region. The portfolio may include government, quasi-government, corporate and high yield bonds and preferred shares.

Equity-related investments which the Company may hold include investments in other collective investment undertakings (including real estate investment trusts and related stapled securities), warrants, depositary receipts, participation certificates, guaranteed performance bonds, convertible bonds, other debt securities, equity-linked notes and similar instruments (whether or not investment grade) which give the Company access to the performance of underlying equity securities, particularly where the Company may be restricted from directly investing in such underlying equity securities or where the Manager considers that there are benefits to the Company in holding such investments instead of directly holding the relevant underlying equity securities. Such investments may be listed or traded outside the Asia Pacific region. Such investments may subject the Company to credit risk against the issuing entity. The Company may also participate, subject to regulatory and tax implications, in debt-to-equity conversion programmes.

The Manager may consider writing calls over some of the Company's holdings, as a low risk way of enhancing the returns from the portfolio, although it has not written any to date. The Company may only invest in derivatives for the purposes of efficient portfolio management. The Board has set a limit such that covered calls cannot be written over portfolio holdings representing in excess of 15% of gross assets. Investors should note that the types of equity-related investments listed above are not exhaustive of all of the types of securities and financial instruments in which the Company may invest, and the Company will retain the flexibility to make any investments unless these are prohibited by the investment restrictions applicable to the Company.

Although the Company has the flexibility to invest in bonds and preferred shares as described above, the intention of the directors is that the assets of the Company which are invested (that is to say, which are not held in cash, money funds, debt securities, interest bearing gilts or treasuries) will predominantly comprise Asia Pacific equities and equity-related investments.

Principal risks and uncertainties

The principal risks and uncertainties of the Company's business fall into the following categories: geopolitical, market, currency/exchange rate, investment performance, climate change, service provider performance, and cyber.

A detailed explanation of the risks and uncertainties in each of these categories can be found on pages 24 to 26 of the Company's published annual report and accounts for the year ended 31 August 2023.

These principal risks and uncertainties have not materially changed during the six months ended 29 February 2024.

Going concern

Having assessed the principal risks and uncertainties, and the other matters discussed in connection with the viability statement as set out on pages 26 and 27 of the Company's published annual report and accounts for the year ended 31 August 2023, the directors consider it appropriate to adopt the going concern basis in preparing the accounts.

Related party transactions

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 29 February 2024.

Directors' responsibility statement

The directors confirm that, to the best of their knowledge, this set of condensed financial statements has been prepared in accordance with the Companies (Guernsey) Law, 2008, International Financial Reporting Standards and with the Statement of Recommended Practice, "Financial Statements of Investment Companies and Venture Capital Trusts" issued in July 2022 and that this Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Paul Meader
Chairman

For and on behalf of the Board

22 May 2024

Financial

Financial

Statement of Comprehensive Income
for the six months ended 29 February 2024 (unaudited)

	Note	(Unaudited) For the six months ended 29 February 2024 Revenue £'000	Capital £'000	Total £'000	(Unaudited) For the six months ended 28 February 2023 Revenue £'000	Capital £'000	Total £'000	(Audited) For the year ended 31 August 2023 Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss		–	41,051	41,051	–	1,460	1,460	–	(55,772)	(55,772)
Net foreign currency (losses)/gains		–	(118)	(118)	–	1,539	1,539	–	3,262	3,262
Income from investments		9,541	504	10,045	11,174	199	11,373	36,430	386	36,816
Other income		84	–	84	55	–	55	142	–	142
Total income/(loss)		**9,625**	**41,437**	**51,062**	**11,229**	**3,198**	**14,427**	**36,572**	**(52,124)**	**(15,552)**
Management fee		(925)	(1,387)	(2,312)	(995)	(1,492)	(2,487)	(1,935)	(2,903)	(4,838)
Administrative expenses		(584)	(1)	(585)	(556)	(2)	(558)	(1,130)	(3)	(1,133)
Profit/(loss) before finance costs and taxation		**8,116**	**40,049**	**48,165**	**9,678**	**1,704**	**11,382**	**33,507**	**(55,030)**	**(21,523)**
Finance costs		(547)	(820)	(1,367)	(378)	(567)	(945)	(854)	(1,280)	(2,134)
Profit/(loss) before taxation		**7,569**	**39,229**	**46,798**	**9,300**	**1,137**	**10,437**	**32,653**	**(56,310)**	**(23,657)**
Taxation	4	(445)	–	(445)	(691)	–	(691)	(2,254)	–	(2,254)
Net profit/(loss) and total comprehensive income/ (expenses)		**7,124**	**39,229**	**46,353**	**8,609**	**1,137**	**9,746**	**30,399**	**(56,310)**	**(25,911)**
Earnings/(loss) per share (pence)	5	**2.84**	**15.66**	**18.50**	**3.32**	**0.44**	**3.76**	**11.81**	**(21.88)**	**(10.07)**

The "Total" column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards. The "Revenue" and "Capital" columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. The Company has no other items of other comprehensive income, and therefore the net profit/(loss) for the period is also the total comprehensive income/(loss) for the period.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

Statement of Changes in Equity

For the six months ended 29 February 2024 (unaudited)

	Note	Share capital £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 August 2023		**234,347**	**(46,118)**	**39**	**150,374**	**272,701**	**36,865**	**648,208**
Repurchase of ordinary shares into treasury		–	(13,857)	–	–	–	–	(13,857)
Net profit and total comprehensive income		–	–	–	–	39,229	7,124	46,353
Dividends paid in the period	6	–	–	–	–	–	(19,525)	(19,525)
At 28 February 2024		**234,347**	**(59,975)**	**39**	**150,374**	**311,930**	**24,464**	**661,179**

For the six months ended 28 February 2023 (unaudited)

	Note	Share capital £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 August 2022		234,347	(25,991)	39	150,374	329,011	36,367	724,147
Repurchase of shares into treasury		–	(7,797)	–	–	–	–	(7,797)
Net profit and total comprehensive income		–	–	–	–	1,137	8,609	9,746
Dividends paid in the period	6	–	–	–	–	–	(19,692)	(19,692)
At 28 February 2023		**234,347**	**(33,788)**	**39**	**150,374**	**330,148**	**25,284**	**706,404**

For the year ended 31 August 2023 (audited)

	Note	Share capital £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 August 2022		234,347	(25,991)	39	150,374	329,011	36,367	724,147
Repurchase of ordinary shares into treasury		–	(20,127)	–	–	–	–	(20,127)
Net (loss) /profit and total comprehensive (expenses)/income		–	–	–	–	(56,310)	30,399	(25,911)
Dividends paid in the year	6	–	–	–	–	–	(29,901)	(29,901)
At 31 August 2023		**234,347**	**(46,118)**	**39**	**150,374**	**272,701**	**36,865**	**648,208**

Statement of Financial Position
as at 29 February 2024 (unaudited)

	Note	(Unaudited) 29 February 2024 £'000	(Unaudited) 28 February 2023 £'000	(Audited) 31 August 2023 £'000
Non-current assets				
Investments at fair value through profit or loss		698,166	740,122	676,323
Current assets				
Receivables		3,130	3,158	4,271
Cash and cash equivalents		3,044	7,087	11,000
		6,174	**10,245**	**15,271**
Total assets		**704,340**	**750,367**	**691,594**
Current liabilities				
Payables		(43,161)	(43,963)	(43,386)
Net assets		**661,179**	**706,404**	**648,208**
Equity attributable to shareholders				
Share capital	7	234,347	234,347	234,347
Treasury share reserve		(59,975)	(33,788)	(46,118)
Capital redemption reserve		39	39	39
Special reserve		150,374	150,374	150,374
Capital reserves		311,930	330,148	272,701
Revenue reserve		24,464	25,284	36,865
Total equity attributable to shareholders		**661,179**	**706,404**	**648,208**
Net asset value per share (pence)	8	**267.12**	**273.73**	**256.01**

Registered in Guernsey
Company registration number: 43298

Cash Flow Statement

for the six months ended 29 February 2024 (unaudited)

	(Unaudited) For the six months ended 29 February 2024 £'000	(Unaudited) For the six months ended 28 February 2023 £'000	(Audited) For the year ended 31 August 2023 £'000
Operating activities			
Profit/(loss) before finance costs and taxation	48,165	11,382	(21,523)
Add back net foreign currency losses/(gains)	118	(1,539)	(3,262)
(Gains)/losses on investments at fair value through profit or loss	(41,051)	(1,460)	55,772
Net sales of investments at fair value through profit or loss	17,038	11,659	20,161
Decrease in receivables	1,903	1,044	274
Increase in payables	1,149	1,194	10
Overseas taxation paid	(427)	(487)	(2,247)
Net cash inflow from operating activities	**26,895**	**21,793**	**49,185**
Financing activities			
Interest paid	(1,365)	(979)	(2,168)
Repurchase of ordinary shares into treasury	(13,911)	(8,059)	(20,022)
Dividends paid	(19,525)	(19,692)	(29,901)
Net cash outflow from financing activities	**(34,801)**	**(28,730)**	**(52,091)**
Decrease in cash and cash equivalents	**(7,906)**	**(6,937)**	**(2,906)**
Cash and cash equivalents at the start of the period	11,000	14,155	14,155
Effect of foreign exchange rate changes on cash and cash equivalents	(50)	(131)	(249)
Cash and cash equivalents at the end of the period	**3,044**	**7,087**	**11,000**

Dividends received during the period amounted to £11,800,000 (period ended 28 February 2023: £12,428,000 and year ended 31 August 2023: £37,004,000) and bond and deposit interest receipts amounted to £100,000 (period ended 28 February 2023: £45,000 and year ended 31 August 2023: £117,000).

1. Principal activity

The Company carries on business as a Guernsey closed-ended investment company.

2. Financial statements

The financial information for the six months ended 29 February 2024 and 28 February 2023 has not been audited or reviewed by the Company's auditor. These financial statements do not include all of the information required to be included in annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 August 2023.

3. Accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the accounting policies set out in the statutory accounts of the Company for the year ended 31 August 2023. Where presentational guidance set out in the Statement of Recommended Practice (the "SORP") for investment trusts issued by the Association of Investment Companies in July 2023 is consistent with the requirements of International Financial Reporting Standards, the financial statements have been prepared on a basis compliant with the recommendations of the SORP.

(b) Accounting estimates

In common with many other investment companies, the Board has chosen to adopt the 'allocation approach', as set out in the SORP, and has determined that basis of allocation of expenses to capital should reflect the long term split of returns in the form of capital gains and income. The Company allocates 60% of the management fee and finance costs to capital and the remaining 40% to revenue. The Board monitors the assumptions that underpin the basis of allocation.

4. Taxation

Taxation comprises irrecoverable overseas withholding tax deducted from dividends receivable. The Company became resident in the United Kingdom for taxation purposes on 1 September 2020 and has been granted approval as an investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010, from that date.

5. Earnings/(losses) per share

	(Unaudited) Six months ended 29 February 2024 £'000	(Unaudited) Six months ended 28 February 2023 £'000	(Audited) Year ended 31 August 2023 £'000
Net revenue profit	7,124	8,609	30,399
Net capital profit/(loss)	39,229	1,137	(56,310)
Net total profit	**46,353**	**9,746**	**(25,911)**
Weighted average number of shares in issue during the period	250,573,464	259,185,344	257,369,408
Revenue earnings per share (pence)	2.84	3.32	11.81
Capital earnings/(loss) per share (pence)	15.66	0.44	(21.88)
Total earnings/(loss) per share (pence)	**18.50**	**3.76**	**(10.07)**

6. Dividends paid

	(Unaudited) Six months ended 29 February 2024 £'000	(Unaudited) Six months ended 28 February 2023 £'000	(Audited) Year ended 31 August 2023 £'000
2023 fourth interim dividend of 5.80p (2022: 5.60p)	14,547	14,527	14,527
First interim dividend of 2.00p (2023: 2.00p)	4,978	5,165	5,165
Second interim dividend of 2.00p	–	–	5,124
Third interim dividend of 2.00p	–	–	5,085
Total dividends paid in the period	**19,525**	**19,692**	**29,901**

A second interim dividend of 2.00p (2023: 2.00p) per share, amounting to £4,899,000 (2023: £5,124,000) has been declared payable in respect of the year ending 31 August 2024.

7. Share capital

Changes in the number of shares in issue during the period were as follows:

	(Unaudited) Six months ended 29 February 2024	(Unaudited) Six months ended 28 February 2023	(Audited) Year ended 31 August 2023
Ordinary shares of 1p each, allotted, called-up and fully paid			
Opening balance of shares in issue, excluding shares held in treasury	253,193,024	261,203,024	261,203,024
Repurchase of shares into treasury	(5,670,000)	(3,135,000)	8,010,000
Closing balance of shares in issue, excluding shares held in treasury	**247,523,024**	**258,068,024**	**253,193,024**
Shares held in treasury	23,710,000	13,165,000	18,040,000
Closing balance of shares in issue	**271,233,024**	**271,233,024**	**271,233,024**

8. Net asset value per share

	(Unaudited) 29 February 2024	(Unaudited) 28 February 2023	(Audited) 31 August 2023
Net assets attributable to shareholders (£'000)	661,179	706,404	648,208
Shares in issue at the period end, excluding shares held in treasury	247,523,024	258,068,024	253,193,024
Net asset value per share (pence)	267.12	273.73	256.01

9. Financial instruments measured at fair value

The Company's portfolio of investments, comprising investments in companies and any derivatives, are carried in the balance sheet at fair value. Other financial instruments held by the Company comprise amounts due to or from brokers, dividends and interest receivable, accruals, cash and drawings on the credit facility. For these instruments, the balance sheet amount is a reasonable approximation of fair value. The recognition and measurement policies for financial instruments measured at fair value have not changed from those set out in the statutory accounts of the Company for the year ended 31 August 2023.

The investments in the Company's portfolio are categorised into a hierarchy comprising the following three levels:

Level 1 – valued using quoted prices in active markets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

At 29 February 2024, the Company's investment portfolio and derivative financial instruments were categorised as follows:

	(Unaudited) 29 February 2024 £'000	(Unaudited) 28 February 2023 £'000	(Audited) 31 August 2023 £'000
Level 1	680,098	721,538	658,116
Level 2	18,068	18,584	18,207
Level 3	–	–	–
Total	**698,166**	**740,122**	**676,323**

Level 2 investments comprise one holding in Midea Group warrants.

There have been no transfers between Levels 1, 2 or 3 during the period (period ended 28 February 2023 and year ended 31 August 2023: nil).

10. Events after the interim period that have not been reflected in the financial statements for the interim period

The directors have evaluated the period since the interim date and have not noted any significant events which have not been reflected in the financial statements.

Other Information

Other Information

The terms and performance measures below are those commonly used by investment companies to assess values, investment performance and operating costs. Numerical calculations are given where relevant. Some of the financial measures below are classified APMs as defined by the European Securities and Markets Authority. Under this definition, APMs include a financial measure of historical financial performance or financial position, other than a financial measure defined or specified in the applicable financial reporting framework. APMs have been marked with an asterisk.

Net asset value ("NAV") per share

The NAV per share of 267.12p (31 August 2023: 256.01p) represents the net assets attributable to equity shareholders of £661,179,000 (31 August 2023: £648,208,000) divided by the number of shares in issue, excluding shares held in treasury of 247,523,024 (31 August 2023: 253,193,024).

The change in the NAV amounted to +4.3% (year ended 31 August 2023: –7.7%) over the period. However this performance measure excludes the positive impact of dividends paid out by the Company during the period. When these dividends are factored into the calculation, the resulting performance measure is termed the "total return". Total return calculations and definitions are given below.

Total return*

The combined effect of any dividends paid, together with the rise or fall in the share price or NAV per share. Total return statistics enable the investor to make performance comparisons between investment companies with different dividend policies. Any dividends received by a shareholder are assumed to have been reinvested in either the assets of the Company at its NAV per share at the time the shares were quoted ex-dividend (to calculate the NAV per share total return) or in additional shares of the Company (to calculate the share price total return).

The NAV total return for the period ended 29 February 2024 is calculated as follows:

Opening NAV at 31/8/23	256.01p
Closing NAV at 29/2/24	267.12p

Dividend received	XD date	NAV on XD date	Factor	Cumulative factor
5.80p	16/11/23	257.58p	1.0225	1.0225
2.00p	1/2/24	256.89p	1.0078	1.0305

NAV total return, being the closing NAV, multiplied by the cumulative factor, expressed as a percentage increase in the opening NAV:	+7.5%

The NAV total return for the six months ended 28 February 2023 is calculated as follows:

Opening NAV at 31/8/22	277.24p
Closing NAV at 28/2/23	273.73p

Dividend received	XD date	NAV on XD date	Factor	Cumulative factor
5.60p	10/11/22	250.92p	1.0223	1.0223
2.00p	26/1/23	286.60p	1.0070	1.0295

NAV total return, being the closing NAV, multiplied by the cumulative factor, expressed as a percentage increase in the opening NAV:	1.6%

The share price total return for the period ended 29 February 2024 is calculated as follows:

Opening share price at 31/8/23	244.50p
Closing share price at 29/2/24	250.00p

Dividend received	XD date	Share price on XD date	Factor	Cumulative factor
5.80p	16/11/23	243.00p	1.0239	1.0239
2.00p	1/2/24	241.00p	1.0083	1.0324

Share price total return, being the closing share price, multiplied by the cumulative factor, expressed as a percentage increase in the opening share price:	+5.6%

The share price total return for the six months ended 28 February 2023 is calculated as follows:

Opening share price at 31/8/22	264.00p
Closing share price at 28/2/23	264.00p

Dividend received	XD date	Share price on XD date	Factor	Cumulative factor
5.60p	10/11/22	248.00p	1.0226	1.0226
2.00p	26/1/23	277.50p	1.0072	1.0300

Share price total return, being the closing share price, multiplied by the cumulative factor, expressed as a percentage increase in the opening share price:	3.0%

Discount/premium*

The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. If shares are trading at a discount, investors would be paying less than the value attributable to the shares by reference to the underlying assets. A premium or discount is generally the consequence of supply and demand for the shares on the stock market. The discount or premium is expressed as a percentage of the NAV per share. The discount at the period end amounted to 6.4% (31 August 2023: 4.5%), as the closing share price at 250.00p (31 August 2023: 244.50p) was 6.4% (31 August 2023: 4.5%) lower than the closing NAV of 267.12p (31 August 2023: 256.01p).

Gearing*

The gearing percentage reflects the amount of borrowings (i.e. bank loans or overdrafts) which the Company has drawn down and invested in the market. This figure is indicative of the extra amount by which shareholders' funds would move if the Company's investments were to rise or fall. Gearing is defined as: borrowings used for investment purposes, less cash, expressed as a percentage of net assets. The gearing figure at the relevant period/year end is calculated as follows:

	29 February 2024 £'000	31 August 2023 £'000
Borrowings used for investment purposes, less cash	36,536	28,459
Net assets	661,179	648,208
Gearing	5.5%	4.4%

Ongoing charges ratio*

Ongoing charges ratio is calculated in accordance with the AIC's recommended methodology and represents the management fee and all other operating expenses excluding finance costs and transaction costs, amounting to £5,869,000 (31 August 2023: £5,971,000), expressed as a percentage of the average daily net asset values during the period of £651.1 million (31 August 2023: £678.7 million).

Warning to shareholders

Companies are aware that their shareholders have received unsolicited telephone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares or investments.

These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive.

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FCA before getting involved by visiting register.fca.org.uk
- Report the matter to the FCA by calling 0800 111 6768 or visiting fca.org.uk/consumers/report-scam-unauthorised-firm
- Do not deal with any firm that you are unsure about

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FCA provides a list of unauthorised firms of which it is aware, which can be accessed at fca.org.uk/consumers/unauthorised-firms-individuals#list.

More detailed information on this or similar activity can be found on the FCA website at fca.org.uk/consumers/protect-yourself-scams.

Dividends

Paying dividends into a bank or building society account helps reduce the risk of fraud and will provide you with quicker access to your funds than payment by cheque. Applications for an electronic mandate can be made by contacting the Registrar. If your dividend is paid directly into your bank or building society account, you will receive an annual consolidated dividend confirmation, which will be sent to you in September each year at the time the interim dividend is paid. Dividend confirmations are available electronically at investorcentre.co.uk to those Shareholders who have their payments mandated to their bank or building society accounts and who have expressed a preference for electronic communications.

Information about the Company

www.schroders.co.uk/orientalincome

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St Peter Port
Guernsey GY1 1DB

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment, should be directed to Computershare Investor Services (Guernsey) Limited at the address set out above.

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Other Information

Shareholder enquiries

General enquiries about the Company should be addressed to the company secretary.

Company Number

43298
(Registered in Guernsey as a company limited by shares)

Dealing codes

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SEDOL: B0CRWN5
Ticker: SOI

Global Intermediary Identification Number (GIIN)

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Legal Entity Identifier (LEI)

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Privacy notice

The Company's privacy notice is available on its webpages.

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