

Schroders

# Schroder AsiaPacific Fund plc

## Half Year Report and Accounts

For the six months ended  
31 March 2020



## Investment objective

Schroder AsiaPacific Fund plc's (the "Company") principal investment objective is to achieve capital growth through investment primarily in equities of companies located in the continent of Asia (excluding the Middle East and Japan), together with the Far Eastern countries bordering the Pacific Ocean. It aims to achieve growth in excess of the MSCI All Countries Asia excluding Japan Index (with net income reinvested) in sterling terms (Benchmark index) over the longer term.

## Investment policy

The Company principally invests in a diversified portfolio of companies located in the continent of Asia (excluding the Middle East and Japan) (for the purposes of this paragraph the "region"). Such countries include Hong Kong/China, Singapore, Taiwan, Malaysia, South Korea, Thailand, India, The Philippines, Indonesia, Pakistan, Vietnam and Sri Lanka and may include other countries in the region that permit foreign investors to participate in investing in equities, such as in their stock markets or other such investments in the future. Investments may be made in companies listed on the stock markets of countries located in the region and/or listed elsewhere but controlled from within the region and/or with a material exposure to the region.

The portfolio is predominantly invested in equities, but may also be invested in other financial instruments such as put options on indices and equities in the region. The Company does not use derivative contracts for speculative purposes. The Company may invest up to 5% of its assets in securities which are not listed on any stock exchange but would normally not make such an investment except where the Manager expects that the securities will shortly become listed on a stock exchange. In order to maximise potential returns, gearing may be employed by the Company from time to time. Where appropriate the Directors may authorise the hedging of the Company's currency exposure.







# Contents

|                                 |    |
|---------------------------------|----|
| Financial Highlights            | 2  |
| Chairman's Statement            | 3  |
| Manager's Review                | 4  |
| Half Year Report                | 7  |
| Investment Portfolio            | 8  |
| Income Statement                | 10 |
| Statement of Changes in Equity  | 11 |
| Statement of Financial Position | 12 |
| Notes to the Accounts           | 13 |

# Financial Highlights

## Total returns for the six months ended 31 March 2020<sup>1</sup>



**Net asset value  
("NAV") per share  
total return<sup>2</sup>**



**Share price  
total return<sup>2</sup>**



**Benchmark  
total return<sup>3</sup>**

<sup>1</sup>Total returns measure 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 additional shares of the Company at the time the shares were quoted ex-dividend (to calculate the share price total return) or in the assets of the Company at its NAV per share (to calculate the NAV per share total return).

<sup>2</sup>Source: Morningstar.

<sup>3</sup>Source: Thomson Reuters. The Company's benchmark is the MSCI All Countries Asia excluding Japan Index (with net income reinvested), sterling adjusted.

## Other financial information

|                                           | 31 March<br>2020 | 30 September<br>2019 | % Change |
|-------------------------------------------|------------------|----------------------|----------|
| Shareholders' funds (£'000)               | 720,310          | 822,182              | -12.4    |
| Ordinary shares in issue                  | 167,470,716      | 167,470,716          | -        |
| NAV per share (pence)                     | 430.11           | 490.94               | -12.4    |
| Share price (pence)                       | 386.00           | 435.00               | -11.3    |
| Share price discount to NAV per share (%) | 10.3             | 11.4                 |          |
| Net cash (%) <sup>1</sup>                 | 0.7              | 2.4                  |          |

<sup>1</sup>Cash net of borrowing.

# Chairman's Statement



## Performance

During the six month period ended 31 March 2020, the Company's net asset value ("NAV") and share price produced total returns of -10.8% and -9.4%, respectively, compared to a total return of -9.3% for the Benchmark.

In March, markets dropped very sharply due to concerns about the impact

of the COVID-19 pandemic. This created a period of uncertainty in the market and volatility in the share price. Since the end of the period to 13 May 2020, there has been a recovery in the NAV and share price of 10.5% and 6.6% respectively.

Further analysis of performance may be found in the Manager's Review.

## Discount management

The discount narrowed slightly from 11.4% at the start of the period to 10.3% as at 31 March 2020. The discount remained in a similar range in April. In May discounts widened throughout the sector and the Company's was 13.5% as at 13 May 2020.

## Gearing

The Company held 2.4% net cash at the beginning of the period and, as at 31 March 2020, held 0.7% net cash. As at 13 May 2020 the Company was 0.7% geared. The level of gearing continues to operate within pre-agreed levels so that net gearing does not represent more than 20% of shareholders' funds.

After the period end, on 21 April 2020, the Company extended its revolving credit facility for a further two months. The board intends to renew it for a year in June. The committed amount is £100 million. The Company also has access to a £30 million overdraft with HSBC Bank.

## Outlook

Your Company has faced a number of different challenges over its life, and COVID-19 is the biggest. In recent months, most of the portfolio holdings have faced severe dislocation in both their operations and demand for their products, and few have much visibility on when they will return to normal.

There are, however, grounds for some optimism. Asia was the first affected by the virus, and parts of the region are among the first to unwind the lockdowns. Secondly, Asia has a history of reacting well to shocks: it is what strong competent governments and flexible corporate sectors do. This may be why share prices have so far held up better than some Western markets. Helped by sterling's fall, the Company's share price as at 13 May 2020 is down just 5.4% since the end of the last financial year.

Full economic recovery is some time away however, and parts of the corporate sector will come out of this much changed. The long trend of the West outsourcing its low-cost manufacturing to Asia was already under challenge, for example. As your Manager notes, recent events may also accelerate the move to e-commerce, flexible working patterns, digital working patterns, social media use and more factory automation. Asia's future lies with higher value-added products and its own internal growth potential, and we want the portfolio to continue to invest in companies that benefit from these. Markets will continue to be volatile as they react to COVID-19 developments, and there may be more bad news to come. The Company came out of both the 1997 – 98 Asian crisis and the 2008 – 09 global financial crisis strongly, and, in our twenty fifth anniversary year, we want to repeat that.

**Nicholas Smith**  
Chairman

15 May 2020

# Manager's Review

The net asset value per share of the Company recorded a total return of -10.8% over the six months to end March 2020. This was behind the performance of the Benchmark, which was down -9.3% over the same period. (Source: Morningstar, net of fees).

## Benchmark performance – 30 September 2019 to 31 March 2020

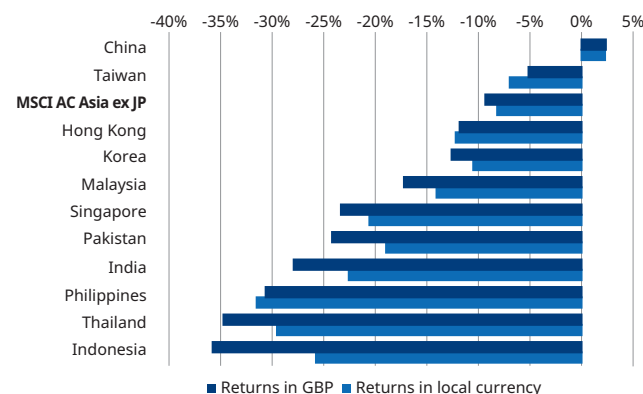


Source: Thomson Datastream as at 31 March 2020.

As the chart above illustrates, in the seemingly now distant pre COVID-19 months of the fiscal year, regional markets made steady, if unspectacular, upward progress. Although consensus earnings expectations for 2019 continued to fall, relatively loose global monetary conditions and some, admittedly fragmentary, signs of a stabilisation in economic indicators provided support to regional equities. More specifically, there seemed some genuinely valid grounds for a recovery in the crucial information technology sector based on a recovery in demand for data centres and Chinese ramping up of investment in 5G mobile infrastructure.

It took a while for investors, us included, to register the true implications of the COVID-19 virus that emerged from the wet markets of Wuhan. A measure of complacency (partly engendered by the brevity of the far more lethal but less contagious example of SARS in 2003) soon changed from late February, although the most severe free fall took place when the waves lapped firmly at the shores of Europe, and subsequently the United States. This could no longer be consigned a peculiarly Asian problem; indeed it is a measure of the speed and decisiveness of action taken by many Asian governments that markets such as China, Korea and Taiwan have outperformed many western counter-parts. This is also true of Hong Kong which had its own domestic issues to contend with in the latter part of 2019.

## Country returns – 30 September 2019 to 31 March 2020



Source: Factset.

Already facing a number of longer-term structural issues, and in some cases (Indonesia, the Philippines, Thailand, Malaysia) a fair measure of domestic political turmoil, the approach to the virus outbreak did not help emerging ASEAN markets, which have been notable underperformers over the period. Relative illiquidity has also undoubtedly been a factor, as even Vietnam (which has so far shown a degree of competence in addressing the COVID-19 challenges) has been equally hard hit.

In India, an already slowing economy and some credit quality issues in the non bank financial sector weighed on the market, along with expensive valuations. A period of laissez faire in the face of the virus has been followed by somewhat arbitrary lock down measures which has further undermined rather than helped sentiment.

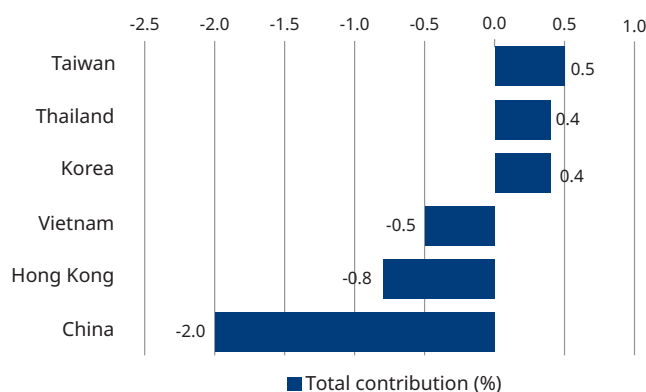
## Performance and portfolio activity

The Company's negative total return of 10.8% was slightly behind the Benchmark which fell 9.3%. The main headwinds have been the underweighting in China, which outperformed materially over the six month period, along with stock selection and the overweight position in Hong Kong. Our non-index position in Vietnam was also a headwind. The key positives have been our underweight positions in emerging ASEAN (most notably Thailand) and the underweight in India. Stock selection in Korea also added value.



# Manager's Review

## Top 3 contributors and top 3 detractors – 6 months to 31 March 2020



Source: Factset.

With the disparate performance between China and Hong Kong despite the fact that many Hong Kong based companies have attractive and growing Mainland exposure, we have tended to take profits on our Chinese stocks to fund further additions to Hong Kong. We also made significant reductions in Thailand and more modestly in India and Korea. The increase in Australia was in the resource area where concern over global growth appeared well discounted given the solid cash generation at even relatively depressed commodity prices. The increase in exposure to markets outside the region reflected specific opportunities to pick up stocks with substantial exposure to the growth of the region.

## Outlook and Policy

It would have been difficult to imagine events that could leave the Global Financial Crisis ("GFC") of a decade ago looking like a mild inconvenience to financial markets and economic activity. The key difference between then and now is, of course, the fundamental threat to human life COVID-19 presents, necessitating actions that threaten to cause economic paralysis across the globe. We are seeing virtually unprecedented degrees of government control and targeted support for the most vulnerable; certainly measures difficult to imagine in peacetime. It is unsurprising that a wartime analogy is widely drawn, and depending on how long the current situation persists, the stock of public debt in many developed economies is likely to end up at levels akin to post war levels.

The speed, and extent, of the market correction as the crisis has escalated has reflected both the scale of the perceived economic shock, but also equity valuations generally towards the expensive end of historic ranges. In Asia's case, valuations were not excessive at the end of 2019, but did reflect a measure of hope that there would be a meaningful recovery in regional earnings in 2020. Such hopes have been utterly extinguished.

Given the unique circumstances, current levels of volatility should be of little surprise and we will undoubtedly continue to see significant market movements in both directions over coming months. Recent market lows reflected the fear of the unknown as much as the deterioration in the economic environment which had seen the sharpest eight-week decline in growth expectations since the GFC. As a consequence, unprecedented monetary and fiscal stimulus is now being brought to bear to support economic activity. Besides concerted action by Central Banks we are seeing fiscal packages in major economies ranging between 3-6% of GDP. This has included a number of Asian countries, particularly those with enviable room to manoeuvre given years of relative fiscal conservatism such as Korea, Hong Kong and Singapore. Perhaps of note China's response has thus far been more measured, including suspension of social security payments, reductions in VAT and support for lending to SMEs.

If the impacts of the virus can be "successfully" managed, or are less profound than some of the more extreme scenarios envisaged by some, global equity markets could see sharp recovery over coming months, more realistically towards the latter half of the year. If not, we will likely see a different path of recovery. One complication is that a number of countries/governments appear to be somewhat in denial as to the measures required, primarily among emerging markets. It is also evident that recovery is likely to be erratic, at best, as governments gradually relax and then tighten controls in response to case progression, while sentiment will be subject to traumatic headlines from the emerging countries that are inevitably less able to manage the crisis or afford the dramatic economic cost of lockdowns. So far the experience in India and populous emerging ASEAN has been fairly benign, but that could well change.

It is clearly positive that numbers of new cases in China have fallen to relatively low levels and industrial activity is almost back to pre-crisis capacity. We would expect a gradual pick-up in domestic consumption as day-to-day life is slowly normalised. With China taking the pain of its own lock-down ahead of the rest of the world, this leaves the country (and to a lesser extent the region) slightly "ahead of the curve"; however, the recovery is likely to remain patchy as some sectors, such as travel, tourism and leisure, are likely to take much longer to recover fully. Furthermore, there are still real risks of a secondary spike in infections if the lock-down is eased too quickly, as recent experience in Singapore has shown. The export sector, both in China and across the region, also faces a secondary demand shock given the collapse in demand as Western countries move into their own lock-downs, and this will have an impact on employment, income and investment spending if the downturn lasts for more than a few months.

# Manager's Review

In the shorter-term attempting to navigate recent volatility has been challenging both due to the speed and quantum of the share price movements over the past few weeks, and the degree of uncertainty regarding the near term growth outlook. But as long-term investors we have sought to take advantage of this volatility. We must work on the assumption that it is a matter of "when" not "if", a degree of normality will be achieved, but the key uncertainty is timing. Consequently, while we are prepared to take a degree of operational risk at a holding level (we believe it is too late to be extremely defensive), balance sheet, cost flexibility and the ability to weather an extended downturn is key.

We would also note that this crisis is giving further impetus to a number of the longer-term disruptive structural trends that have been in progress such as the rise of e-commerce, flexible working patterns, digital payments, social media use, on-line procurement and services, and the automation of manufacturing and logistics. It is interesting that many asset-light platform models also enjoy more flexible cost structures and, in many cases, strong balance sheets. They can therefore afford to weather tough times while many of their legacy competition are facing major issues.

On a less welcome note, the tide against globalisation (trade, supply chains, people movement) will also draw strength from this epidemic. We do have exposure to a number of export oriented companies in Asia, but our focus has always been on market leaders and higher value-added businesses. These are not easily substitutable, and have already been subject to rigorous audit by their mainly blue-chip Western customers, themselves under increased scrutiny by regulators, consumers, NGOs and media. Furthermore, in general our investee companies, conscious of the cyclical nature of their operations, have been conservative in terms of balance sheet structure. Meanwhile, many of the information technology holdings continue to benefit from the increased need for data storage and connectivity.

Conscious that we are in somewhat uncharted waters, we have been cautious about significant deployment of the gearing facility, particularly given the rapid recovery we have seen in markets over the last few weeks. However, we have tried to take advantage of often indiscriminate selling to position the portfolio towards companies well placed to exploit the longer term trends. Strong management, sustainable business models and resilient balance sheets seem more than ever crucial, along with retaining a focus on longer-term underlying fundamentals.

## Country weights

| Market                      | NAV weight (%) |              | Benchmark weight (%) |
|-----------------------------|----------------|--------------|----------------------|
|                             | 31 Mar 2020    | 30 Sep 2019  | 31 Mar 2020          |
| Mainland China              | 29.4           | 27.5         | 44.9                 |
| Hong Kong (SAR)             | 23.3           | 20.6         | 9.8                  |
| South Korea                 | 10.4           | 11.4         | 13.0                 |
| Taiwan                      | 9.9            | 10.4         | 13.5                 |
| India                       | 6.2            | 9.7          | 8.5                  |
| Singapore                   | 4.8            | 5.0          | 3.2                  |
| Australia                   | 4.2            | 1.8          | -                    |
| Indonesia                   | 0.9            | 1.4          | 1.7                  |
| Thailand                    | 0.3            | 2.6          | 2.4                  |
| Philippines                 | 0.2            | 0.3          | 0.9                  |
| Malaysia                    | -              | -            | 2.1                  |
| Other equities <sup>1</sup> | 9.3            | 6.6          | -                    |
| Gearing/cash and other      | 1.1            | 2.7          | -                    |
| <b>Total</b>                | <b>100.0</b>   | <b>100.0</b> | <b>100.0</b>         |

Source: Schroders, MSCI, 31 March 2020.

<sup>1</sup>Vietnam, Netherlands, Germany, Italy, UK and a unit trust.

*Past performance is not a guide to future performance and may not be repeated.*

**Schroder Investment Management Limited**  
15 May 2020



# Half Year Report

## Principal risks and uncertainties

The principal risks and uncertainties with the Company's business fall into the following categories: strategy and competitiveness risk; investment management risk; financial and currency risk; accounting, legal and regulatory risk; custodian and depositary risk; service provider risk; and cyber. A detailed explanation of the risks and uncertainties in each of these categories can be found on pages 13 and 14 of the Company's published annual report and accounts for the year ended 30 September 2019.

These risks and uncertainties have not materially changed during the six months ended 31 March 2020.

However the board has reviewed the risks related to the COVID-19 pandemic and considers it to be an emerging risk. COVID-19 will continue to affect the value of the Company's investments due to the disruption of supply chains and demand for products and services, increased costs and cash flow problems, and changed legal and regulatory requirements for companies. The pandemic is forecast to have a significant impact on prospects for global growth as measured by GDP. As a result, the pandemic has triggered a sharp fall in global stock markets and created uncertainty around future dividend income. The board notes the Manager's investment process is unaffected by the COVID-19 pandemic. The Manager continues to focus on long-term company fundamentals and detailed analysis of current and future investments. COVID-19 also affected the Company's service providers, who have implemented business continuity plans and are working almost entirely remotely. The board continues to receive regular reporting on operations from the Company's major service providers and does not anticipate a fall in the level of service.

## Going concern

Having assessed the principal risks and uncertainties, and the other matters discussed in connection with the viability statement as set out on page 15 of the published annual report and accounts for the year ended 30 September 2019, as well as considering the additional risks related to COVID-19 and, where appropriate, action taken by the Company's service providers in relation to those risks, detailed above, 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 31 March 2020.

## 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 United Kingdom Generally Accepted Accounting Practice (UK GAAP) and with the Statement of Recommended Practice, "Financial Statements of Investment Companies and Venture Capital Trusts" issued in October 2019, and that this half year report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules.

# Investment Portfolio as at 31 March 2020

Investments are classified by the investment manager in the country of their main business operations. Stocks in bold are the 20 largest investments, which by value account for 70.0% (30 September 2019: 66.8% and 31 March 2019: 64.3%) of total investments.

|                                                          | £'000          | %           |
|----------------------------------------------------------|----------------|-------------|
| <b>Mainland China</b>                                    |                |             |
| <b>Alibaba<sup>1</sup></b>                               | <b>63,774</b>  | <b>8.9</b>  |
| <b>Tencent Holdings<sup>1</sup></b>                      | <b>60,408</b>  | <b>8.5</b>  |
| <b>Midea (including A shares and LEPO<sup>2</sup>)</b>   | <b>22,306</b>  | <b>3.1</b>  |
| <b>Ping An Insurance H<sup>1</sup></b>                   | <b>17,856</b>  | <b>2.5</b>  |
| Shenzhou International <sup>1</sup>                      | 10,373         | 1.5         |
| Tongcheng Elong <sup>1</sup>                             | 8,450          | 1.2         |
| Sands China <sup>1</sup>                                 | 5,852          | 0.8         |
| Huazhu (ADR) <sup>2</sup>                                | 5,601          | 0.8         |
| Wuxi Biologics <sup>1</sup>                              | 5,547          | 0.8         |
| 51 Jobs (ADR) <sup>2</sup>                               | 4,262          | 0.6         |
| Li Ning <sup>1</sup>                                     | 3,638          | 0.5         |
| WuXi Apptec H <sup>1</sup>                               | 3,631          | 0.5         |
| <b>Total Mainland China</b>                              | <b>211,698</b> | <b>29.7</b> |
| <b>Hong Kong (SAR)</b>                                   |                |             |
| <b>AIA</b>                                               | <b>29,531</b>  | <b>4.1</b>  |
| <b>Galaxy Entertainment</b>                              | <b>24,958</b>  | <b>3.5</b>  |
| <b>Hong Kong Exchanges &amp; Clearing</b>                | <b>16,659</b>  | <b>2.3</b>  |
| <b>Kerry Properties</b>                                  | <b>15,748</b>  | <b>2.2</b>  |
| <b>Bank of China (Hong Kong)</b>                         | <b>13,912</b>  | <b>1.9</b>  |
| <b>Techtronic Industries</b>                             | <b>12,738</b>  | <b>1.8</b>  |
| <b>Swire Pacific</b>                                     | <b>12,351</b>  | <b>1.7</b>  |
| Jardine Strategic <sup>3</sup>                           | 11,203         | 1.5         |
| Fortune Real Estate Investment Trust                     | 10,827         | 1.5         |
| Swire Properties                                         | 9,062          | 1.3         |
| ASM Pacific Technology                                   | 5,325          | 0.7         |
| Johnson Electric                                         | 2,949          | 0.4         |
| Lenovo                                                   | 1,937          | 0.3         |
| Chow Sang Sang                                           | 642            | 0.1         |
| <b>Total Hong Kong (SAR)</b>                             | <b>167,842</b> | <b>23.3</b> |
| <b>South Korea</b>                                       |                |             |
| <b>Samsung Electronics (including preference shares)</b> | <b>56,222</b>  | <b>7.9</b>  |
| <b>Samsung SDI</b>                                       | <b>17,151</b>  | <b>2.4</b>  |
| Amorepacific Group (preference shares)                   | 1,473          | 0.2         |
| Medy-Tox                                                 | 55             | -           |
| <b>Total South Korea</b>                                 | <b>74,901</b>  | <b>10.5</b> |

|                                               | £'000         | %           |
|-----------------------------------------------|---------------|-------------|
| <b>Taiwan</b>                                 |               |             |
| <b>Taiwan Semiconductor</b>                   | <b>50,982</b> | <b>7.1</b>  |
| <b>Hon Hai Precision Industries</b>           | <b>13,415</b> | <b>1.9</b>  |
| Delta Electronics                             | 6,896         | 1.0         |
| <b>Total Taiwan</b>                           | <b>71,293</b> | <b>10.0</b> |
| <b>India</b>                                  |               |             |
| <b>ICICI Bank (including ADR<sup>2</sup>)</b> | <b>15,801</b> | <b>2.2</b>  |
| <b>HDFC Bank</b>                              | <b>13,609</b> | <b>1.9</b>  |
| Apollo Hospitals Enterprise                   | 7,960         | 1.1         |
| Gujarat Pipavav Port                          | 4,695         | 0.7         |
| Multi Commodity Exchange of India             | 2,326         | 0.3         |
| <b>Total India</b>                            | <b>44,391</b> | <b>6.2</b>  |
| <b>Singapore</b>                              |               |             |
| Oversea-Chinese Banking                       | 11,299        | 1.5         |
| SEA ADR <sup>2</sup>                          | 8,575         | 1.2         |
| United Overseas Bank                          | 6,145         | 0.9         |
| Singapore Telecommunications                  | 4,430         | 0.6         |
| CapitaLand Mall Trust REIT                    | 3,380         | 0.5         |
| Keppel                                        | 458           | 0.1         |
| <b>Total Singapore</b>                        | <b>34,287</b> | <b>4.8</b>  |
| <b>Australia</b>                              |               |             |
| <b>BHP Billiton<sup>4</sup></b>               | <b>18,464</b> | <b>2.6</b>  |
| Rio Tinto <sup>4</sup>                        | 11,833        | 1.6         |
| <b>Total Australia</b>                        | <b>30,297</b> | <b>4.2</b>  |
| <b>United Kingdom<sup>5</sup></b>             |               |             |
| Schroder Small Cap Discovery Fund Z Acc       | 9,010         | 1.3         |
| Prudential                                    | 8,101         | 1.1         |
| Standard Life Aberdeen                        | 6,585         | 0.9         |
| <b>Total United Kingdom</b>                   | <b>23,696</b> | <b>3.3</b>  |
| <b>Netherlands</b>                            |               |             |
| ASML                                          | 12,511        | 1.8         |
| <b>Total Netherlands</b>                      | <b>12,511</b> | <b>1.8</b>  |
| <b>Italy</b>                                  |               |             |
| Prada <sup>1</sup>                            | 12,269        | 1.7         |
| <b>Total Italy</b>                            | <b>12,269</b> | <b>1.7</b>  |

# Investment Portfolio as at 31 March 2020

|                                                                                                       | £'000          | %            |
|-------------------------------------------------------------------------------------------------------|----------------|--------------|
| <b>Vietnam</b>                                                                                        |                |              |
| Dragon Capital Vietnam Enterprise Investments <sup>4</sup>                                            | 10,604         | 1.5          |
| <b>Total Vietnam</b>                                                                                  | <b>10,604</b>  | <b>1.5</b>   |
| <b>Germany</b>                                                                                        |                |              |
| Adidas                                                                                                | 7,702          | 1.1          |
| <b>Total Germany</b>                                                                                  | <b>7,702</b>   | <b>1.1</b>   |
| <b>Indonesia</b>                                                                                      |                |              |
| Bank Mandiri                                                                                          | 6,812          | 1.0          |
| <b>Total Indonesia</b>                                                                                | <b>6,812</b>   | <b>1.0</b>   |
| <b>Thailand</b>                                                                                       |                |              |
| Bangkok Bank (NVDR)                                                                                   | 2,104          | 0.3          |
| <b>Total Thailand</b>                                                                                 | <b>2,104</b>   | <b>0.3</b>   |
| <b>Philippines</b>                                                                                    |                |              |
| Holcim Philippines                                                                                    | 1,761          | 0.2          |
| <b>Total Philippines</b>                                                                              | <b>1,761</b>   | <b>0.2</b>   |
| <b>Total Investments</b>                                                                              | <b>712,168</b> | <b>99.6</b>  |
| <b>Derivative Financial Instruments</b>                                                               |                |              |
| <b>Forward Currency Contracts</b>                                                                     |                |              |
| Purchase of US dollars 56.2 million for South Korean won 65.5 billion for settlement on 22 April 2020 | 1,982          | 0.3          |
| Purchase of US dollars 38.7 million for Chinese yuan 269.2 million for settlement on 10 June 2020     | 604            | 0.1          |
| <b>Total forward currency contracts</b>                                                               | <b>2,586</b>   | <b>0.4</b>   |
| <b>Total Investments and Derivative Financial Instruments<sup>6</sup></b>                             | <b>714,754</b> | <b>100.0</b> |

<sup>1</sup> Listed in Hong Kong.

<sup>2</sup> Listed in the USA.

<sup>3</sup> Listed in the Singapore.

<sup>4</sup> Listed in United Kingdom.

<sup>5</sup> Predominantly invested in Asia.

<sup>6</sup> Total investments and derivative financial instruments comprises the following:

|                                                               | £'000          | %            |
|---------------------------------------------------------------|----------------|--------------|
| Equities, including ADRs, LEPOs and NVDRs                     | 679,112        | 94.9         |
| Collective investment funds                                   | 19,614         | 2.8          |
| Preference shares                                             | 13,442         | 1.9          |
| Derivative financial instruments                              | 2,586          | 0.4          |
| <b>Total investments and derivative financial instruments</b> | <b>714,754</b> | <b>100.0</b> |

The following abbreviations have been used above:

ADR: American Depositary Receipts

LEPO: Low Exercise Price Options

NVDR: Non Voting Depositary Receipts



# Income Statement

|                                                                         | (Unaudited)<br>For the six months<br>ended 31 March 2020 |                  |                 | (Unaudited)<br>For the six months<br>ended 31 March 2019 |                  |                | (Audited)<br>For the year<br>ended 30 September 2019 |                  |                |
|-------------------------------------------------------------------------|----------------------------------------------------------|------------------|-----------------|----------------------------------------------------------|------------------|----------------|------------------------------------------------------|------------------|----------------|
|                                                                         | Revenue<br>£'000                                         | Capital<br>£'000 | Total<br>£'000  | Revenue<br>£'000                                         | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000                                     | Capital<br>£'000 | Total<br>£'000 |
| (Losses)/gains on investments held at fair value through profit or loss | -                                                        | (87,735)         | (87,735)        | -                                                        | 16,575           | 16,575         | -                                                    | (738)            | (738)          |
| Gains on derivative contracts                                           | -                                                        | 347              | 347             | -                                                        | -                | -              | -                                                    | 2,137            | 2,137          |
| Net foreign currency (losses)/gains                                     | -                                                        | (1)              | (1)             | -                                                        | 579              | 579            | -                                                    | 48               | 48             |
| Income from investments                                                 | 5,406                                                    | -                | 5,406           | 3,682                                                    | 971              | 4,653          | 20,471                                               | 971              | 21,442         |
| Other interest receivable and similar income                            | 17                                                       | -                | 17              | 71                                                       | -                | 71             | 138                                                  | -                | 138            |
| <b>Gross return/(loss)</b>                                              | <b>5,423</b>                                             | <b>(87,389)</b>  | <b>(81,966)</b> | <b>3,753</b>                                             | <b>18,125</b>    | <b>21,878</b>  | <b>20,609</b>                                        | <b>2,418</b>     | <b>23,027</b>  |
| Investment management fee                                               | (757)                                                    | (2,272)          | (3,029)         | (800)                                                    | (2,399)          | (3,199)        | (1,596)                                              | (4,789)          | (6,385)        |
| Administrative expenses                                                 | (549)                                                    | -                | (549)           | (505)                                                    | -                | (505)          | (1,069)                                              | -                | (1,069)        |
| <b>Net return/(loss) before finance costs and taxation</b>              | <b>4,117</b>                                             | <b>(89,661)</b>  | <b>(85,544)</b> | <b>2,448</b>                                             | <b>15,726</b>    | <b>18,174</b>  | <b>17,944</b>                                        | <b>(2,371)</b>   | <b>15,573</b>  |
| Finance costs                                                           | (6)                                                      | (19)             | (25)            | (77)                                                     | (232)            | (309)          | (78)                                                 | (232)            | (310)          |
| <b>Net return/(loss) on ordinary activities before taxation</b>         | <b>4,111</b>                                             | <b>(89,680)</b>  | <b>(85,569)</b> | <b>2,371</b>                                             | <b>15,494</b>    | <b>17,865</b>  | <b>17,866</b>                                        | <b>(2,603)</b>   | <b>15,263</b>  |
| Taxation (note 3)                                                       | (365)                                                    | 307              | (58)            | (256)                                                    | (770)            | (1,026)        | (1,276)                                              | (525)            | (1,801)        |
| <b>Net return/(loss) on ordinary activities after taxation</b>          | <b>3,746</b>                                             | <b>(89,373)</b>  | <b>(85,627)</b> | <b>2,115</b>                                             | <b>14,724</b>    | <b>16,839</b>  | <b>16,590</b>                                        | <b>(3,128)</b>   | <b>13,462</b>  |
| <b>Return/(loss) per share (note 4)</b>                                 | <b>2.24p</b>                                             | <b>(53.37)p</b>  | <b>(51.13)p</b> | <b>1.26p</b>                                             | <b>8.79p</b>     | <b>10.05p</b>  | <b>9.90p</b>                                         | <b>(1.87)p</b>   | <b>8.03p</b>   |

The "Total" column of this statement is the profit and loss account of the Company. 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 return/(loss) on ordinary activities after taxation 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 31 March 2020 (unaudited)

|                                                            | Called-up<br>share<br>capital<br>£'000 | Share redemption<br>premium<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Warrant<br>exercise<br>reserve<br>£'000 | Share<br>purchase<br>reserve<br>£'000 | Capital<br>reserves<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
|------------------------------------------------------------|----------------------------------------|--------------------------------------|-------------------------------------------|-----------------------------------------|---------------------------------------|------------------------------|-----------------------------|----------------|
| At 30 September 2019                                       | 16,747                                 | 100,956                              | 3,397                                     | 8,704                                   | 31,163                                | 643,293                      | 17,922                      | 822,182        |
| Net (loss)/return on ordinary<br>activities after taxation | -                                      | -                                    | -                                         | -                                       | -                                     | (89,373)                     | 3,746                       | (85,627)       |
| Dividend paid in the period<br>(note 5)                    | -                                      | -                                    | -                                         | -                                       | -                                     | -                            | (16,245)                    | (16,245)       |
| <b>At 31 March 2020</b>                                    | <b>16,747</b>                          | <b>100,956</b>                       | <b>3,397</b>                              | <b>8,704</b>                            | <b>31,163</b>                         | <b>553,920</b>               | <b>5,423</b>                | <b>720,310</b> |

## For the six months ended 31 March 2019 (unaudited)

|                                                            | Called-up<br>share<br>capital<br>£'000 | Share redemption<br>premium<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Warrant<br>exercise<br>reserve<br>£'000 | Share<br>purchase<br>reserve<br>£'000 | Capital<br>reserves<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
|------------------------------------------------------------|----------------------------------------|--------------------------------------|-------------------------------------------|-----------------------------------------|---------------------------------------|------------------------------|-----------------------------|----------------|
| At 30 September 2018                                       | 16,757                                 | 100,956                              | 3,387                                     | 8,704                                   | 31,575                                | 646,421                      | 17,242                      | 825,042        |
| Repurchase and cancellation of<br>the Company's own shares | (10)                                   | -                                    | 10                                        | -                                       | (412)                                 | -                            | -                           | (412)          |
| Net return on ordinary activities<br>after taxation        | -                                      | -                                    | -                                         | -                                       | -                                     | 14,724                       | 2,115                       | 16,839         |
| Dividend paid in the period<br>(note 5)                    | -                                      | -                                    | -                                         | -                                       | -                                     | -                            | (15,910)                    | (15,910)       |
| <b>At 31 March 2019</b>                                    | <b>16,747</b>                          | <b>100,956</b>                       | <b>3,397</b>                              | <b>8,704</b>                            | <b>31,163</b>                         | <b>661,145</b>               | <b>3,447</b>                | <b>825,559</b> |

## For the year ended 30 September 2019 (audited)

|                                                            | Called-up<br>share<br>capital<br>£'000 | Share redemption<br>premium<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Warrant<br>exercise<br>reserve<br>£'000 | Share<br>purchase<br>reserve<br>£'000 | Capital<br>reserves<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
|------------------------------------------------------------|----------------------------------------|--------------------------------------|-------------------------------------------|-----------------------------------------|---------------------------------------|------------------------------|-----------------------------|----------------|
| At 30 September 2018                                       | 16,757                                 | 100,956                              | 3,387                                     | 8,704                                   | 31,575                                | 646,421                      | 17,242                      | 825,042        |
| Repurchase and cancellation of<br>the Company's own shares | (10)                                   | -                                    | 10                                        | -                                       | (412)                                 | -                            | -                           | (412)          |
| Net (loss)/return on ordinary<br>activities after taxation | -                                      | -                                    | -                                         | -                                       | -                                     | (3,128)                      | 16,590                      | 13,462         |
| Dividend paid in the year (note 5)                         | -                                      | -                                    | -                                         | -                                       | -                                     | -                            | (15,910)                    | (15,910)       |
| <b>At 30 September 2019</b>                                | <b>16,747</b>                          | <b>100,956</b>                       | <b>3,397</b>                              | <b>8,704</b>                            | <b>31,163</b>                         | <b>643,293</b>               | <b>17,922</b>               | <b>822,182</b> |

# Statement of Financial Position

|                                                                            | (Unaudited)<br>31 March<br>2020<br>£'000 | (Unaudited)<br>31 March<br>2019<br>£'000 | (Audited)<br>30 September<br>2019<br>£'000 |
|----------------------------------------------------------------------------|------------------------------------------|------------------------------------------|--------------------------------------------|
| <b>Fixed assets</b>                                                        |                                          |                                          |                                            |
| Investments held at fair value through profit or loss                      | 712,168                                  | 772,996                                  | 799,703                                    |
| <b>Current assets</b>                                                      |                                          |                                          |                                            |
| Debtors                                                                    | 8,441                                    | 3,797                                    | 4,325                                      |
| Cash at bank and in hand                                                   | 13,089                                   | 52,601                                   | 19,438                                     |
| Derivative financial instruments held at fair value through profit or loss | 2,586                                    | 885                                      | 1,085                                      |
|                                                                            | 24,116                                   | 57,283                                   | 24,848                                     |
| <b>Current liabilities</b>                                                 |                                          |                                          |                                            |
| Creditors: amounts falling due within one year                             | (15,974)                                 | (4,366)                                  | (2,316)                                    |
| Derivative financial instruments held at fair value through profit or loss | -                                        | (354)                                    | (53)                                       |
|                                                                            | (15,974)                                 | (4,720)                                  | (2,369)                                    |
| <b>Net current assets</b>                                                  | 8,142                                    | 52,563                                   | 22,479                                     |
| <b>Total assets less current liabilities</b>                               | 720,310                                  | 825,559                                  | 822,182                                    |
| <b>Net assets</b>                                                          | 720,310                                  | 825,559                                  | 822,182                                    |
| <b>Capital and reserves</b>                                                |                                          |                                          |                                            |
| Called-up share capital (note 6)                                           | 16,747                                   | 16,747                                   | 16,747                                     |
| Share premium                                                              | 100,956                                  | 100,956                                  | 100,956                                    |
| Capital redemption reserve                                                 | 3,397                                    | 3,397                                    | 3,397                                      |
| Warrant exercise reserve                                                   | 8,704                                    | 8,704                                    | 8,704                                      |
| Share purchase reserve                                                     | 31,163                                   | 31,163                                   | 31,163                                     |
| Capital reserves                                                           | 553,920                                  | 661,145                                  | 643,293                                    |
| Revenue reserve                                                            | 5,423                                    | 3,447                                    | 17,922                                     |
| <b>Total equity shareholders' funds</b>                                    | 720,310                                  | 825,559                                  | 822,182                                    |
| <b>Net asset value per share (note 7)</b>                                  | 430.11p                                  | 492.96p                                  | 490.94p                                    |

Registered in England and Wales as a public company limited by shares

Company registration number: 03104981

# Notes to the Accounts

## 1. Financial Statements

The information contained within the accounts in this half year report has not been audited or reviewed by the Company's independent auditor.

The figures and financial information for the year ended 30 September 2019 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

## 2. Accounting policies

### Basis of accounting

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by The Association of Investment Companies in October 2019.

All of the Company's operations are of a continuing nature.

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 30 September 2019.

## 3. Taxation

The Company's effective corporation tax rate is nil, as deductible expenses exceed taxable income. The taxation charge comprises irrecoverable overseas withholding tax on dividends receivable, and overseas capital gains tax.

## 4. Return/(loss) per share

|                                                              | (Unaudited)<br>Six months<br>ended<br>31 March<br>2020 | (Unaudited)<br>Six months<br>ended<br>31 March<br>2019 | (Audited)<br>Year ended<br>30 September<br>2019 |
|--------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------|
| Revenue return (£'000)                                       | 3,746                                                  | 2,115                                                  | 16,590                                          |
| Capital (loss)/return (£'000)                                | (89,373)                                               | 14,724                                                 | (3,128)                                         |
| <b>Total (loss)/return (£'000)</b>                           | <b>(85,627)</b>                                        | 16,839                                                 | 13,462                                          |
| Weighted average number of shares in issue during the period | 167,470,716                                            | 167,513,024                                            | 167,491,812                                     |
| Revenue return per share                                     | 2.24p                                                  | 1.26p                                                  | 9.90p                                           |
| Capital (loss)/return per share                              | (53.37)p                                               | 8.79p                                                  | (1.87)p                                         |
| <b>Total (loss)/return per share</b>                         | <b>(51.13)p</b>                                        | 10.05p                                                 | 8.03p                                           |

## 5. Dividends paid

|                                                 | (Unaudited)<br>Six months<br>ended<br>31 March<br>2020<br>£'000 | (Unaudited)<br>Six months<br>ended<br>31 March<br>2019<br>£'000 | (Audited)<br>Year ended<br>30 September<br>2019<br>£'000 |
|-------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------|
| 2019 final dividend paid of 9.70p (2018: 9.50p) | 16,245                                                          | 15,910                                                          | 15,910                                                   |

No interim dividend has been declared in respect of the year ending 30 September 2020 (2019: nil).



# Notes to the Accounts

## 6. Called-up share capital

|                                                                         | (Unaudited)<br>Six months<br>ended<br>31 March<br>2020 | (Unaudited)<br>Six months<br>ended<br>31 March<br>2019 | (Audited)<br>Year ended<br>30 September<br>2019 |
|-------------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------|
| <b>Ordinary shares of 10p each, allotted, called-up and fully paid:</b> |                                                        |                                                        |                                                 |
| Opening balance of shares in issue                                      | 167,470,716                                            | 167,570,716                                            | 167,570,716                                     |
| Shares repurchased and cancelled                                        | -                                                      | (100,000)                                              | (100,000)                                       |
| <b>Closing balance of shares in issue</b>                               | <b>167,470,716</b>                                     | <b>167,470,716</b>                                     | <b>167,470,716</b>                              |

## 7. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds by the number of shares in issue at 31 March 2020 of 167,470,716 (31 March 2019 and 30 September 2019: same).

## 8. Financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio and derivative financial instruments.

FRS 102 requires that financial instruments held at fair value are categorised into a hierarchy consisting of the three levels below. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement.

Level 1 – valued using unadjusted quoted prices in active markets for identical assets.

Level 2 – valued using observable inputs other than quoted prices included within Level 1.

Level 3 – valued using inputs that are unobservable.

|                                                               | 31 March 2020 (unaudited) |                  |                  |                |
|---------------------------------------------------------------|---------------------------|------------------|------------------|----------------|
|                                                               | Level 1<br>£'000          | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
| Investments in equities and equity linked securities          | 712,168                   | -                | -                | 712,168        |
| Derivative financial instruments – forward currency contracts | -                         | 2,586            | -                | 2,586          |
| <b>Total</b>                                                  | <b>712,168</b>            | <b>2,586</b>     | <b>-</b>         | <b>714,754</b> |

|                                                              | 31 March 2019 (unaudited) |                  |                  |                |
|--------------------------------------------------------------|---------------------------|------------------|------------------|----------------|
|                                                              | Level 1<br>£'000          | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
| Investments in equities and equity linked securities         | 772,996                   | -                | -                | 772,996        |
| Derivative financial instruments- forward currency contracts | -                         | 531              | -                | 531            |
| <b>Total</b>                                                 | <b>772,996</b>            | <b>531</b>       | <b>-</b>         | <b>773,527</b> |

|                                                               | 30 September 2019 (audited) |                  |                  |                |
|---------------------------------------------------------------|-----------------------------|------------------|------------------|----------------|
|                                                               | Level 1<br>£'000            | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
| Investments in equities and equity linked securities          | 799,703                     | -                | -                | 799,703        |
| Derivative financial instruments – forward currency contracts | -                           | 1,032            | -                | 1,032          |
| <b>Total</b>                                                  | <b>799,703</b>              | <b>1,032</b>     | <b>-</b>         | <b>800,735</b> |

# Notes to the Accounts

## **9. 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.

# Notes



## Directors

Nicholas Smith (Chairman)  
Keith Craig  
Vivien Gould  
Rosemary Morgan  
Martin Porter  
James Williams

## Advisers

### Alternative Investment Fund Manager ("Manager")

Schroder Unit Trusts Limited  
1 London Wall Place  
London EC2Y 5AU

### Investment Manager and Company Secretary

Schroder Investment Management Limited  
1 London Wall Place  
London EC2Y 5AU  
Telephone: 020 7658 3847

### Registered Office

1 London Wall Place  
London EC2Y 5AU

### Depository and Custodian

HSBC Bank plc  
8 Canada Square  
London E14 5HQ

### Lending Bank

Scotiabank Europe PLC  
201 Bishopsgate  
London EC2M 3NS

### Corporate Broker

Numis Securities Limited  
The London Stock Exchange Building  
10 Paternoster Square  
London EC4M 7LT

## Registrar

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA  
Shareholder Helpline  
0800 032 0641\*

Website: [www.shareview.co.uk](http://www.shareview.co.uk)

\*Calls to this number are free of charge from UK landlines.

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 Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

## Independent Auditor

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

Certain pre-sale, regular and periodic disclosures required by the AIFM Directive may be found on its webpages.

The Company's leverage policy and details of limits on leverage required under the AIFM Directive are published on its webpages.

## Dealing codes

ISIN Number: GB0007918872  
SEDOL Number: 0791887  
Ticker: SDP

## Global Intermediary Identification Number (GIIN)

SWLQRM.99999.SL.826

## Legal Entity Identifier (LEI)

549300A71N7LE35KWU14

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