Schroder Oriental Income Fund Limited

Annual report and accounts
for the year ended 31 August 2023

Schroders

Introduction

Performance summary

Net Asset Value ("NAV") per share total return*	Share price total return*	Dividends per share
-3.5%	**-3.1%**	**11.80p**
(2022: +2.5%)	(2022: +1.2%)	(2022: 11.40p)

Ongoing charges ratio*

0.88%

(2022: 0.86%)

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Share price discount to NAV per share*	Revenue earnings per share
4.5%	**11.81p**
(2022: 4.8%)	(2022: 12.94 pence)

Gearing*	Share price	Net revenues after taxation
4.4%	**244.50p**	**£30.4m**
(2022: 4.0%)	(2022: 264.00p)	(2022: £34.1m)

Some of the financial measures above are classified as Alternative Performance Measures, 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 75 and 76, together with supporting calculations where appropriate.

Strategic report

Strategic report

I need to commend our Investment Manager for achieving such consistent and considerable outperformance over recent years

Dear Shareholder, I ended my last Chairman's Statement in the spring on a note of cautious optimism that the outlook for Asian equities was starting to brighten. Sadly, in the last six months anyway, the sun has not shone and the second half of our financial year saw modest declines in total returns. That brought the Net Asset Value ("NAV") total return for the full financial year to -3.5%, with a similar return from the share price. The bright spot is that this is, once again, a notable outperformance of the reference index, the MSCI AC Pacific ex Japan in sterling terms, which fell by 8.1% during the same period. It is also worth noting that the strength of sterling was a material contributory factor to the fall. After many years of decline, sterling strengthened significantly over the year and this erodes our total return once the local currency is translated back into sterling. Indeed, our underlying return in local currency terms was positive. We have cautioned in the past about the potential impact of sterling movements, which have often been favourable to our total returns. We do not seek to hedge or mitigate the influence of the sterling exchange rate; we see our job as investing in good quality Asian companies, not trading exchange rates. Since the summer, sterling has begun to weaken once again.

Before moving from performance, I need to commend our Investment Manager for achieving such consistent and considerable outperformance over recent years. The reasons for this year's outperformance are explained in the Investment Manager's Review on page 6. It is clear to me that Schroders apply considerable knowledge, experience and skill, as well as keeping a cool head. This is very valuable. The Board has recently had the benefit of seeing the substantial resources and expertise of Schroders in Asia when, for the first time since before the pandemic, we accompanied the Managers this summer to visit Schroders' offices and some of our investee companies in Hong Kong and Taiwan.

I hardly need to remind anyone of the various global macroeconomic and political headwinds which have troubled financial markets over the last year. Asia is not immune to any of these effects, especially with China now showing signs of economic strain. However, with the exception of some geopolitics and private sector debt issues in China, Asia is not at the epicentre of the pressures. The region is relatively well placed in terms of inflation, economic strength, interest rates, indebtedness and competitiveness. That Asia is vibrant and an economic powerhouse is something of a hackneyed phrase but the truth of this was brought home to the Board on our visit. It is too easy to slip into viewing Asia through a European lens.

Another interesting observation of our visit was the extent of meaningful implementation around sustainability amongst many of our portfolio companies. It was genuinely impressive. Perhaps it was, again, my European perspective but my impression prior to the visit was that Asia was, generally, lagging Europe and the US in this regard. This is far from the truth, at least as far as our portfolio companies are concerned.

In the same vein, shifting political sands in the US, enhanced regulatory scrutiny in Europe and a tougher economic environment has seen less enthusiasm from global investors for "pure play" Environmental, Social and Governance ("ESG") investing. However, as an integrated input to investment decision making, ESG factors remain valuable. Schroders has long had many aspects of ESG at the heart of their process, indeed before anyone thought of combining three

"Picking these quality companies is at the heart of what the team at Schroders seeks to do and is evidenced in our current portfolio. This integrated approach to ESG is also, I believe, a meaningful contributor to our strong long-term performance.

disparate words into one concept and giving it an acronym. Today, their approach remains as valid as ever. The Company seeks to buy businesses that have an attractive income proposition as well as offering the opportunity for capital growth. Schroders' approach naturally guides us to invest in businesses that are truly sustainable in the broadest sense of the word, rather than ones that merely espouse targets for the future. Picking these quality companies is at the heart of what the team at Schroders seeks to do and is evidenced in our current portfolio. This integrated approach to ESG is also, I believe, a meaningful contributor to our strong long-term performance. More information around Schroders' approach to ESG can be found on pages 17 to 21.

Some of you will have seen our announcement on 3 August 2023 of the forthcoming retirement from the Board of Kate Cornish-Bowden. Schroders are being appointed as investment manager of the International Biotechnology Trust ("IBT") and her role as chair of IBT means that she has felt that she should resign from our board to ensure that perceptions of her independence are not compromised. We respect this but will really miss Kate, her experience, knowledge and good humour. I can also assure Shareholders of this company and of IBT that no one should doubt her independence of mind. The Board has commenced a succession process and we will make an announcement in due course.

In line with the broader investment trust industry, the Company's shares continue to trade at a discount to NAV. The Board believes that the discount is unwarranted given the Company's performance and the liquidity of our underlying portfolio. Perhaps, though, at a time of sharply widening discounts across the investment trust universe, we may have to be patient before we see ours eliminated once again. During the course of the year, a total of 8,010,000 shares were repurchased at an average discount of 5.2% to NAV, with further purchases of 2,220,000 shares since the financial year end. Please be assured that we remain committed to repurchasing shares at a discount when there is a notable imbalance in the market and it is in Shareholders' best interests.

I have already touched on the impact of sterling on our total return for the period. It has the same impact on our dividend receipts which in sterling terms have fallen a little this year, though were higher in local currency terms. We have continued to grow our own dividend to Shareholders progressively for 17 years and the current dividend yield on our share price is approximately 5%. As the global economy begins to slow, we may consequently see some slowdown in dividend growth from our portfolio companies. However, it is important to remember that payout ratios in Asia are modest so our companies are not under financial pressure. Our Manager is not forecasting notable falls in receipts. The Company also has considerable revenue reserves. Any slowing in our dividend receipts is likely to be transitory and we are comfortable, as and when we need to, to dip into our reserves for a short time to maintain or grow our own dividend to Shareholders. For this last financial year we have increased the dividend by 3.5% to 11.80 pence per share.

Finally, I wanted to touch on the merits of an income orientation to investment in Asia. Many managers seek to find the next big growth winner in the pursuit of returns. Some will succeed, for some of the time. I believe that an income orientation brings natural benefits, that this has contributed to the Company's strong long-term performance and that attractive income from growing companies need not come at the cost of reduced total return. The income universe available to our Managers provides fertile territory for their true strength – stock selection – and it is a universe that is less volatile than many of the low yielding, cyclical and growth areas of the market. The strong dividend income available in Asia, its low payout ratios and the current undemanding valuations across the region suggest to me that the attractive long-term performance achieved for Shareholders to date is sustainable in the future. Once again, I look forward with modest optimism. The vagaries of financial markets may prove me wrong for another six months, perhaps longer. But, eventually, the fundamentals of the region, its companies and their strong dividend growth will once again attract international capital. The Company is well placed to benefit from that trend when it arrives.

Our investment managers, Richard Sennitt and Abbas Barkhordar will be giving presentations at an investor webinar on Wednesday 29 November 2023 at 2.00 pm (which can be signed up to via the following link: https://www.schroders.events/SOI23).

The Company's Annual General Meeting ("AGM") will be held at 2pm on Monday 4 December at 1 London Wall Place, London, EC2Y 5AU.

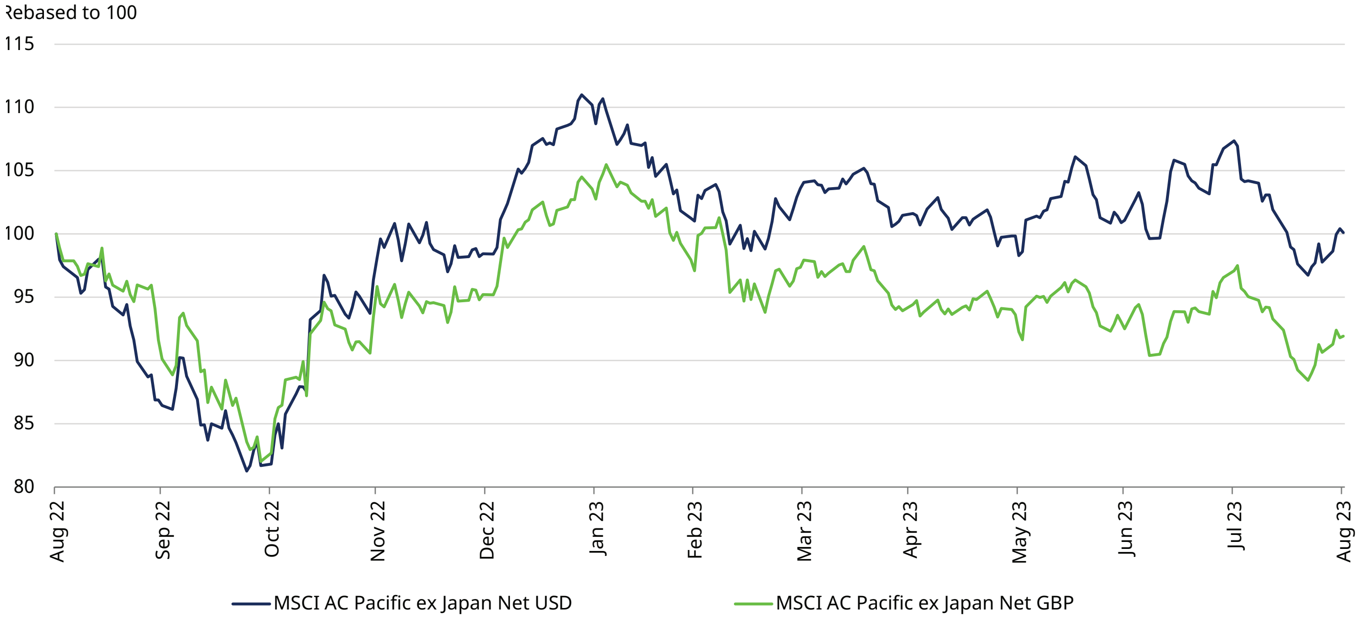
The Company's Investment Managers and the Board will attend to make a presentation and answer questions from Shareholders. I encourage all of you to join us, and hope to meet you then. I also look forward to reporting to you again in the interim financial statements next spring.

Paul Meader
Chairman

8 November 2023

The net asset value per share of the Company recorded a total return of -3.5% over the 12 months to end August 2023. Four interim dividends have been declared totalling 11.80p (11.40p last year).

Performance of the MSCI AC Pacific ex Japan net dividends reinvested Index in GBP and USD – 31 August 2022 to 31 August 2023



Source: Thompson Datastream as at 31 August 2023

Asian markets experienced huge swings in sentiment over the 12 months to end August, largely driven by gyrations in expectations for the Chinese domestic economy, the impact of geopolitics, including over Ukraine, Taiwan and US-China relations, and the outlook for the global economy, with the path of US interest rates of particular importance. Despite this litany of concerns, the region's markets rose by around 1.9% in local terms, albeit the strength of sterling meant they finished down some 8.1% over the period in sterling terms.

However, across the region there were large differences in returns. China and Hong Kong were very volatile but ended down the most over the period. We saw large falls in both markets during the fourth quarter of last year in the run up to, and post, the Communist Party Congress before seeing a dramatic recovery driven by the Chinese authorities' move away from 'Zero COVID'. However, optimism faded when economic data, whilst generally showing an improvement, disappointed expectations. High-end spending and services consumption did much better when compared to the wider economy, but even that was lacklustre. Residential property numbers continued to disappoint and renewed concerns over the state of the Local Government Financing Vehicles' ("LGFVs") finances, and some of the private residential developers' liquidity positions, weighed on the market. During July, the Chinese market recovered on expectations of a sizeable stimulus, but measures announced thus far have been modest.

US-China relations continued to be a driver of sentiment over the period but, on balance, did see some stabilisation during the year. Positives included the G-20 meeting in Bali, where presidents Xi and Biden met face-to-face, and progress from the US PCAOB (Public Company Accounting Oversight Board) inspection of Chinese accounts. Although "balloon gate", together with more restrictions on the export of high-end technologies to China, did sour relations, there has more recently been increased dialogue between the two, with meetings between US and Chinese officials at a number of levels.

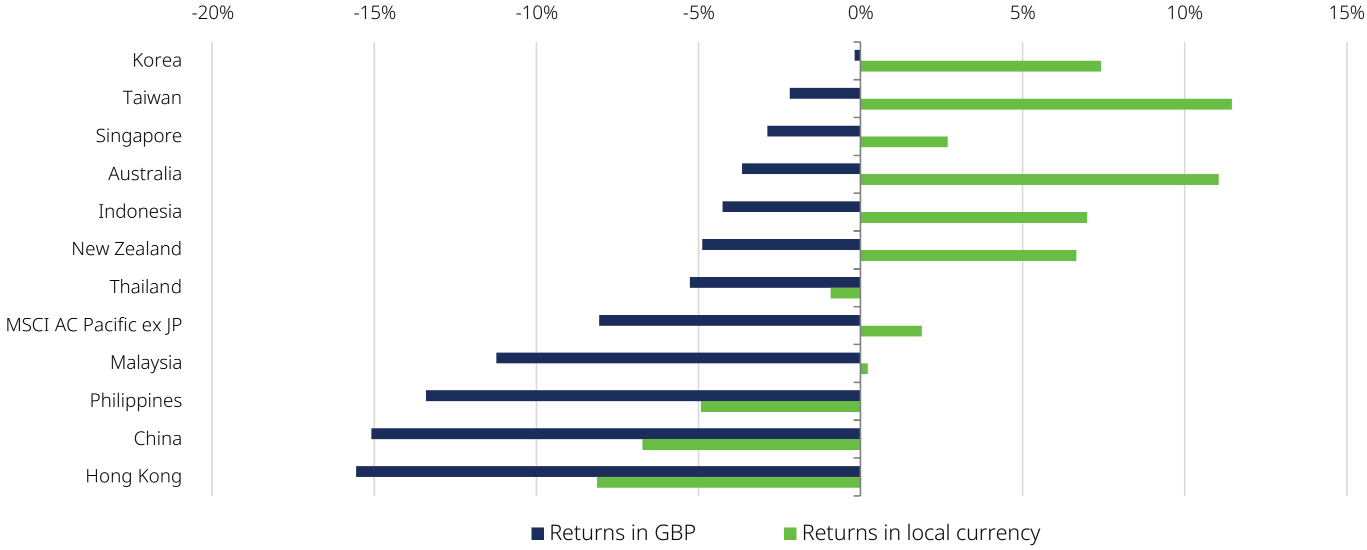
Furthermore, domestically in China, there was a shift in tone around regulation towards the internet companies, together with further announcements of government support for the private sector, leading to hopes that the worst of the regulatory tightening had been seen.

The best performing markets over the period were Korea and Taiwan. These are markets that have high weightings in the information technology ("IT") sector, which was the best performing sector over the period. Post-COVID, the IT sector had seen a slowdown as demand for goods faded as people switched to consuming more services. This slowdown had led to an increase in inventories and acted as an overhang for the sector. However, this then elicited a supply-side response by these companies to the lower demand, seeing them cut both production and capital expenditure which has seen the inventory imbalance start to correct, lifting stock prices. More recently, some of these have benefitted from the hope that artificial intelligence ("AI") would drive a surge in demand for increased computing power.

Despite the deteriorating outlook for global growth, inflation pressures remained elevated for much of the year and financial conditions generally tightened. Of the major markets, Australia and Singapore proved defensive, with resource companies in Australia and financials in Singapore performing relatively well. From a sector perspective, materials were supported by higher-for-longer commodity prices, with higher interest rates supportive of financials. Defensive sectors generally underperformed over the period.

Country returns of the MSCI AC Pacific ex Japan Net Dividends Reinvested Index in GBP and local currency – 31 August 2022 to 31 August 2023

MSCI AC Pacific ex Japan net returns by country 31 August 2022 to 31 August 2023



Source: Schroders, Factset

Turning to dividends - last financial year, there was a broad-based pick up in dividends, but this year has been more mixed, with dividends in some areas such as the Australian resource names (and other more cyclical[1] areas) coming down as falls in underlying commodity prices saw profits retreat from high levels. Financials, on the other hand, saw the banks benefit as interest rates rose, helping both margins and earnings and enabling higher dividends. However, from a Company perspective, the main headwind for dividends came from the appreciation of sterling during the course of the year which made gains against most of the region's currencies, thus impacting the translation from local currencies back into sterling.

Positioning and Performance

Although the Company's NAV fell over the period, with a NAV total return of -3.5%, this compared favourably to the fall in the reference benchmark of -8.1%. Relative performance over the period was helped by the underweight to, and strong stock selection in, China. Stocks in the insurance sector there, such as our holdings in China Pacific Insurance and Ping An, were perceived to be beneficiaries of the move away from 'Zero COVID', as it would enable sales agents to conduct more face-to-face meetings which had been constrained during COVID. Also, although the private sector residential property developers had been hit hard by the weak property market, our holding in China Resources Land substantially outperformed, with its investment properties providing a recurring income stream which, together with its relatively robust balance sheet, proved defensive. An absence of the e-commerce names, who pay little or no dividends, was also a positive, as was not holding any of the healthcare names, given a large number derated meaningfully over the year.

Our stock picks in Taiwan added value, led by the IT names. These included semiconductor packaging company ASE, fabless design house Novatek, and power electronics company Delta Electronics, whose products have benefitted from the positive trends in AI and EVs. There was also a positive contribution from stocks in Australia, driven by the diversified resource names. The biggest drag on performance came from the overweight to, and stock selection in Hong Kong, albeit its negative impact was much smaller than the positive one derived from our positioning in China. The two biggest detractors in Hong Kong were our positions in Bank of China (Hong Kong) and telecom company HK Telecom.

From a sector perspective, stock picks in the financials sector did well, including banks in Singapore (Oversea-Chinese Banking Corporation and United Overseas Bank ("UOB")), Bank Mandiri in Indonesia and our holding in out-of-benchmark SMFG in Japan. Our underweights to consumer discretionary and some of the more defensive sectors, such as healthcare, utilities and staples, all added value. Our overweight to IT names also contributed positively, as described earlier. Our overweight to real estate was a negative — although this was almost entirely offset by strong selection including from our holdings in Singapore, Australia and China. Our overweight to Hong Kong real estate was a drag, where our exposure is predominantly to landlords operating in mainland China as well as Hong Kong. Given their exposure to retail spend via their malls, disappointment in the consumer recovery weighed on share prices.

The geographic exposure in the Company's portfolio continues to be mainly spread between Taiwan, Australia, Singapore, Hong Kong, Korea and China. Over the period, we did add to positions in China and Hong Kong, including insurance (China Pacific Insurance Company) and other financial names (Hong Kong Exchange) which we believe would benefit from the ending of Chinese 'Zero COVID' policy, but which were not excessively valued in our view. China remains a substantial underweight but is, in part, offset by the overweight to Hong Kong. We believe the Hong Kong market, in general, looks more attractive from a valuation perspective, with several names set to benefit from the re-opening of the border with the mainland. Elsewhere, we reduced Singapore, reducing our exposure to some of the REIT names there which had performed well and will see costs rise along with interest rates, as well as cutting our position in UOB, a bank that had outperformed. However, we remain overweight the market. We also took some money out of some of the better performing Taiwanese IT names, as well as selling out of Far EasTone, a telecom company that had performed strongly.

1 Cyclical stocks: a stock whose price is affected by macroeconomic or systematic changes in the overall economy, such as consumer goods.

Hong Kong likely to benefit from China opening up post Covid

Recovery will support growth

Hong Kong visitor number of arrivals

Source: Refinitiv Datastream, updated October 2023.
Countries and regions shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

We continued in aggregate to add to financials, where we are overweight, with valuations still looking relatively attractive given higher interest rates and subdued credit costs. Here, we added to Chinese names, as described earlier in this report. We also reduced the overweight to real estate, trimming names that had performed strongly across the region, and in IT as described above. Although near term earnings have been seeing downward revisions, we continue to see some strong long-term drivers for growth around digitisation, AI adoption, and the roll-out of 5G and 'Internet of Things'. In IT, our focus remains on the Taiwanese and Korean companies.

The other area where we have reduced exposure is in the materials sector. Here, sales have been focussed in the Australian names earlier in the period after the sector had performed strongly, in part helped by the surge in commodity prices.

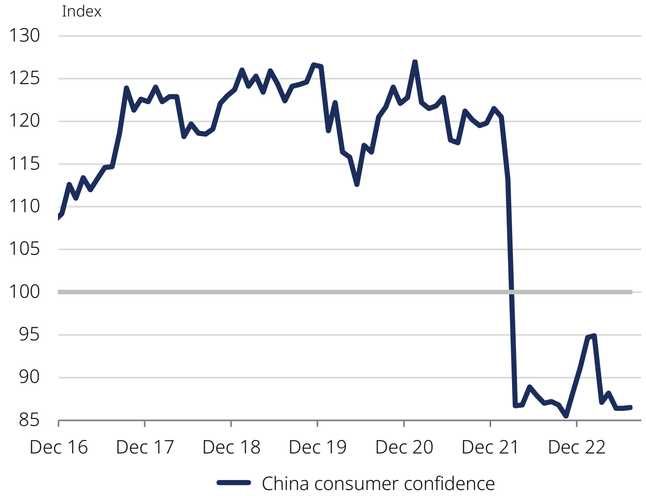
Investment Outlook

The euphoria seen in markets at the beginning of 2023 over China's move away from its 'Zero COVID' policy feels like a distant memory, as China's long awaited post-COVID recovery has proved weaker than expected. Economic data out of China, and a lack of forceful policy response, has been disappointing, reigniting concerns over local government debts and the wider residential property sector. This has overshadowed more positive global developments stemming from more favourable US inflation data, its knock-on to the US interest rate cycle, and potential for a soft landing in the US. There are some signs that the inventory cycle has started to bottom, potentially pointing to a more favourable demand outlook. Rising demand for Asian manufactured product has historically led to a resurgence in Asian markets. However, as already highlighted, geopolitics remains an overhang to the region with areas of tension including US-China, Taiwan, Ukraine and the Middle East. The electoral cycle is a likely point of focus with both the US and Taiwan having elections next year. Overall earnings have continued to be revised down following a reset to China and global growth expectations, leaving aggregate valuations broadly in line with their longer-term averages. However, this masks a large variation across individual markets where Singapore and Hong Kong, amongst others, look relatively cheap versus history.

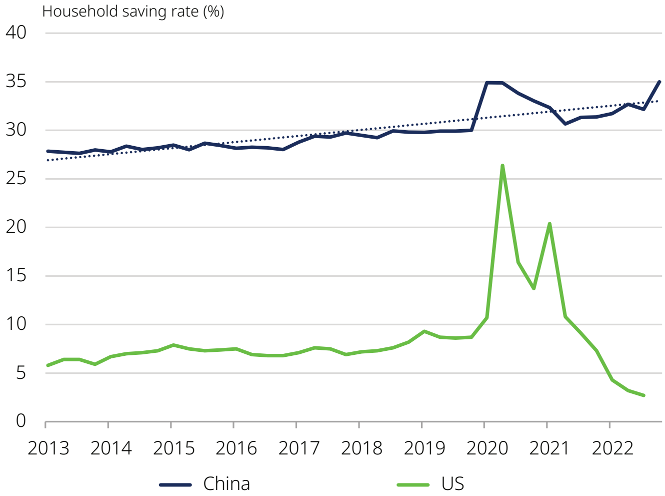
China — problem is poor confidence holding back consumer spend

High savings rates are able to fund consumption if confidence returns

China consumer confidence[1]



Chinese consumer in a different position to US one[2]



Source: [1]Refinitiv Datastream, as at 30 September 2023. [2]Refinitiv, CEIC, Schroders Economics Group. 17 February 2023. The regions and countries shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Although we did not have an optimistic view on the growth outlook for China, it has still managed to disappoint. This has brought renewed focus back on to the residential property sector, where private sector developers have seen a liquidity squeeze, as sales have continued to disappoint impacting cashflow for the whole sector. The recent negative headlines around Chinese property developers such as Country Garden could cause further deterioration in homebuyers' sentiment and financing capabilities for other private sector developers, indirectly raising the risk of more defaults in the industry going forward. We expect policy easing, both on the demand and supply sides, to intensify to avoid more defaults and any wider impact on the financial sector. Our long-term concerns around the structural headwinds for the residential sector remain - property is likely to be less of a driver for the economy than in the past, given the already high levels of residential investment combined with an ageing demographic. Near term, we believe it is a lack of consumer confidence that is the problem rather than an inability to spend due to high borrowings. In fact, household balance sheets have only strengthened over the last two years, due to high levels of precautionary savings, and it is measures to address this, such as progress on reforms, rather than a massive fiscal stimulus which is needed to give the consumer greater confidence to spend more. Nevertheless, in our view it is likely we will see further government stimulus, on top of the piecemeal measures we have seen so far. More positively, the regulatory backdrop doesn't appear to be getting worse and there are even tentative signs of re-engagement between the US and China. Despite this, we remain very underweight combined Hong Kong and China, albeit we have been selectively looking to add to holdings in both markets where valuations have come back. We are more positive on Hong Kong, where valuations are lower and the SAR should see a recovery as the border with the mainland has reopened. Although visitor numbers to Hong Kong and Macau have picked-up materially, one needs to remain cognisant of the potential for tighter capital controls by the Chinese government should external balances become too wide.

Sector-wise, IT stocks, where we have been overweight, are still trading at relatively attractive levels from a valuation perspective, in our view. While the visibility of demand remains low, the supply side adjustment is starting to take place as announcements on production and capital expenditure cuts have started to be seen and inventories appear to be peaking. Otherwise, we remain overweight to financials – a diverse sector spanning not only banks, but also insurers and exchange companies. Although we saw concern over banks earlier in the year following the Silicon Valley Bank and Credit Suisse collapses, the banks we own are generally well-capitalised with strong deposit franchises and fall into two camps: those that are benefitting from increased credit penetration, such as in Indonesia, and the more domestically-focussed retail names in more mature markets, such as Singapore, that in general trade at attractive valuations and decent dividend yields.

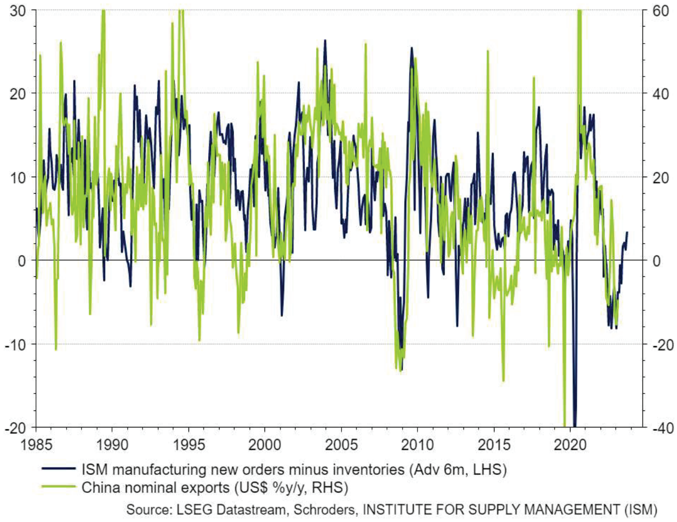
We remain overweight real estate with our broad thesis around our holdings here remaining unchanged, focusing on landlords, rather than developers, and those names with strong recurring income growth and thus dividend appeal. We have, however, cut the size of our overweight during the year and we have roughly half our exposure coming from Hong Kong and China names, with the rest from a few other countries including Singapore and Australia. We do not own any of the Chinese private sector residential developers.

Underweights remain in those areas of the market generally perceived as more defensive, including consumer staples, healthcare and utilities, where valuations in our view still remain relatively full.

Near term, it is likely that we will see further downward revisions to earnings as global growth slows, and an ongoing period of inventory adjustment amongst companies to reflect this slower growth, which will hopefully put them in a position to start to grow earnings once more when demand recovers. Positively, we are starting to see early indicators of a potential bottoming in the global goods cycle with purchasing managers' indices showing tentative signs of improvement in inventories and new orders which historically, with a lag, have been a good lead indicator of exports. The distortion in the goods cycle from COVID was significant, with goods demand collapsing, post its surge in 2020, as services recovered, meaning that the goods cycle is much progressed when compared to that of services. Given overall aggregate valuations for the region are now trading at or below long-term averages, this does set up a more constructive backdrop for Asian markets in the coming year, barring a global hard landing or a more extreme geopolitical risk event.

Goods cycle starting to bottom

China's nominal exports could return to y/y growth in early 2024

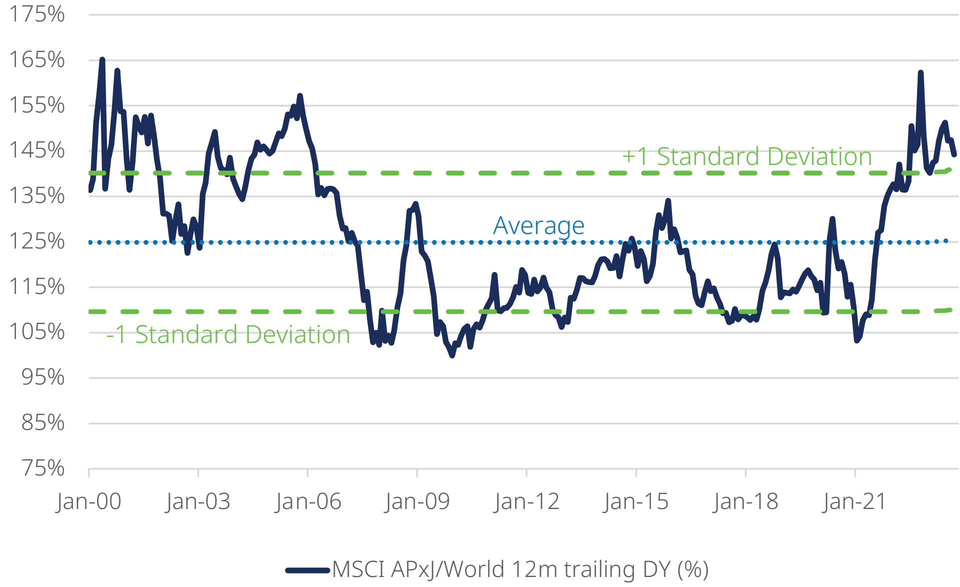


Source: Refinitiv, Schroders Economics Group. 6 October 2023

As we have discussed previously, it is our belief that Asia remains an attractive source of equity income, potentially providing diversification for some UK investors seeking income, as we saw through the initial wave of COVID. The dividend yield for the region 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 this year is likely to face some ongoing pressures, as has been seen in earnings revisions trends, which may impact dividends. Still, we believe overall payout ratios in Asia do not look extended versus some other markets and corporates in Asia remain relatively lowly geared. The arguably more significant impact on dividends received comes from the level of sterling, which was quite strong over the period, and thus a headwind. At the time of writing, we had seen some reversal in sterling's strength, partly due to an expectation that UK rates could potentially be peaking. This would reduce these pressures if the trend were to persist.

To conclude, it is worth remembering that as investors we buy companies, not countries. We are mindful of the impact political and macroeconomic factors can have on equities and returns, but we are bottom-up stock-pickers first and foremost, focusing on the company's return prospects and valuation. We do not try to pick companies which will do well based purely on a particular macro environment which we have forecast; rather we try to pick well-managed companies with attractive distribution profiles, which have structural advantages.

MSCI AC Asia Pacific ex Japan versus MSCI World relative dividend yield



Source: Factset, MSCI as at 30 September 2023. The regions and countries shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Sectoral breakdown of portfolio (gearing* at 4.4%)

	Portfolio Weight (%)
Information Technology	26.8
Banks	24.1
Real Estate	12.2
Communication Services	10.4
Other Financials	10.3
Materials	8.0
Consumer Discretionary	4.4
Industrials	3.0
Consumer Staples	3.0
Energy	2.2
Utilities	-
Healthcare	-

*Borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

Source: Schroders as at 31 August 2023

Regional breakdown of portfolio (gearing* at 4.4%)

	Portfolio Weight (%)
Australia	19.5
Taiwan	19.2
Singapore	15.3
Korea	13.8
China	13.1
Hong Kong	12.0
Indonesia	4.2
Thailand	2.1
Japan	2.0
Philippines	1.2
New Zealand	0.6
Vietnam	1.3
Malaysia	-

Source: Schroders as at 31 August 2023

Schroder Investment Management Limited
8 November 2023

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.

Schroder Oriental Income Fund Limited
Investment Portfolio At 31 August 2023

Investments are classified by the 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% (2022: 59.5%) of total investments and derivative financial instruments.

	£'000	%
Australia		
BHP Billiton[1]	**18,837**	**2.8**
Telstra	**17,919**	**2.6**
National Australia Bank	**16,782**	**2.5**
Rio Tinto[1]	**14,729**	**2.2**
Westpac Banking	9,026	1.3
Mirvac	7,840	1.2
Suncorp	7,809	1.2
Australia & New Zealand Banking	7,697	1.1
ASX	7,178	0.9
Orica	6,231	0.9
Deterra Royalties	4,396	0.6
Woodside Energy	4,015	0.6
Coles Group	3,783	0.6
Total Australia	**126,242**	**18.5**
Taiwan		
Taiwan Semiconductor Manufacturing	**61,645**	**9.2**
Hon Hai Precision Industry	**12,583**	**1.9**
ASE Technology	**11,831**	**1.7**
Delta Electronics	**11,635**	**1.7**
MediaTek	**11,129**	**1.6**
Uni-President Enterprises	6,852	1.0
CTBC Financial	5,317	0.8
Novatek Microelectronics	2,762	0.4
Total Taiwan	**123,754**	**18.3**
Singapore		
Oversea-Chinese Banking	**20,388**	**3.0**
Singapore Telecom	**18,755**	**2.8**
DBS Group	**12,886**	**1.9**
Singapore Exchange	10,254	1.5
CapitaLand Integrated Commercial Trust (REIT^)	8,700	1.3
Venture	7,686	1.1
Mapletree Logistics Trust (REIT^)	7,120	1.1
United Overseas Bank	6,765	1.0
Mapletree Industrial Trust (REIT^)	6,433	1.0
Total Singapore	**98,987**	**14.7**
South Korea		
Samsung Electronics (including preference shares)	**54,740**	**8.1**
Samsung Fire and Marine Insurance (including preference shares)	**11,445**	**1.7**
SK Telecom	9,619	1.4
LG Chemical preference shares	7,667	1.1
KB Financial	6,357	0.9
Total South Korea	**89,828**	**13.2**
Mainland China		
Midea Group warrants 08/07/2024[2] and A shares	**19,944**	**3.0**
Ping An Insurance H shares[3]	**11,028**	**1.6**
China Petroleum & Chemical H shares[3]	10,015	1.5
Shenzhou International[3]	8,851	1.3
China Pacific Insurance[3]	8,095	1.2
Sany Heavy Industry A shares	7,880	1.2
China Resources Land[3]	7,573	1.1
China Construction Bank[3]	6,062	0.9
China Merchants Bank[3]	5,439	0.8
Total Mainland China	**84,887**	**12.6**
Hong Kong (SAR)		
BOC Hong Kong	**19,420**	**2.9**
HKT Trust and HKT	**13,092**	**1.9**
HK Exchanges & Clearing	10,851	1.6
Kerry Properties	7,388	1.1
Link REIT^	6,347	0.9
Swire Properties	5,821	0.9
Hang Lung Properties	4,741	0.7
Hang Lung Group	4,094	0.6
Fortune REIT^	3,228	0.5
Swire Pacific B	3,170	0.5
Total Hong Kong (SAR)	**78,152**	**11.6**
Indonesia		
Bank Mandiri	**19,393**	**2.9**
Telekomunikasi Indonesia	8,040	1.2
Total Indonesia	**27,433**	**4.1**
Thailand		
Kasikornbank NVDR*	7,298	1.1
Land and Houses NVDR*	6,590	1.0
Total Thailand	**13,888**	**2.1**
Japan		
Sumitomo Mitsui Financial Group	**13,065**	**1.9**
Total Japan	**13,065**	**1.9**
Vietnam		
Vietnam Dairy Products	8,586	1.3
Total Vietnam	**8,586**	**1.3**
Philippines		
International Container Terminal Services	7,910	1.2
Total Philippines	**7,910**	**1.2**
New Zealand		
Fletcher Building	3,591	0.5
Total New Zealand	**3,591**	**0.5**
Total Investments[4]	**676,323**	**100.0**

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

	£'000	%
Equities and NVDR	600,695	88.7
Preference shares	55,684	8.2
Warrants	19,944	3.0
Total investments	**676,323**	**100.0**

*NVDR means non-voting depositary receipts

^REIT means real estate investment trust

Ten-Year Financial Record

At 31 August	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Shareholders' funds (£'000)	428,456	410,090	528,662	635,466	642,711	661,804	646,699	751,419	724,147	648,208
NAV per share (pence)	193.44	175.95	222.56	258.63	252.94	251.94	239.28	280.94	277.24	256.01
Share price (pence)	195.50	176.50	224.50	261.00	250.00	253.00	233.00	271.50	264.00	244.50
Share price (discount)/premium to NAV per share (%)	1.1	0.3	0.9	0.9	(1.2)	0.4	(2.6)	(3.4)	(4.8)	(4.5)
Gearing (%)[1]	5.1	5.5	0.4	2.0	4.5	5.3	4.0	2.7	4.0	4.4

For the year ended 31 August	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net revenue after taxation (£'000)	17,802	19,660	21,296	23,939	26,421	27,376	26,537	27,682	34,105	30,399
Revenue earnings per share (pence)	8.12	8.73	9.03	9.94	10.52	10.60	9.86	10.36	12.94	11.81
Dividends per share (pence)	7.65	8.00	8.50	9.20	9.70	10.10	10.30	10.50	11.40	11.80
Ongoing Charges (%)[2]	0.88	0.87	0.89	0.85	0.83	0.86	0.87	0.85	0.86	0.88

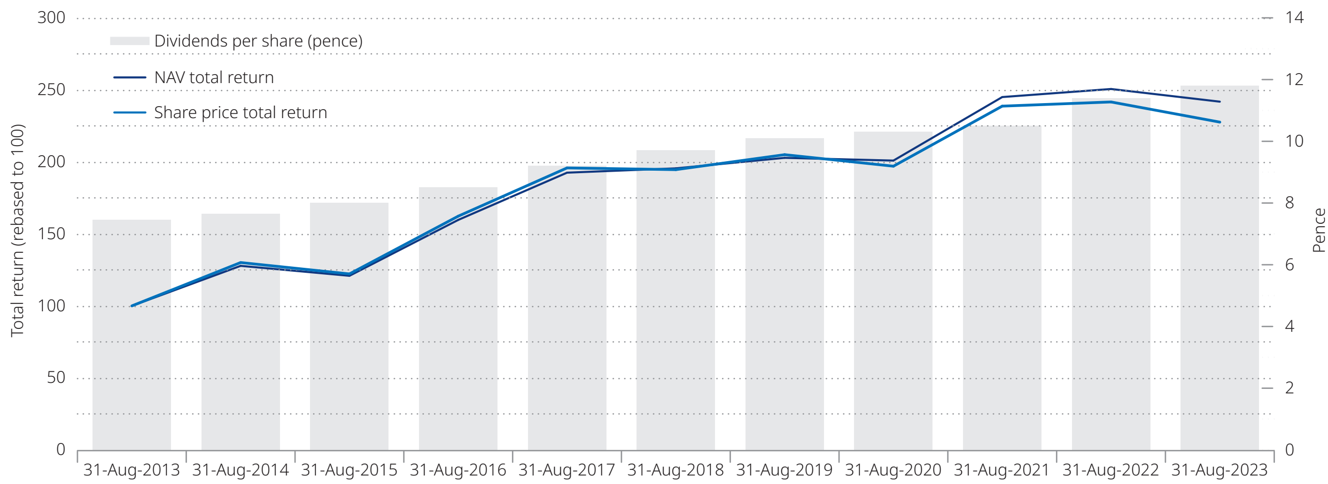
Performance[3]	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
NAV total return	100.0	127.8	120.9	159.7	192.5	195.5	202.8	200.9	245.0	250.6	241.8
Share price total return	100.0	130.1	122.2	162.3	195.8	194.6	205.0	197.0	238.7	241.6	234.1

1 Borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

2 Ongoing Charges represents the management fee and all other operating expenses excluding finance costs, transaction costs and any performance fee payable, expressed as a percentage of the average daily net asset values during the year.

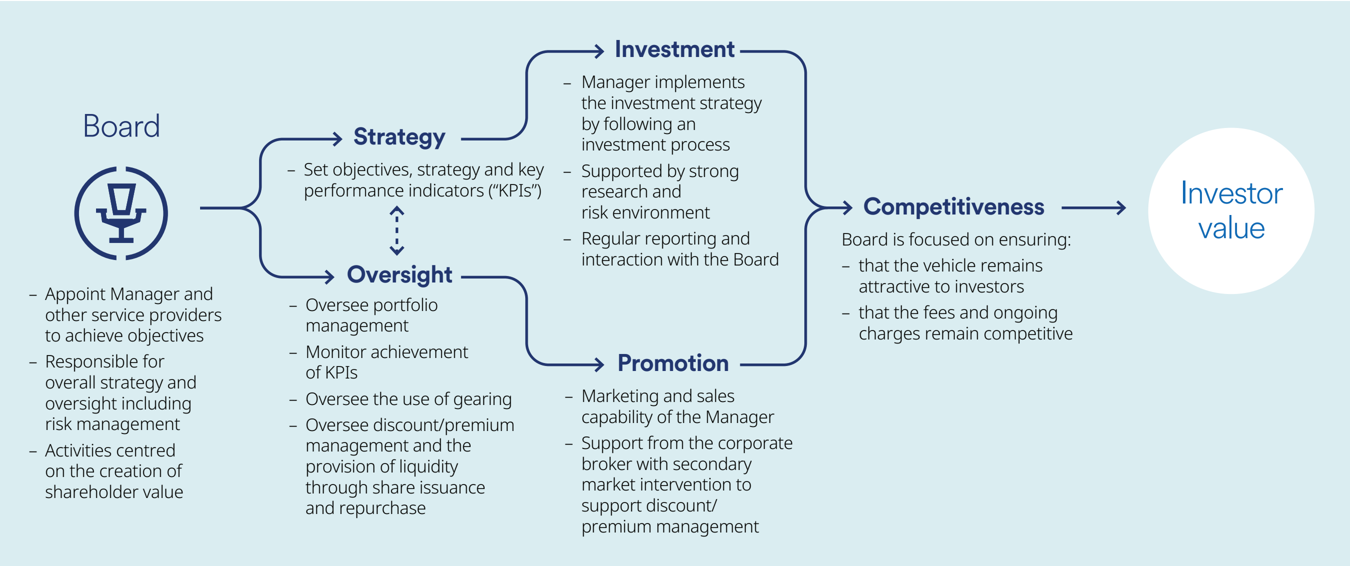
3 Source: Morningstar. Rebased to 100 at 31 August 2013.

NAV and share price total returns, and dividends per share over ten years to 31 August 2023



*Source: Morningstar. Rebased to 100 at 31 August 2013.

Business model



The Company is a listed investment trust that has outsourced its operations to third party service providers.

The Board has appointed the Manager, Schroder Unit Trusts Limited, to implement the investment strategy and to manage the Company's assets in line with the appropriate restrictions placed on it by the Board, including limits on the type and relative size of holdings which may be held in the portfolio and on the use of gearing, cash, derivatives and other financial instruments as appropriate.

The terms of the appointment are described more completely in the Directors' Report including delegation to the portfolio manager and their team. The Manager also promotes the Company using its sales and marketing teams. The Board and Manager work together to deliver the Company's investment objective, as demonstrated in the diagram above.

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.

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, depository 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 Investment 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 Investment Manager may consider writing calls over some of the Company's holdings, as a low risk way of enhancing the returns from the portfolio. The Board has set a limit such that covered calls cannot be written over portfolio holdings representing in excess of 15%, of gross assets. However, the Company may only invest in derivatives for the purposes of efficient portfolio management. Investors should note that the types of equity-related investments listed in this paragraph 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. The Company is required to obtain the prior approval of the Ordinary Shareholders to any material change to its published investment policy.

Status

The Company carries on business as a Guernsey incorporated, Guernsey Financial Services Commission authorised, closed-ended investment company. Its shares are listed and admitted to trading on the premium segment of the main market of the London Stock Exchange. The Company was added to the FTSE 250 index on 17 September 2019.

On 1 September 2020, following approval by the Company's Shareholders at a general meeting, the Company became tax resident in the United Kingdom and since then it has been approved by HM Revenue & Customs, by way of a one-off application, as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010. It is intended that the Company will continue to conduct its affairs in a manner which will enable it to retain this status. The Company is not a "close" company for taxation purposes.

It is not intended that the Company should have a limited life, and the articles of incorporation do not contain any provisions for review of the future of the Company at specified intervals.

Purpose, values and culture

The Company's purpose is to create long-term shareholder value, in line with the investment objective.

The Company's culture is driven by its values: transparency, engagement and rigour, with collegial behaviour and constructive, robust challenge. The values are all centred on achieving returns for Shareholders in line with the Company's investment objective. The Board also promotes the effective management or mitigation of the risks faced by the Company and aims to structure the Company's operations with regard to all its stakeholders and take account of the impact of the Company's operations on the environment and community.

Acting with high standards of integrity and transparency, the Board is committed to encouraging a culture that is responsive to the views of Shareholders and its wider stakeholders.

As the Company has no employees and acts through its service providers, its culture is represented by the values and behaviour of the Board and third parties to which it delegates. The Board aims to fulfil the Company's investment objective by encouraging a culture of constructive challenge with the key suppliers and openness with all stakeholders. The Board is responsible for embedding the Company's culture in the Company's operations. The Board recognises the Company's responsibilities with respect to corporate and social responsibility and engages with its outsourced service providers to safeguard the Company's interests. As part of this ongoing monitoring, the Board receives reporting from its service providers with respect to their anti-bribery and corruption policies; Modern Slavery Act 2015 statements; diversity policies; and greenhouse gas and energy usage reporting.

Key performance indicators ("KPIs")

The investment objective

The Board measures the development and success of the Company's business through achievement of the Company's investment objective, to provide a total return for investors primarily through investments in equities in the Asia Pacific region, which is considered to be the most significant key performance indicator for the Company.

Commentary on performance against the investment objective can be found in the Chairman's Statement.

At each meeting, the Board considers a number of performance indicators to assess the Company's success in achieving its investment objective. These are as follows: NAV total return; share price total return; share price discount/premium to NAV per share and ongoing charges. These are classed as Alternative Performance Measures ("APMs") and their calculations are explained in more detail on pages 75 and 76.

The performance against these indicators is reported on page 13.

Net asset value and share price total return

At each meeting, the Board reviews the performance of the portfolio in detail and discusses the views of the portfolio managers with them.

Share price discount/premium to net asset value per share

The Board reviews the level of discount/premium to net asset value per share at every board meeting and is alert to the value Shareholders place on maintaining as low a level of discount/premium volatility as possible.

The Board actively used its buyback authorities during the year under review and agreed to request renewal of the authorities to issue and buyback shares as described on page 72.

Ongoing charges

The Board reviews the Company's ongoing charges to ensure that the total costs incurred by Shareholders in the running of the Company remain competitive when measured against peer group funds. An analysis of the Company's costs, including management and performance fees, directors' fees and general expenses, is submitted to each board meeting. Management and any performance fees payable are reviewed at least annually.

Dividends payable

It is the Board's policy that, except for unforeseen circumstances, interim dividends on the Company's ordinary shares will be declared in respect of the quarters ended 30 November, 28 February, 31 May and 31 August in January, April/May, July and October/November each year.

Having already paid interim dividends amounting to 6.00 pence per share, the Board has declared a fourth interim dividend of 5.80 pence per share for the year ended 31 August 2023, which is payable on 1 December 2023 to shareholders on the register on 17 November 2023. Thus, dividends for the year amount to 11.80 pence (2022: 11.40 pence) per share. This represents an increase of 3.5% over the rate of dividends payable in respect of the previous year.

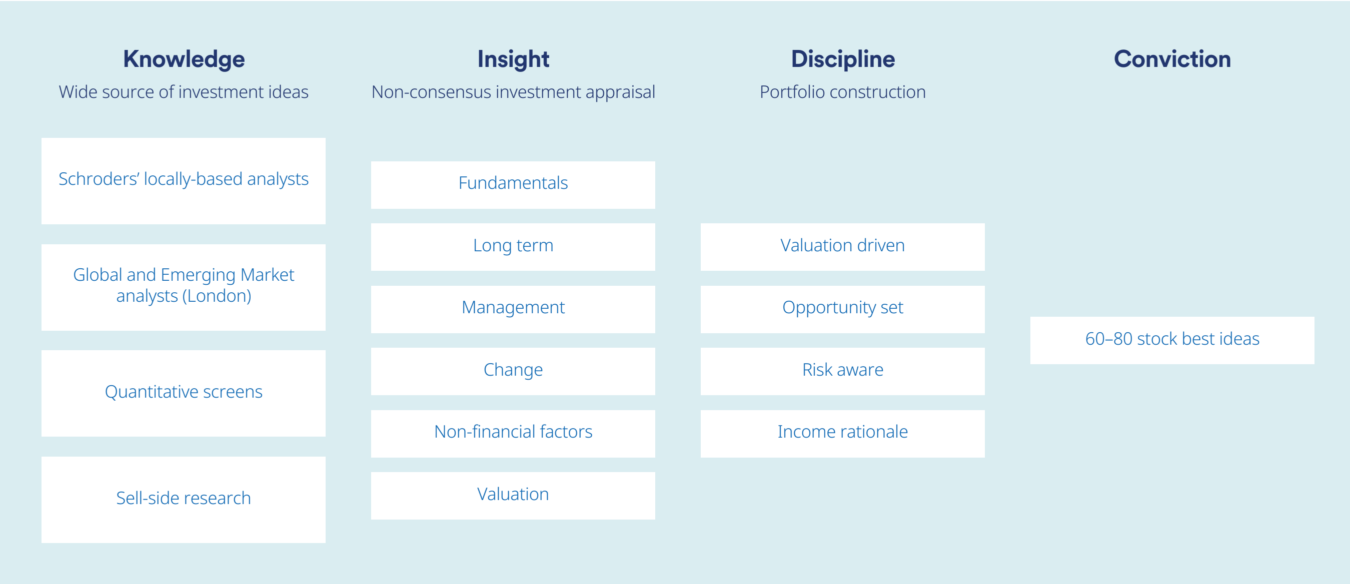
Total dividends declared in respect of the year amount to £30,059,448, which is 99% of the £30,398,792 revenue profit after taxation available for distribution. Accordingly, the Company will be able to add £339,344 to brought forward revenue reserves. However in accordance with accounting standards, the fourth interim dividend amounting to £14,685,195 will not be accounted for until it is has been paid.

Risk factors

In addition to the performance indicators set out above, the Board also monitors risk factors relating to investment performance on a quarterly basis.

Investment process

The chart below details the Manager's investment process.



Portfolio construction

Stock selection is at the heart of the investment approach for the Company. A key strength of the Manager is its network of analysts in Asia whose focus is on identifying companies able to grow shareholder value in the long term. Although the in-house analysts are the primary source of stock ideas, the portfolio managers also generate stock ideas through their own research and draw on a number of other sources including other investment professionals within Schroders, a proprietary quantitative screen and sell-side analysts.

The investment approach is primarily bottom-up, driven by an assessment of the financial and non-financial (including ESG) factors which influence company returns. In addition, there is a top-down regional allocation review process, carried out on a monthly basis, combining the output of an in-house quantitative model and the qualitative views of the Manager.

Stock research

The Manager believes that the best way to generate alpha over the long term is to focus on fundamental bottom-up stock analysis. In particular, the Manager's analytical focus is on the future trend in a company's return on invested capital ("ROIC") relative to its cost of capital, in the belief that this reflects the attractiveness and sustainability of the business model and serves as a predictor of long-term shareholder returns.

Given this focus on fundamental research, it forms a key input into the Manager's stock selection decisions. The Manager has 40 dedicated equity analysts across the Asia Pacific ex Japan region, who have an average of over 16 years' investment experience, 8 of which have been gained at Schroders (as at 30 September 2023). As a result of their level of experience, these analysts have an exceptional knowledge of Asian markets and the companies within them. The foundation of the Manager's internal research is a programme of regional company contacts each year (over 2,300 for calendar year 2022), with the majority of Schroders' analysis being done using internal research and company valuation models.

This is supplemented by other resources across the Schroders group including the ESG and Investment Insight Unit teams as well as other equity teams focussed on Global and Emerging markets.

Stock selection/portfolio construction

When constructing the portfolio for the Company, the Manager focuses on the following factors:

- conviction on investment thesis;
- upside to the internal estimate of fair value;
- any grade awarded by Schroders' analysts;
- ability to increase or sustain dividend payout;
- relative attractiveness of other available opportunities;
- the risks to the investment case;
- the ESG credentials of that company; and
- the sustainability of that company's profits.

Many of the stocks will already have attractive yields, but the Manager also looks to exploit opportunities in stocks which are set to benefit from improving capital efficiency, rising returns and increasing shareholder distributions. There is no minimum yield requirement applied to every stock, but portfolio construction is carried out with reference to the overall portfolio yield as a key part of the Company's total return investment objective.

Integration of ESG into the investment process

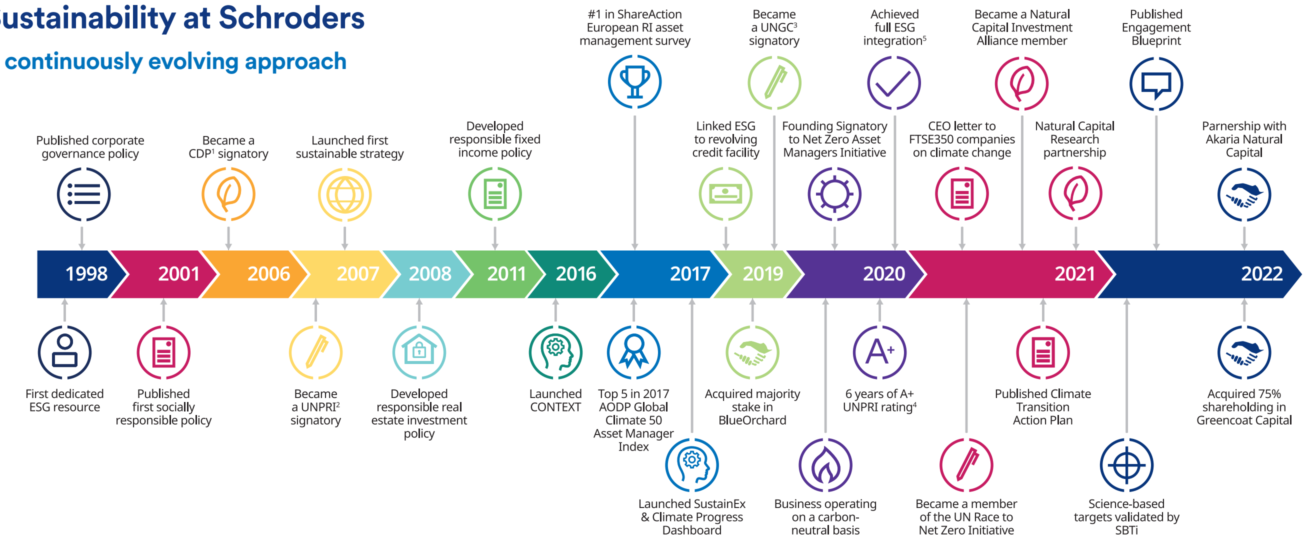
ESG is integrated into the investment process through three levels: The activities undertaken more widely by the Manager (Schroders), those undertaken by the Manager in the Asia region, and those undertaken by the Manager on behalf of the Company.

How are ESG factors incorporated into the investment process?

Schroders has been considering Environmental, Social and Governance ("ESG") issues, and sustainability generally, for over 20 years, as detailed in the timeline below

Sustainability at Schroders

A continuously evolving approach



'Issues such as climate change, resource scarcity, population growth and corporate failure have put responsible investment at the forefront of investors' minds. We believe that companies with a strong environmental, social and governance ethos tend to deliver better results for our clients.'

Peter Harrison,
Group Chief Executive, Schroders plc

Source: Schroders, December 2022.

[1]Carbon Disclosure Project. [2]UN Principles for Responsible Investing. [3]UN Global Compact. [4]Strategy and Governance module. [5]For certain businesses acquired during the course of 2020 and 2021 we have not yet integrated ESG factors into investment decision-making. There are also a small number of strategies for which ESG integration is not practicable or now possible, for example passive index tracking or legacy businesses or investments in the process of or soon to be liquidated, and certain joint venture businesses are excluded.

For a long time, the Manager has incorporated into its decision-making a thorough assessment of management quality, environmental, social and governance factors, whether implicitly or explicitly. The Manager recognises the importance of appraising both financial and non-financial factors when analysing a company and its security. The Manager believes that integrating an analysis and evaluation of ESG factors in the security valuation and selection process is key to enhancing and protecting long-term shareholder value. The appraisal of non-financial factors, including ESG considerations, contributes to a better understanding of a company's risk characteristics and return potential.

Schroders has a team of more than 50 dedicated ESG professionals (as at 30 September 2023) who develop proprietary ESG tools and oversee ESG analysis across Schroders. The ESG specialists will also engage directly with companies, prioritising those with exposure to higher ESG risk and low ESG ratings. They attend company meetings with portfolio managers and analysts to discuss specific sustainability issues directly with company management, in addition to financial performance, as well as engaging with company sustainability experts directly.

Corporate Governance Analysts in the team will also work alongside investors, and our internal compliance and legal teams to ensure our voting activities comply with our ESG policy.

Asia ex Japan ESG analysis in practice[1]

As long-term, bottom-up investors, assessing the sustainability of a company's returns and financial position has always been at the core of research and investment decisions the Manager makes in Asia. Consistent with this approach, Schroders engages with company management teams (Schroders conducted over 2,300 meetings with regional companies in 2022) as well as voting all proxies where practically possible. Analysts are directly responsible for assessing ESG risks and opportunities as we believe they are best placed to understand their companies and determine the impact of ESG issues on the sustainability of the business.

ESG analysis is an integrated and important part of the investment process, from initial screening through to final portfolio construction. ESG analysis impacts the investment process in four direct ways:

1. Initial screening – ESG helps determine which companies are considered to be investable as part of an initial screening.
2. Sustainability of earnings – ESG analysis helps assess the impact ESG externalities may have on the future earnings power of the business and with it the Manager's assessment of the return on invested capital ("ROIC") and shareholder return classification ("SRC") of the company.
3. Fair Value and recommendation – ESG is an indirect and direct input into our fair value estimate of a company. Indirect, to the extent that a company's SRC may influence the assumptions used in establishing the fair value estimate of a company; and direct, to the extent that analysts may apply an additional explicit discount/premium to that fair value estimate.
4. Portfolio construction – ESG helps shape portfolio construction and may influence position sizes. For example, poor ESG performance or heightened ESG risks may result in a decision to underweight a security, hold a smaller position size or avoid an investment completely. There is no automatic rule – each investment opportunity is assessed on a case-by-case basis, with the focus on the materiality of ESG factors on a company's valuation and risk profile.

1 The above ESG research framework covers investments in companies covered by our team of locally based Asia ex Japan analysts. The detail of ESG coverage in other regions where analysts report locally (e.g. Australia, India) may differ, but is underpinned by the same broad approach

In summary, ESG analysis helps determine which companies the Manager looks at, how their sustainability is assessed and hence how the Manager values them. While company valuations ultimately drive portfolio construction, ESG insights play a crucial role in the investment process and influence how we size position sizes within a portfolio. Furthermore, ESG analysis is broad-reaching: the Manager is not only interested in the potential downside risks but also the upside return implications.

Asian equity analysts are expected to provide written ESG analysis for all companies under coverage. This identifies and assesses the potential effect of ESG issues on the investment case.

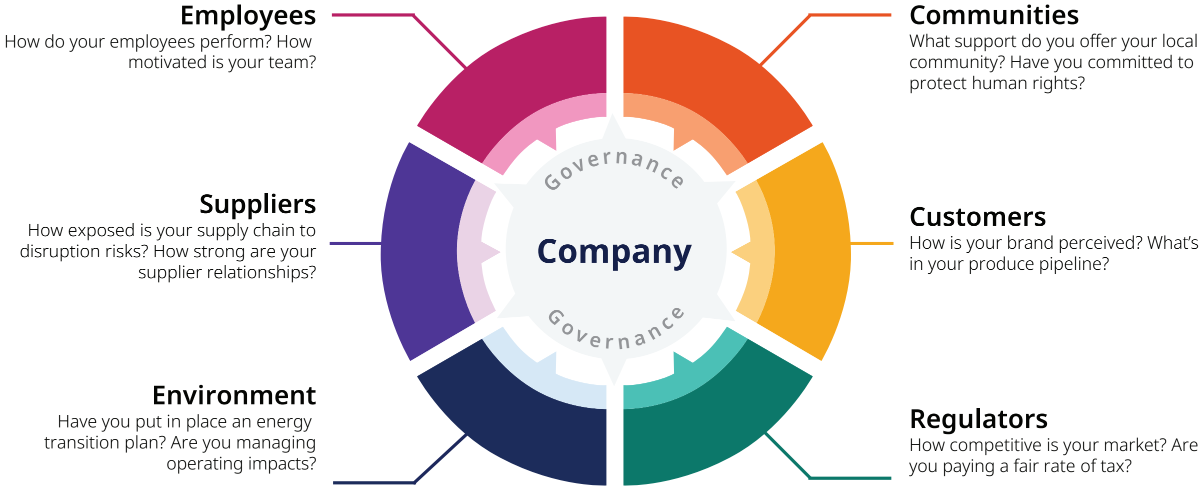
Schroders uses its proprietary tools such as Context and Sustainex Asia Context. The latter of these, which is the principal tool employed, captures the Manager's ESG analysis in one template using a stakeholder-based framework and is a key step in the overall assessment of a company. In addition to separate rankings for 'E', 'S' & 'G', Asia Context generates an overall score for each company's ESG attributes.

Schroders has always engaged with investee companies, and direct company contact is an important component of the initial due diligence and ongoing monitoring process. The Asia Context template provides a clearer, and broader, roadmap on the issues requiring engagement. It also helps refresh the team's focus on ROIC and enhances appreciation of the downside and upside risks to a company's business model. The analysts have the option to apply an explicit discount or premium to their fair value estimate as a result of their ESG analysis.

One of the Asian Equities team's greatest strengths is experienced analysts working hand-in-hand with experienced fund managers – often involving discussions from the beginning to the end of the research on a company. Many of Schroders' fund managers are ex-analysts and they are heavily involved in the discussions that underpin ESG conclusions – especially given the inherent subjectivity of how certain ESG considerations will impact a company. Analysts are not expected to score our Asia Context templates in isolation – in many instances the team builds a consensus on which issues to address and how to score them.

The Context Framework:

Understanding how a company manages it relationships with stakeholders



Source: Schroders

To enhance the Asian team's ESG expertise, two members of the Sustainable Investment team are based in Asia, supporting the investment team and ensuring they are kept fully informed of the relevant output of the Sustainable Investment team in London. A Sustainable Equity Analyst on the team brings additional insight and perspective to ESG analysis and engagement.

In addition the Asian investment team collaborates with the Sustainable Investment team, both formally and informally participating, for instance, in a monthly ESG conference call together with other investors globally to discuss topical issues as well as ESG best practice.

So what is the outcome for the Company?

In the Manager's view, the Schroders approach to ESG described above results in a portfolio that is less likely to be exposed to areas that could be deemed 'sensitive' from an ESG perspective. Where there is 'sensitivity', it is more likely to be in markets that are generally well regulated and focused on the better practitioners. It should be noted that the Manager does not screen out all companies in sensitive sectors[1], rather the process results in a much higher hurdle for stocks to get into the portfolio than might otherwise be the case. Below is a table that covers some of the more 'sensitive' sectors and our exposure to them. Exposure to the more sensitive areas is limited.

Sector	Reasons for Caution	Our Approach	Approx. Fund Exposure
Agribusinesses/ Aquaculture	Environmental, Social, Governance (low barriers of entry, widespread questionable practices)	Avoid; small	1.2% (one stock – branded milk company with some upstream supply)
Tobacco	Social	Avoid	0%
Gambling	Social, Governance. Licence to operate/ promotional practices	Limited exposure to best-in-class players in well-regulated markets (e.g. Australia, Macau)	0%
Utilities (traditional)	Environmental, Governance (national service obligations, uncertain regulations/risks of backlash against coal plants, mostly state-owned enterprises)	Avoid carbon heavy energy providers, focus on hydro and sustainable energy providers in well-regulated markets	0%
Resources	Environmental, Social, Governance (questionable practices such as bribery and poor environmental and safety controls concerns in Asia ex Australia)	Avoid except for Australian blue chip names, with minimal thermal coal mining exposure	6.4% (four stocks)*
Oil and Gas	Environmental, Governance (regulations, unfavourable taxes, price takers, big carbon producers)	Limited exposure to sector ideally with an LNG/gas focus or self-help story	2.0% (two stocks)
Property	Environmental, Social, Governance (bribery issues, flooding, land clearance compensation, labour practices)	Exposure mainly to developed markets (Hong Kong, Australia and Singapore) where we view risks to be better managed.	11.5% (thirteen stocks)
Defence	Monopsony structure, corruption	Avoid	0 %

Several of these industries are traditionally prominent in income funds, as they typically contain many companies with high dividend yields. The portfolio managers' approach, however, has been to take a cautious approach to exposure in those companies which, while they may be paying attractive dividends currently, are not always operating in a sustainable way which could potentially impact future earnings and by extension dividend payments.

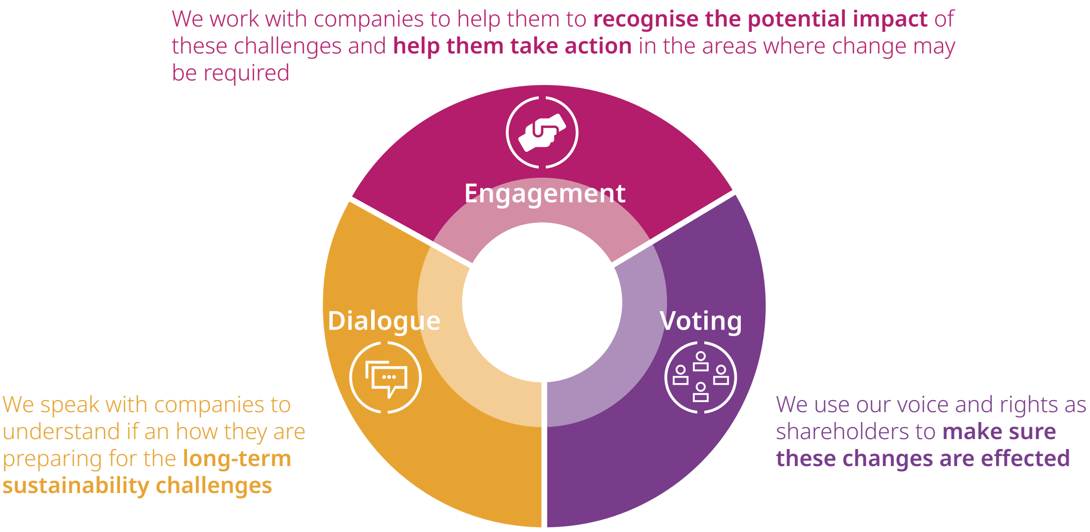
The Manager has tended, therefore, to take exposure to these industries through the higher quality names, operating in well regulated markets. For example, while they believe commodity resources will continue to be necessary in future (and indeed crucial for a transition to a lower carbon world), the exposure to this sector is through blue-chip Australian companies, rather than more marginal miners in emerging countries. Similarly, for the real estate sector, the exposure is largely through companies which have a focus on strong governance, operating in the most well-regulated markets in the region. For some sectors (e.g. tobacco or thermal coal), the Manager's requirement for operations to be sustainable in the long term is a high hurdle to clear, regardless of the governance or regulatory frameworks a company is operating under, so exposure has tended to be very limited there.

1 Schroders applies group-level exclusions to all Schroders funds that are directly managed. These group-level exclusions relate to controversial weapons and companies that generate more than 20% of their revenues from thermal coal mining. Details can be found at the following link Group exclusions | Schroders global

Active Ownership

Schroders has a long history of engagement and active ownership, engaging with companies on ESG related matters for the past two decades. Active ownership is a key channel of influence on management teams and a mechanism that allows for more sustainable practices to be properly considered in managing the investee companies. Schroders aims to drive change to better protect and enhance the value of clients' investments. Schroders is committed to leveraging its influence as an investor to change how a company operates for the better. These regular engagements form an important aspect of Schroders' role as stewards of clients' capital and allows deployment of capital in businesses with long-term sustainability of returns and shareholder value creation.

Influencing corporate behaviour and outcomes



Source: Schroders

Engagement in practice

It should be remembered that the Manager is not an 'activist' investor, and in general is looking to buy into companies that are already well-managed with decent governance and attractive distribution profiles. However, this does not mean that there is not still room for engagement, particularly when thinking about sustainability issues and the evolution of a longer-term investment thesis. Where appropriate engagements can focus on a number of different areas, including Climate Change, Diversity and Inclusion, Natural Capital and Biodiversity, Human Rights, Human Capital Management and Corporate Governance.

As an illustration, although financial companies don't necessarily spring to mind when it comes to engagement on areas such as climate change, it is a relevant topic and Schroders engages with banks, for instance on their approach to lending to climate sensitive areas. For example, Schroders started engaging with United Overseas Bank ("UOB") in Singapore on this topic back in 2019 and the chart on the next page highlights those and other engagements with the company since then.

Engaging across our priority engagement themes

UOB

	Themes	Format	Objectives	Outcomes
Oct 2019	Climate Change	Email **IR**	Disclose coal exposure in loan book	Company subsequently provided the coal exposure
Dec 2020	Climate Change	Email **IR**	Disclose alignment of financing activities to Paris Agreement	Company completed our survey for deeper analysis
Mar 2021	Climate Change	1x1 call **ESG Team**	Develop fossil fuel financing policies and set carbon neutral targets	Communicated objectives based on prior assessment on strengths and weaknesses of the firm
Sep 2022	Corporate Governance	Email **IR** post 1x1 meeting	Set up board level committee to oversee cybersecurity and data privacy risks	Communicated the need for increased cybersecurity oversight given growing risks. Directors regularly review cybersecurity measures and initiatives.
Mar 2023	Climate Change	1x1 call **ESG Team**	Clarify and address media controversies on climate commitment	UOB has engaged Adaro and will also clarify with the media to correct misunderstanding. The company does not engage in financing of new/expansion of coal mining.

Source: Schroders, as at October 2023.
Securities shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell. We recognise that success factors may be subjective, and that Schroders' influence may not have been the sole driving force for this change. However, we believe it is important to track companies' progress and measure the outcomes of our engagement.

Stakeholders addressed in engagements			
	Governance & Management	Regulators & Governments	Environment
	Employees	Customers & Suppliers	Local communities

Further disclosures

Investment restrictions and spread of investment risk

Risk in relation to the Company's investments is spread as a result of the Manager monitoring the Company's portfolio with a view to ensuring that it retains an appropriate balance to meet the Company's investment objective. In order to comply with the Listing Rules, the Company will not invest more than 10%, in aggregate, of the value of its total assets (calculated at the time of any relevant investment) in other investment companies or investment trusts which are listed on the Official List of the Financial Conduct Authority (the "Official List") (save to the extent that those investment companies or investment trusts have stated investment policies to invest no more than 15% of their gross assets in other investment companies or investment trusts which are listed on the Official List). Additionally, the Company will not:

(i) invest more than 15% of its gross assets in other investment companies or investment trusts which are listed on the Official List;

(ii) invest, either directly or indirectly, or lend more than 20% (calculated at the time of any relevant investment or loan) of its gross assets to any single underlying issuer (including the underlying issuer's subsidiaries or affiliates);

(iii) invest more than 20% (calculated at the time of any relevant investment) of its gross assets in one or more collective investment undertakings which may invest more than 20% of its gross assets in other collective investment undertakings;

(iv) invest more than 40% (calculated at the time of any relevant investment) of its gross assets in another collective investment undertaking;

(v) expose more than 20% of its gross assets to the creditworthiness or solvency of any one counterparty;

(vi) invest in physical commodities; or

(vii) invest in derivatives except for the purposes of efficient portfolio management.

In the event of any breach of the investment restrictions applicable to the Company, shareholders will be informed of the actions to be taken by the Manager by notice sent to the registered addresses of the shareholders in accordance with the Company's articles of incorporation or by an announcement issued through a regulatory information service approved by the Financial Conduct Authority ("FCA"). No breaches of these investment restrictions occurred during the year ended 31 August 2023. The investment portfolio on page 12 and the Investment Manager's Review on pages 6 to 11 demonstrate that, as at 31 August 2023, the portfolio was invested in 12 countries and in 10 different industry sectors within such countries. There were 62 holdings in the portfolio at the year end. The Board therefore believes that the objective of spreading investment risk has been achieved.

Use of Gearing

The Company has a £100 million multi-currency revolving credit facility with Bank of Nova Scotia which was US$50.0 million (£39.5 million) drawn at the end of the financial year. The facility was taken out on 18 July 2022, renewed on 20 July 2023, and expires on 18 July 2024.

The Company's policy is to permit net borrowings (including foreign currency borrowings) of up to 25% of the Company's net assets (measured when new borrowings are incurred). It is intended that the Manager should have the flexibility to utilise this power to leverage the Company's portfolio in order to enhance returns where and to the extent that this is considered appropriate by the directors. Full details of the gearing employed by the Company are set out in note 20 on page 67.

Promotion and shareholder relations

The Company promotes its shares to a broad range of investors including discretionary wealth managers, private investors, financial advisers and institutions which have the potential to be long-term supporters of the investment strategy. The Board seeks to achieve this through its Manager and corporate broker, which promote the shares of the Company through regular contact with both current and potential shareholders. These activities consist of investor lunches, one-on-one meetings, webinars, regional road shows and attendances at conferences. In addition, the Company's shares are supported by the Manager's wider marketing of investment companies targeted at all types of investors. This includes maintaining close relationships with adviser and execution-only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on Schroders' website.

Shareholder relations are given high priority by both the Board and the Manager. The Board also seeks active engagement with investors and meetings with the Chairman are offered where appropriate. In addition to the engagement and meetings held during the year the chairs of the Board and committees, as well as the other directors, attend the AGM and are available to respond to queries and concerns from Shareholders.

Shareholders are also encouraged to sign up to the Manager's Investment Trusts update, to receive information on the Company directly. https://www.schroders.com/en/uk/private-investor/fundcentre/funds-in-focus/investment-trusts/schroders-investmenttrusts/never-miss-an-update

Diversity

The below tables set out the gender and ethnic diversity composition of the Board (as at 31 August 2023 and at the date of this report).

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (SID and Chair)
White British or other White (including minority-white groups)	4	80%	2
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British	1	20%	0
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (SID and Chair)
Men	2	40%	1
Women	3	60%	1
Not specified/prefer not to say	–	–	–

Given that the Company is an investment trust with no executive board members, the columns and references regarding executive management have not been included.

The Board has adopted a diversity and inclusion policy. Appointments and succession plans will always be based on merit and objective criteria and, within this context, the Board seeks to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Board will encourage any recruitment agencies it engages to find a range of candidates that meet the objective criteria agreed for each appointment. Candidates for Board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the overall Board taking into account the criteria for the role being offered.

The Board also considers the diversity and inclusion policies of its key service providers.

Financial crime policy

The Company continues to be committed to carrying out its business fairly, honestly and openly operates a financial crime policy, covering bribery and corruption, tax evasion, money laundering, terrorist financing and sanctions, as well as seeking confirmations that the Company's service providers' policies are operating soundly.

Greenhouse gas emissions and energy usage

As the Company outsources its operations to third parties, it consumed less than 40,000 kWh during the year and so has no greenhouse gas emissions, energy consumption or energy efficiency action to report under the Streamlined Energy and Carbon Reporting requirements.

Taskforce for Climate-Related Financial Disclosures

On 30 June 2023, the Company's AIFM produced a product level disclosure consistent with the Task Force on Climate-Related Financial Disclosures ("TCFD") for the period 1 January 2022 to 31 December 2022. This can be found here: https://mybrand.schroders.com/m/27644d68e529db89/original/TCFD-Schroder-Oriental-Income-20221231.pdf. The Board met with representatives from the Manager to review this report.

Responsible investment

The Company delegates to its Manager the responsibility for taking ESG issues into account when assessing the selection, retention and realisation of investments. The Board expects the Manager to engage with investee companies on social, environmental and business ethics issues and to promote best practice. The Board also expects the Manager to exercise the Company's voting rights in consideration of these issues.

Further detail on engagement and stewardship can be found on pages 17 to 21.

In addition to the description of the Manager's integration of ESG into the investment process and the details in this Business Review, a description of the Manager's policy on these matters can be found on the Schroders website at www.schroders.com. The Board notes that Schroders believes that companies with good ESG management often perform better and deliver superior returns over time. Engaging with companies to understand how they approach ESG management is an integral part of the investment process. Schroders has committed to the UN Global Compact, amongst codes and standards, and information about the application of Schroders' sustainability and responsible investment policies can be found at: https://www.schroders.com/en/sustainability/corporate-responsibility/.

The Board has received reporting from the Manager on the application of its policy.

Stakeholder engagement, section 172

During the year under review, the Board discharged its duty under section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole, having regard to the interests of all stakeholders. As an externally managed investment trust, the Company has no employees, operations or premises. The Board has identified its key stakeholders as the Company's Shareholders, the Manager, other service providers, the Investee companies and the Company's Lender.

The below explains how the directors have engaged with all stakeholders and outlines key activities undertaken during the reporting period.

Shareholders

The Company welcomes attendance and participation from Shareholders at the Annual General Meeting, details of which are on page 73 of this report. This will provide an opportunity for Shareholders to engage with the Board and hear from the Portfolio Managers, Richard Sennitt and Abbas Barkhordar. Shareholders unable to attend the AGM are invited to submit questions to the Company Secretary in advance of the meeting, and will be able to view a presentation from the Manager online.

The annual and half year results presentations, as well as monthly updates are available on the Company's webpage with results announced via a regulatory news service.

The directors receive regular updates on the shareholder register, trading activity, and feedback received from investor meetings held by the Manager and Broker, as well as meeting with interested current and prospective Shareholders.

The Board is responsible for discount and premium management and is alert to the value Shareholders place on maintaining as low a level of discount volatility as possible. During the financial year, a total of 8,010,000 shares were bought back and a further 2,220,000 have been bought back since the period end. The Board will continue to buy back shares when it judges it is in the best interests of Shareholders to do so.

The Manager

The Board maintains a constructive and collaborative relationship with the Manager, encouraging open discussion.

The Board invites the Portfolio Managers to attend all Board and certain committee meetings and receives regular reports on the performance of the investments and the implementation of the investment strategy, policy and objective. The portfolio activities undertaken by the Portfolio Managers and the impact of decisions affecting investment performance are set out in the Investment Managers' Review on pages 6 to 11.

The Management Engagement Committee reviews the performance of the Manager, its remuneration and the discharge of its contractual obligations at least annually. During the year, the Board visited the Manager's teams based in Hong Kong and Taiwan and was impressed with the depth of resource and experience represented within the Manager's teams based in the region.

The Company's lender

During the year under review, the Board renewed its revolving credit facility agreement with The Bank of Nova Scotia. The Board is responsible for ensuring that the Company adheres to all loan covenants.

Other service providers

The Board maintains regular contact with its key service providers, both at the Board and committee meetings, and through ad hoc communication throughout the year. The need to foster business relationships with key service providers is central to the directors' decision-making as the Board of an externally managed investment trust.

During the period, the Management Engagement Committee undertook reviews of the third-party service providers and agreed that their continued appointment remained in the best interests of the Company and its Shareholders. The Committee periodically reviews the market rates for services received, to ensure that the Company continues to receive high quality service at a competitive cost.

During the year, directors attended a meeting to assess the internal controls of certain service providers including the Company's Depositary and Custodian HSBC, the Designated Administrator, Registrar and Schroder's Group Internal Audit. These meetings enable the Board to conduct due diligence on operations and IT risks amongst service providers; and to receive up to date information on changes in regulation and market practice in the industry. The Board also engaged with its service providers on their own commitments on ESG, Financial Crime, Modern Slavery, Whistleblowing, Diversity and Inclusion, Business Continuity and Cybersecurity.

Investee companies

The Board believes that it is in the interests of all stakeholders to consider ESG factors. The Board supports and encourages the policy of engagement on ESG matters which the Schroders investment team has implemented as part of the investment decision making process, details of which can be found on pages 16 to 21.

The Manager has discretionary powers to exercise voting rights on behalf of the Company and it reports on voting decisions to the Board. The Board monitors investment decisions and questions the Portfolio Managers' rationale for exposures taken and voting decisions made.

In addition to regular discussions with the Manager regarding the ESG aspects of portfolio companies, the Board met with Schroders engagement team to gain a more in depth understanding of the Manager's active engagement with investee companies. The Board also met with certain investee companies on its visit to the region.

Principal and emerging risks

The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the Audit and Risk Committee on an ongoing basis. This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives.

Although the Board believes that it has a robust framework of internal controls in place this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

Both the principal risks and the monitoring system are also subject to robust review at least annually. The last assessment took place in October 2023.

Actions taken by the Board and, where appropriate, its committees, to manage and mitigate the Company's principal risks and uncertainties are set out in the table below.

During the year, the Board also discussed and monitored a number of risks that could potentially impact the Company's ability to meet its strategic objectives. The Board recognised that there continues to be an elevated geopolitical risk relating to the region, which is closely monitored.

The Board considered in detail whether there were any material emerging risks and concluded that there were none at present.

*The "Change" column on the right highlights at a glance the Board's assessment of any increases or decreases in risk during the year after mitigation and management. The arrows show the risks as increased, decreased, or stable.

Risk	Mitigation and management	Change (post mitigation and management)*
Geopolitical risk Political developments globally might materially affect the ability of the Company to achieve its investment objective.	The Board monitored news coverage of global events with follow up email correspondence when particular issues or concerns arose. The Board also visited Hong Kong and Taiwan and met with investee companies and analysts to understand the tensions and opportunities in the region better. The Board recognises that there continues to be an elevated geopolitical risk relating to the region and continued to monitor key political developments in the region including US/China tension, the political situation in Hong Kong, Taiwan, and Singapore, and domestic political developments in mainland China, in addition to the Ukraine war and the conflict between Israel and Hamas. The Manager also ensured that the portfolio is adequately diversified in the context of the investment policy.	
Market risk The Company is exposed to the effect of market fluctuations due to the nature of its business. A significant fall in regional equity markets could have an adverse impact on the market value of the Company's underlying investments. The Board notes the impact of inflation on macroeconomic and market factors.	The Board continues to monitor the market volatility caused by current geo-political issues and will continue to do so on an ongoing basis. The Board also monitors macroeconomic and market factors, including the impact of inflation. The risk profile of the portfolio, including the potential impact of changes in currency, is discussed with the Manager. The Manager seeks to invest in companies with strong balance sheets and sustainable business models. Gearing is maintained at relatively low levels.	

Risk	Mitigation and management	Change (post mitigation and management)*
Currency/exchange rate risk The Company is exposed to the effect of currency fluctuations due to the nature of its business. The Company invests predominantly in assets which are denominated in a range of currencies. Its exposure to changes in the exchange rate between sterling and other currencies has the potential to have significant impact on returns and the sterling value of dividend income from underlying investments. The Board notes that the variability in inflation and interest rates would in turn lead to volatility in exchange rates.	The Board recognises that there continues to be an elevated currency / exchange rate risk relating to the region and monitored it carefully during the period. The risk profile of the portfolio, including the potential impact of changes in currency, is discussed with the Manager. The Company has no formal policy of hedging currency risk but may use foreign currency borrowings or forward foreign currency contracts to limit exposure. The Company does not hedge against sterling.	⇧
Investment Performance The Company's investment objectives may become out of line with the requirements of investors, resulting in a wide discount of the share price to underlying NAV per share.	The appropriateness of the Company's investment mandate and the long-term investment strategy is periodically reviewed and the success of the Company in meeting its stated objectives is monitored. The investment mandate and the long-term investment strategy are monitored by the Board. Share price relative to NAV per share is monitored by the Board as a key performance indicator and is reviewed against the Company's peers on a regular basis. The use of buyback authorities is considered regularly. The Manager and corporate broker monitor market feedback and the Board considers this at each quarterly meeting. Proactive engagement with Shareholders takes place via the AGM, feedback from Shareholder presentations, and ad hoc meetings with the Board.	⇔
The Manager's investment strategy and levels of resourcing, if inappropriate, may result in the Company underperforming the market and/or peer group companies, leading to the Company and its objectives becoming unattractive to investors.	The Board sets overall investment strategy and guidelines for use of derivatives and leverage, amongst other metrics. It also monitors investment performance and risk against objectives and strategy, and conducts an annual review of the Manager's ongoing suitability. The directors attend a presentation by the Manager's risk and internal audit functions at least annually. The Board also reviews the Manager's compliance with agreed investment restrictions, relative performance, the portfolio's risk profile, and whether appropriate strategies are employed to mitigate any negative impact of substantial changes in markets.	⇔
Climate Change The Company's investments, and shareholder returns, could be affected by climate change. Investors and regulators are increasingly questioning how the Company's investments and performance could be affected by climate change, environmental, social and governance factors.	The Manager has integrated ESG considerations, including climate change, into the investment process and reports on its ESG engagement at regular board meetings. The Manager has implemented a comprehensive ESG policy which is outlined in detail on pages 16 to 21.The Board ensures that ESG factors are incorporated into reports to Shareholders.	⇔

Risk	Mitigation and management	Change (post mitigation and management)*
Service provider performance The Company has no employees and has delegated certain functions to a number of service providers. Failure of controls, including as a result of fraud, and poor performance of any service provider, could lead to disruption, reputational damage or loss.	Service providers are appointed subject to due diligence processes and with material service providers having clearly documented contractual arrangements. Regular reports are provided by key service providers and the quality of their services is monitored, including an annual presentation to the Audit and Risk Committee chair and other directors from key risk and internal controls personnel at the Company's main service providers. Review of annual audited internal controls reports from key service providers, including confirmation of business continuity arrangements and IT controls, is undertaken. Service providers' internal controls reports continue to be robust.	
Cyber The Company's service providers are all exposed to the risk of cyber attacks. Cyber attacks could lead to loss of personal or confidential information, unauthorised payments or inability to carry out operations in a timely manner.	The Company has outsource arrangements with service providers who report on cyber risk mitigation and management at least annually, which includes confirmation of business continuity capability in the event of a cyber attack and appoints a custodian/ depositary in respect of assets. In addition, the Board receives presentations from the Manager, the registrar, and the safekeeping agent and custodian on cyber risk.	

Risk assessment and internal controls review by the Board

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Audit and Risk Committee, including the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition.

No significant control failings or weaknesses were identified from the Audit and Risk Committee's ongoing risk assessment which has been in place throughout the financial year and up to the date of this report. The Board is satisfied that it has undertaken a detailed review of the risks facing the Company and that the internal control environment continues to operate effectively.

A full analysis of the financial risks facing the Company is set out in note 20 to the accounts on pages 65 to 69.

Viability statement

The directors have assessed the viability of the Company over a five year period, taking into account the Company's position at 31 August 2023 and 7 November 2023 and the potential impact of the principal risks and uncertainties it faces for the review period. The directors have assessed the Company's operational resilience and they are satisfied that the Company's outsourced service providers will continue to operate effectively, following the implementation of their business continuity plans.

A period of five years has been chosen as the Board believes that this reflects a suitable time horizon for strategic planning, taking into account the investment policy, liquidity of investments, potential impact of economic cycles, nature of operating costs, dividends and availability of funding. This time period also reflects the average hold period of an investment.

In its assessment of the viability of the Company, the directors have considered each of the Company's principal risks and uncertainties detailed on pages 24 to 26 and in particular the impact of a significant fall in regional equity markets on the value of the Company's investment portfolio. The directors have also considered the Company's income and expenditure projections and the fact that the Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary.

The directors have also considered a stress test which represents a severe but plausible scenario along with movement in foreign exchange rates. This scenario assumes a severe stock market collapse and/or exchange rate movements at the beginning of the five year period, resulting in a 50% fall in the value of the Company's investments and investment income and no subsequent recovery in either prices or income in the following five years. It is assumed that the Company continues to pay an annual dividend in line with current levels and that the borrowing facility remains available and remains drawn, subject to the gearing limit.

The Company's investments comprise highly liquid, large, listed companies and so its assets are readily realisable securities and could be sold to meet funding requirements or the repayment of the gearing facility should the need arise. There is no expectation that the nature of the investments held within the portfolio will be materially different in the future.

The operating costs of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position. Furthermore, the Company has no employees and consequently has no redundancy or other employment related liabilities.

The Board reviews the performance of the Company's service providers regularly, including the Manager, along with internal controls reports to provide assurance regarding the effective operation of internal controls as reported on by their reporting accountants. The Board also considers the business continuity arrangements of the Company's key service providers.

The Board monitors the portfolio risk profile, limits imposed on gearing, counterparty exposure, liquidity risk and financial controls at its quarterly meetings.

Although there continue to be regulatory changes which could increase costs or impact revenue, the directors do not believe that this would be sufficient to affect its viability. The Board also notes that certain geopolitical risks, if they materialise, would have a serious effect on the viability of the Company, but that it was not appropriate to conclude that the Company was not viable on the basis of these.

The Board has assumed that the business model of a closed ended investment company, as well as the Company's investment objective, will continue to be attractive to investors. The directors also considered the beneficial tax treatment the Company is eligible for as an investment trust. If changes to these taxation arrangements were to be made it would affect the viability of the Company to act as an effective investment vehicle.

Based on the above the directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of their assessment.

Going concern

The directors have assessed the principal risks, the impact of the emerging risks and uncertainties and the matters referred to in the viability statement. The directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period assessed by the directors, being the period to 30 November 2024 which is at least 12 months from the date the financial statements were authorised for issue.

By order of the Board

Schroder Investment Management Limited
Company Secretary

8 November 2023

Governance

Governance

Paul Meader

Status: independent non-executive chairman

Length of service: 7 years – appointed a director in January 2016

Experience: Paul Meader is an independent director of investment companies, insurers and investment funds. Until 2012 he was Head of Portfolio Management for Canaccord Genuity based in Guernsey, prior to which he was Chief Executive of Corazon Capital. He has over 35 years' experience in financial markets in London, Dublin and Guernsey, holding senior positions in portfolio management and trading. Prior to joining Corazon he was Managing Director of Rothschild's Swiss private-banking subsidiary in Guernsey. He is a Chartered Fellow of the Chartered Institute for Securities & Investments, a former Commissioner of the Guernsey Financial Services Commission and past chairman of the Guernsey International Business Association. He is a graduate of Hertford College, Oxford. Paul also holds a number of directorships in other companies, one of which is publicly quoted: ICG-Longbow Senior Secured UK Property Debt Investments Limited.

Committee membership: Audit and Risk, Management Engagement (chair), and Nomination and Remuneration Committees

Remuneration for the reporting period: £47,000 per annum

Number of shares held: 11,000*

Alexa Coates

Status: independent non-executive director

Length of service: 5 years – appointed a director in February 2018

Experience: Alexa Coates is a chartered accountant who brings 30 years of significant financial expertise to the Board. Alexa was a senior executive of HSBC for nine years, where she served as the global CFO for the group's asset management business and then led the finance function for commercial banking operations in Europe. Prior to joining HSBC, Alexa worked in senior roles in retail, healthcare and professional services at J Sainsbury plc, BUPA, Williams Lea Group Ltd and CIT Bank. She started her career at Ernst & Young, where she worked in the UK and France. Alexa is a non-executive director and audit committee chair of Marsh Limited, the insurance broker, Aviva Investors and its UK fund services company as well as a non-executive director and chair of the audit and risk committee of Polar Capital Holdings plc, a publicly quoted company.

Committee membership: Audit and Risk (chair), Management Engagement, and Nomination and Remuneration Committees

Remuneration for the reporting period: £42,000 per annum

Number of shares held: 10,000*

Kate Cornish-Bowden

Status: senior independent non-executive director

Length of service: 5 years – appointed in December 2018

Experience: Kate Cornish-Bowden is the chair of International Biotechnology Trust plc and a non-executive director of Finsbury Growth & Income Trust plc and CC Japan Income & Growth Trust plc where she is chair of the audit committee. Kate worked for 12 years as a fund manager for Morgan Stanley Investment Management, where she was managing director and head of the global equity team. Prior to Morgan Stanley she worked as a research analyst at M&G. Kate is a member of the Chartered Financial Analyst Institute (CFA), holds a Masters in Business Administration (MBA), and has completed the Financial Times Non-Executive Director Diploma.

Committee membership: Audit and Risk, Management Engagement, and Nomination and Remuneration Committees

Remuneration for the reporting period: £37,000 per annum

Number of shares held: 29,000*

Isabel Liu

Status: independent non-executive director

Length of service: 2 years – appointed in November 2021

Experience: Isabel has 25 years' global experience investing equity in infrastructure. She started her investment career in Asia with the $1 billion AIG Asian Infrastructure Fund. She was Managing Director of the Asia Pacific investment business of John Laing plc. After relocating from Hong Kong to London, she was Investment Director for the €1 billion ABN AMRO Global Infrastructure Fund. Most recently Isabel served as Board Director at Pensions Infrastructure Platform, sponsored by UK pension schemes. She has also been Chair of the Audit Risk Assurance and Remuneration Committee as a Board Member of Transport Focus. Isabel is a non-executive director of Utilico Emerging Markets Trust plc and Gresham House Energy Storage Fund Plc. Isabel holds a BA in Economics from the Ohio State University, a Masters in Public Policy from Harvard Kennedy School, and an MBA from the University of Chicago Booth School of Business.

Committee membership: Audit and Risk, Management Engagement, and Nomination and Remuneration Committees

Remuneration for the reporting period: £37,000 per annum

Number of shares held: 18,634*

Nick Winsor

Status: independent non-executive director

Length of service: 3 years – appointed in March 2020

Experience: Nick is an independent consultant and non-executive director. He has more than 35 years of retail and commercial banking experience with HSBC Group in a number of international markets: Brunei; Channel Islands; Hong Kong; India; Japan; Qatar; Singapore; Taiwan; UAE and the UK. He was CEO of HSBC's businesses in the Channel Islands and Isle of Man, CEO and VP of HSBC Bank (Taiwan) Limited and a Director of HSBC Bank Middle East Limited. Before this, he was Head of Personal Financial Services for the Asia Pacific Region. Nick is a non-executive director of Metro Bank plc and Metro Bank Holdings plc and a member of the latter's Risk Oversight Committee. He is also the senior independent director of the States of Jersey Development Company, Chair of the Remuneration and Nomination Committee and member of the Audit and Risk Committee. Nick is a non-executive director of Bankers without Boundaries, a not for profit investment bank, and the Chair of Autism Jersey. He was awarded an MBE in the Queen's 2020 Birthday Honours list for services to the community. Nick holds a Masters in Physics from Oxford University and is a Fellow of the Institute of Directors.

Committee membership: Audit and Risk, Management Engagement, and Nomination and Remuneration (chair) Committees

Remuneration for the reporting period: £37,000 per annum

Number of shares held: 20,000*

*Shareholdings are as at 7 November 2023, full details of directors' shareholdings are set out in the Remuneration Report on page 43.

Directors and officers

Chairman

The Chairman is an independent non-executive director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman's other significant commitments are detailed on page 30. He has no conflicting relationships.

Senior Independent Director ("SID")

The SID is responsible for the evaluation of the Chairman, and also serves as a secondary point of contact for Shareholders.

Company Secretary

Schroder Investment Management Limited provides company secretarial support to the Board and is responsible for assisting the Chairman with Board meetings and advising the Board with respect to governance. The Company Secretary also manages the relationship with the Company's service providers, except for the Manager. Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary at the address given on the outside back cover.

Role and operation of the Board

The Board is the Company's governing body; it sets the Company's strategy and is collectively responsible to Shareholders for its long-term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to seek to ensure that the investment objective of the Company continues to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and acts within the parameters set by it in respect of any gearing. The Business Review on pages 14 to 29 sets out further detail of how the Board reviews the Company's strategy, risk management and internal controls and also includes other information required for the Directors' Report and is incorporated by reference.

A formal schedule of matters specifically reserved for decision by the Board has been defined and a procedure adopted for directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

The Chairman ensures that all directors receive relevant management, regulatory and financial information in a timely manner and that they are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls.

The Board meets at least quarterly and receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required.

Four Board meetings are usually scheduled each year to deal with matters including: the setting and monitoring of investment strategy, approval of borrowings and/or cash positions, review of investment performance, the level of discount of the Company's shares to NAV, promotion of the Company, and services provided by third parties. Additional meetings of the Board are arranged as required.

The Board has approved a policy on directors' conflicts of interest. Under this policy, directors are required to disclose all actual and potential conflicts of interest to the board as they arise for consideration and approval. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate. No directors have any connections with the Manager, shared directorships with other directors or material interests in any contract which is significant to the Company's business.

Committees

In order to assist the Board in fulfilling its governance responsibilities, it has delegated certain functions to committees. The roles and responsibilities of these committees, together with details of work undertaken during the year under review, is outlined over the next few pages.

The reports of the Audit and Risk Committee, Management Engagement Committee and Nomination and Remuneration Committee are incorporated into and form part of the Directors' Report. Each committee's effectiveness was assessed, and judged to be satisfactory, as part of the Board's annual review of the Board and its committees.

Key service providers

The Board has adopted an outsourced business model and has appointed the following key service providers:

Manager

The Company is an alternative investment fund as defined by the AIFM Directive and has appointed Schroder Unit Trusts Limited ("SUTL") as the Manager in accordance with the terms of an alternative investment fund manager ("AIFM") agreement. The AIFM agreement, which is governed by the laws of England and Wales, can be terminated by either party on 12 months' notice or on immediate notice in the event of certain breaches or the insolvency of either party. As at the date of this report no such notice had been given by either party.

SUTL is authorised and regulated by the FCA and provides portfolio management, risk management, accounting and company secretarial services to the Company under the AIFM agreement. Part of the fund accounting and administration activities are currently performed by HSBC Securities Services (UK) Limited. The Manager also provides general marketing support for the Company and manages relationships with key investors, in conjunction with the Chairman, other Board members or the corporate broker as appropriate. The Manager has delegated investment management, marketing, administrative, accounting and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited. The Manager has in place appropriate professional indemnity cover.

The Schroders Group manages £726.1 billion (as at 30 June 2023) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

The Manager is entitled to receive a management fee of an amount equivalent to 0.75% per annum of the net assets of the Company, reducing to 0.70% per annum on net assets above £250 million and 0.65% per annum on net assets above £750 million. The fee is payable quarterly in arrears and calculated as at the last business day in February, May, August and November in each year.

The Manager is also entitled to receive a performance fee based on the performance of the Company's NAV per ordinary share. The performance fee is 10% of the amount in pounds sterling of any gains, being the amount by which the closing adjusted NAV per ordinary share (adjusted as described below) at the end of the relevant calculation period exceeds the highest of:

(i) A hurdle, being 108% of the NAV per ordinary share, taken from the audited balance sheet at the end of the previous calculation period;

(ii) The highest closing NAV per ordinary share (unadjusted) as per the audited accounts for any previous financial year in which a performance fee has been paid; and

(iii) 100p

Closing Adjusted NAV per ordinary share is the NAV per share on the last day of the financial year in respect of which the performance fee is being calculated, adjusted to add back any performance fee accrued during the year but not crystallised; to adjust for the deemed reinvestment of any dividends paid by the Company during the period; and to remove the impact on NAV per share due to any share buy-backs and issues.

The total amount of any performance fee payable in respect of any one accounting period has been capped at 0.65% of the net asset value, calculated at the end of the relevant accounting period.

Any investment management fees payable to the Manager or to other subsidiaries of Schroders plc in respect of investments by the Company in collective investment schemes and investment companies managed or advised by the Schroders Group are deducted from the fee payable to the Manager under the AIFM agreement. There were no such investments during the year ended 31 August 2023.

The management and performance fees payable in respect of the year ended 31 August 2023 amounted to £4,838,000 (2022: £5,149,000) and £nil (2022: nil) respectively. The Manager is also entitled to a fee for providing administrative, accounting and company secretarial services to the Company. For these services, it receives an annual fee, payable quarterly in arrears, of £150,000.

Details of all amounts payable to the Manager are set out in note 17 on page 64.

The Board has reviewed the performance of the Manager, and fees paid to it, during the year under review and continues to consider that it has the appropriate depth and quality of resource to achieve above-average returns in the longer term. Thus, the Board considers that the Manager's appointment under the terms of the AIFM agreement, is in the best interests of Shareholders as a whole.

Safekeeping and cashflow monitoring agent

HSBC Bank plc ("HSBC Bank"), which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority, has been appointed to carry out certain duties of a safekeeping and cashflow monitoring agent specified in the AIFM Directive for the Company, including:

– safekeeping of the assets of the Company which are entrusted to it;
– cash monitoring; and
– oversight of the Company and the Manager to the extent described in the AIFM Directive.

HSBC Bank is liable to the Company for losses suffered by it as a result of any negligence, wilful default, fraud or fraudulent misrepresentation on its part.

The Company, the Manager and HSBC Bank may terminate the safekeeping and cashflow monitoring agent services agreement pursuant to which HSBC Bank provides these services at any time by giving 90 days' notice in writing. HSBC Bank may only be removed from office when a new safekeeping and cashflow monitoring agent is appointed by the Company.

Registrar

Computershare Investor Services (Guernsey) Limited ("Computershare") has been appointed as the Company's registrar. Computershare's services to the Company include share register maintenance (including the issuance, transfer and cancellation of shares as necessary), acting as agent for the payment of any dividends, management of company meetings (including the registering of proxy votes and scrutineer services as necessary), handling shareholder queries and correspondence and processing corporate actions.

Corporate Governance Statement

The Board of the Company has chosen to adopt the principles and provisions of the AIC Code of Corporate Governance (the "AIC Code"). The Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional Provisions on issues that are of specific relevance to the Company as an investment company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission, provides more relevant information to Shareholders.

The Financial Conduct Authority requires all UK listed companies to disclose how they have complied with the provisions of the Code. This statement, together with the Statement of Directors' Responsibilities, viability statement and going concern statement set out on pages 26 and 27 respectively indicates how the Company has complied with the principles of good governance of the Code and its requirements on internal control. The Strategic Report and Directors' Report provide further details on the Company's risk management, governance and diversity policies.

The Company complied with the Principles and Provisions of the AIC Code during the year under review and to date.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Guernsey Financial Services Commission's Finance Sector Code of Corporate Governance (the "GFSC Code") provides a framework which applies to all companies in the regulated finance sector in Guernsey. The Company reports against the AIC Code, which meets the requirements of the GFSC Code.

Share capital and substantial share interests

As at 7 November 2023, the Company had 271,233,024 ordinary shares of 1p in issue. 20,260,000 shares were held in treasury. 8,010,000 shares were bought back during the year ended 31 August 2023. 2,220,000 shares were bought back in the period from the year-end until 7 November 2023. Accordingly, the total number of voting rights in the Company at 7 November 2023 is 250,973,024. Details of changes to the Company's share capital during the year under review are given in note 13 to the accounts on page 62. All shares in issue rank equally with respect to voting, dividends and any distribution on winding up.

The Company has received notifications in accordance with the Financial Conduct Authority's ("FCA") Disclosure Guidance and Transparency Rule 5.1.2R of the below interests in 5% or more of the voting rights attaching to the Company's issued share capital. The Company is reliant on investors to comply with these regulations, and certain investors may be exempted from providing these. As such, this should not be relied on as an exhaustive list of Shareholders holding above 5% of the Company's voting rights.

Ordinary shares as at 31 August 2023	% total voting rights
Evelyn Partners Limited	10.20%
Investec Wealth & Investment Limited	9.91%

Since the year end and at the date of this report, Rathbones Investment Management Limited has on 22 September 2023 notified an increase in their notified holding to 38,128,821 ordinary shares and 15.08% of total voting rights, as driven by the all-share combination of Rathbones Group Plc with Investec Wealth & Investment Limited which completed on 21 September 2023. Subsequent to this, on 11 October 2023 Rathbones Investment Management Limited notified a decrease in their notified holding to 37,800,104 ordinary shares and 14.97% of total voting rights as at 6 October 2023.

Provision of information to the auditors

The directors at the date of approval of this report confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' attendance at meetings

The number of scheduled meetings of the Board and its committees held during the financial year and the attendance of individual directors is shown below. Whenever possible all directors attend the AGM.

	Board	Audit and Risk Committee	Nomination and Remuneration Committee	Management Engagement Committee
Alexa Coates	5/5	3/3	2/2	2/2
Kate Cornish-Bowden	5/5	3/3	2/2	2/2
Isabel Liu	5/5	3/3	2/2	2/2
Paul Meader	5/5	3/3	2/2	2/2
Nick Winsor	5/5	3/3	2/2	2/2

Directors' and officers' liability insurance and indemnities

Directors' and officers' liability insurance cover was in place in respect of the directors throughout the year under review. The Company provides an indemnity to each director to the extent permitted by Guernsey law whereby the Company is able to indemnify such director against any liability incurred in proceedings in which the director is successful, and for costs in defending a claim brought against the director for breach of duty where the director acted honestly and reasonably.

By order of the Board

Alexa Coates
Director

8 November 2023

Audit and Risk Committee Report

Risk management → Internal controls → Accounting policies and judgements → Interim and annual report → Review of external auditors and their work

The responsibilities and work carried out by the Audit and Risk Committee during the year under review are set out in the following report. The duties and responsibilities of the committee, which include monitoring the integrity of the Company's financial reporting and internal controls, are set out in further detail below, and may be found in the terms of reference which are set out on the Company's webpages, www.schroders.co.uk/orientalincome.

All directors are members of the committee. Alexa Coates is the chair of the committee. The Board has satisfied itself that at least one of the committee's members has recent and relevant financial experience and that the committee as a whole has competence relevant to the sector in which the company operates. The AIC Code permits the Chairman of the Board to be a member of the audit committee of an investment trust. Recognising Paul Meader's significant experience, it is considered appropriate for the Chairman to be a member of the Audit and Risk Committee.

Approach

The committee's key roles and responsibilities are set out below.

Risks and Internal Controls	Financial Reporting	Audit
Principal risks To establish a process for identifying, assessing, managing and monitoring emerging and principal risks of the Company.	**Accounting policies** To oversee the accounting policies adopted by the Company.	**Audit results** To discuss any matters arising from the audit and recommendations made by the auditors.
Risks and uncertainties To ensure a robust assessment of the Company's emerging and principal risks and procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated.	**Financial statements** To monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and valuation. To review the annual and half year reports and to advise the Board on whether the annual report is fair, balanced and understandable. The Financial Reporting Council carried out a review of the company's annual report and accounts for the year ended 31 August 2022 in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures[1]. There were no findings or matters brought to the attention of the Board as a result of this review.	**Auditors' appointment, independence and performance** To make recommendations to the Board, in relation to the appointment, re-appointment, effectiveness and removal of the external auditors, to review their independence, and to approve their remuneration and terms of engagement. Reviewing the audit plan and engagement letter. Formulating policies on non audit services.
Internal controls To keep under review the adequacy and effectiveness of the Company's systems of internal control and risk management, and review the annual report disclosures relating to this. To monitor the Company's accounting and financial internal control systems, and to consider the appropriateness of having an internal auditor.	**Going concern** To review the position and make recommendations to the Board in relation to whether it considers it appropriate to adopt the going concern basis of accounting in preparing its annual and half-yearly financial statements.	

The table overleaf sets out how the committee discharged its duties during the year. The committee met three times during the year. Further details on attendance can be found on page 34. An evaluation of the committee's effectiveness and review of its terms of reference were completed during the year.

1 The Financial Reporting Council has asked us to draw readers' attention to the fact that the review was based solely on the annual report and accounts and did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into. It was, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework.

Application during the year

Risks and Internal Controls	Financial Reporting	Audit
Principal and emerging risks Reviewed the principal and emerging risks faced by the Company and the systems, processes and oversight in place to manage and mitigate them.	**Valuation and existence of holdings** Ensured that portfolio holdings and assurance reports were reviewed by the Board.	**Meetings with the auditors** Met the auditors without representatives of the Manager present. Representatives of the auditors attended the committee meeting at which the draft annual report and accounts were considered.
Internal controls and risk mitigation Consideration of several key aspects of internal control and risk management operating within the Manager, depositary and registrar, including assurance reports.	**Calculation of the investment management fee and performance fee** Consideration of the methodology used to calculate the fees, matched against the criteria set out in the AIFM agreement.	**Auditors' independence** PricewaterhouseCoopers CI LLP were appointed as auditors on 25 May 2018. The auditors are required to rotate the senior statutory auditor every five years. There are no contractual obligations restricting the choice of external auditors. Following the company becoming tax resident in the UK on 1 September 2020, PricewaterhouseCoopers CI LLP resigned & PricewaterhouseCoopers LLP was appointed as auditors to the company to enable a smoother more efficient audit process and therefore reduce costs to Shareholders. The Company is compliant with the provisions of the September 2014 Competition and Markets Authority Order, which requires that FTSE 350 companies put their audit out to tender at least every ten years.
Service provider control reviews Reviewed the operational controls maintained by the Manager, depositary and registrar in July 2023 at an annual review meeting. Received quarterly reports covering the operation of the service providers.	**Recognition of investment income** Considered dividends received against forecast and the allocation of special dividends to income or capital.	**Effectiveness of the independent audit process and auditors performance** Evaluated the effectiveness of the independent audit firm and process prior to making a recommendation that it should be re-appointed at the forthcoming AGM. Evaluated the auditors' performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence; alongside feedback from the Manager on the audit process. Assessed all relationships with the auditors and received confirmation from the auditors that they remained independent and that it had implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards. The Committee is therefore satisfied that the auditors are independent. Professional scepticism of the auditors was questioned and the committee was satisfied with the auditors' replies.

Significant issues that the committee considered in relation to the financial statements, and how these issues were addressed, are outlined below.

Application during the year

Risks and Internal Controls	Financial Reporting	Audit
Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010 Consideration of the Manager's report confirming compliance.	**Overall accuracy of the annual report and accounts** Consideration of the draft annual report and accounts and the letter from the Manager in support of the letter of representation to the auditors.	**Audit results** Met with and reviewed a comprehensive report from the auditors which detailed the results of the audit, compliance with regulatory requirements, safeguards that have been established, and on their own internal quality control procedures.
Internal audit Considered the need for an internal audit function and concluded that this would not be appropriate, given the Company's size and outsourced business model.	**Fair, balanced and understandable** Reviewed the annual report and accounts to ensure that it was fair, balanced and understandable.	**Provision of non-audit services by the auditors** The committee has reviewed the FRC's Guidance on Audit Committees and has formulated a policy on the provision of non-audit services by the Company's auditors. The committee has determined that the Company's appointed auditors will not be considered for the provision of certain non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The auditors may, if required, provide other non-audit services which will be judged on a case-by-case basis. The auditors did not provide any non audit services to the Company during the year.
	Going concern and viability Reviewed the impact of risks on going concern and longer-term viability, as described further on pages 26 and 27.	**Consent to continue as auditors** PricewaterhouseCoopers LLP has indicated to the committee their willingness to continue to act as auditors.

Recommendations made to, and approved by, the Board:

As a result of the work performed, the committee has concluded that the annual report for the year ended 31 August 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 44.

Having reviewed the performance of the auditors as described above, the committee considered it appropriate to recommend the firm's re-appointment. Resolutions to re-appoint PricewaterhouseCoopers LLP as auditors to the Company, and to authorise the Directors to determine their remuneration will be proposed at the AGM.

Alexa Coates
Audit and Risk Committee chair

8 November 2023

Management Engagement Committee Report

The Management Engagement Committee is responsible for (1) the monitoring and oversight of the Manager's performance and fees, and confirming the Manager's ongoing suitability, and (2) reviewing and assessing the Company's other service providers, including reviewing their fees. All directors are members of the committee. Paul Meader is the chair of the committee. Its terms of reference are available on the Company's webpages, www.schroders.co.uk/orientalincome.

Approach

Oversight of the Manager	Oversight of other service providers
The committee: • reviews the Manager's performance, over the short and long term, against the reference index, peer group and the market; • considers the reporting it has received from the Manager throughout the year, and the reporting from the Manager to the Shareholders; • assesses management fees on an absolute and relative basis, receiving input from the Company's broker, including peer group and industry figures, as well as the structure of the fees; • reviews the appropriateness of the Manager's contract, including terms such as notice period. • visits the Manager's Asian and London offices periodically to meet with relevant investment and controls functions; and • assesses if the Company receives appropriate administrative, accounting, company secretarial and marketing support from the Manager.	The committee reviews the performance and competitiveness of the following service providers on at least an annual basis: • Safekeeping agent • Corporate broker • Registrar • Lender The committee also receives a report from the Company Secretary on ancillary service providers, and considers any recommendations. The committee noted the Audit and Risk Committee's review of the auditors.

Application during the year

The committee met with senior management, as well as representatives from various business functions supporting the portfolio manager, including in the Manager's teams based in Hong Kong and Taiwan. The committee undertook a detailed review of the Manager's performance and agreed that it has the appropriate depth and quality of resource to deliver superior returns over the longer term. The committee also reviewed the terms of the AIFM agreement and agreed they remained fit for purpose.	The committee conducted a detailed review of each of the Company's key service providers, including their anti-modern slavery, anti-bribery, sustainability, diversity and inclusion policies, and concluded that their continued appointment was appropriate. The committee noted that the Audit and Risk Committee had undertaken a detailed evaluation of the Manager, registrar, and safekeeping agents' internal controls.

Recommendations made to, and approved by, the Board:

- That the ongoing appointment of the Manager on the terms of the AIFM agreement was in the best interests of Shareholders as a whole.
- That the Company's service providers' performance remained satisfactory.

The Nomination and Remuneration Committee is responsible for (1) the recruitment, selection, induction and remuneration of all directors, (2) their assessment during their tenure, and (3) the Board's succession. All directors are members of the committee. Nick Winsor is the chair of the committee. Its terms of reference are available on the Company's webpages, www.schroders.co.uk/orientalincome.

Approach

Selection and induction

- Committee prepares a job specification for each role. Proposals are sought from independent search firms, which are evaluated by the Board and a firm selected.
- Such a specification is prepared for the chairman and the chairs of committees, the committee also considers current board members.
- Job specification outlines the knowledge, professional skills, personal qualities and experience requirements.
- A search firm sources a long list of potential candidates, who are assessed against the job specification.
- Committee discusses the long list, invites a number of candidates for interview and makes a recommendation to the Board.
- Committee reviews the induction and training of new directors.

Board evaluation and directors' fees

- Committee assesses each director annually.
- Evaluation focuses on whether each director continues to demonstrate commitment to their role and provides a valuable contribution to the Board during the year, taking into account time commitment, independence, conflicts and training needs.
- Following the evaluation, the committee provides a recommendation to Shareholders with respect to the annual re-election of directors at the AGM.
- Committee reviews directors' fees, taking into account comparative data and reports to Shareholders in the remuneration report.
- Proposed changes to the remuneration policy for directors are discussed and then reported to Shareholders.

Succession

- The Board's succession policy is that directors' tenure will be for no longer than nine years, except in exceptional circumstances, and that each director will be subject to annual re-election at AGMs.
- Committee reviews the Board's current and future needs at least annually. Should any need be identified, the committee will initiate the selection process.
- Committee oversees the handover process for retiring directors.

For application see page 40

Application during the year

Selection and induction	Board evaluation and directors' fees	Succession
• In anticipation of Ms Kate Cornish Bowden's departure, the committee discussed the need to appoint a suitable replacement. • A skills matrix for the Board was reviewed and a job specification was agreed for the role. • Search firms were approached to provide suitable proposals.	• The Board evaluation, including evaluation of its committees, was undertaken between April and August 2023. • The committee also reviewed each director's time commitment and independence by reviewing a complete list of appointments, including pro bono not for profit roles, to ensure that each director remained free from conflict and had sufficient time available to discharge each of their duties effectively. • The committee considered each director's contributions, and noted that in addition to extensive experience as professionals and non-executive directors, each director had valuable skills and experience, as detailed in their biographies on pages 30 and 31. • All directors were considered to be independent in character and judgement. • Based on its assessment, the committee provided individual recommendations for each directors' re-election. • The committee reviewed directors' fees, using external benchmarking, and recommended an increase in directors' fees, as detailed in the remuneration report.	• The committee reviewed the succession policy and agreed it was still fit for purpose. • As announced by the Company on 3 August 2023, Ms Kate Cornish Bowden has advised the Board that she will resign on 17 November as a director of the Company prior to Schroders' appointment as the AIFM of International Biotechnology Trust plc, of which she is Chair. The Board has initiated a selection process.

Recommendations made to, and approved by, the Board:

- That all directors continue to demonstrate commitment to their roles, provide a valuable contribution to the deliberations of the Board, contribute towards the Company's long-term success, and remain free from conflicts with the Company and its directors, so should all be recommended for re-election by Shareholders at the AGM, noting that Ms Cornish-Bowden has advised the Board that she does not intend to stand for re-election.
- That directors' fees per annum be increased to the following levels effective from 1 September 2023: chairman £50,000, Audit and Risk Committee chair: £45,000 and other directors: £40,000, with the senior independent director to receive an additional £2,000.

Introduction

The following remuneration policy is currently in force and is subject to a binding vote every three years. The next vote will take place at the forthcoming AGM and the current policy provisions will apply until that date. The below directors' annual report on remuneration is subject to an annual advisory vote. An ordinary resolution to approve this report will be put to Shareholders at the forthcoming AGM.

At the AGM held on 11 December 2020 when the policy was last voted on by Shareholders, 99.69% of the votes cast (including votes cast at the chairman's discretion) in respect of approval of the directors' remuneration policy were in favour, while 0.31% were against. 112,388 votes were withheld.

At the AGM held on 6 December 2022, 99.81% of the votes cast (including votes cast at the chairman's discretion) in respect of approval of the directors' remuneration report for the year ended 31 August 2022 were in favour, while 0.17% were against. 33,468 votes were withheld.

Directors' remuneration policy

The determination of the directors' fees is a matter dealt with by the Nomination and Remuneration Committee and the Board.

It is the Nomination and Remuneration Committee's policy to determine the level of directors' remuneration having regard to amounts payable to non-executive directors in the industry generally, the role that individual directors fulfil in respect of Board and committee responsibilities, and time committed to the Company's affairs, taking into account the aggregate limit of fees set out in the Company's articles of incorporation (currently £300,000). Any increase in the level set out therein requires approval by the Board and the Company's Shareholders.

The chairman of the Board, the chair of the Audit and Risk Committee, and the senior independent director each receives fees at a higher rate than the other directors to reflect their additional responsibilities. The fees payable to directors are not performance related. They are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary to promote the success of the Company in reaching its short and long-term strategic objectives.

The Board and its committees exclusively comprise non-executive directors. No director past or present has an entitlement to a pension from the Company, and the Company has not, and does not intend to, operate a share scheme for directors or to award any share options or long-term performance incentives to any director. No director has a service contract with the Company, although directors have a letter of appointment. Directors do not receive exit payments and are not provided with any compensation for loss of office. No other payments are made to directors other than the reimbursement of reasonable out-of-pocket expenses incurred in attending to the Company's business.

Implementation of policy

The terms of directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the AGM at the location of such meeting.

The Board did not seek the views of Shareholders in setting this remuneration policy. Any comments on the remuneration policy received from Shareholders would be considered on a case-by-case basis.

As the Company does not have any employees, no employee pay and employment conditions were taken into account when setting this remuneration policy and no employees were consulted in its construction.

Directors' fees are reviewed annually and take into account research from third parties on the fee levels of directors of peer group companies, as well as industry norms and factors affecting the time commitment expected of the directors. New directors are subject to the provisions set out in this remuneration policy.

Directors' annual report on remuneration

This report sets out how the remuneration policy was implemented during the year ended 31 August 2023.

Remuneration Report for the year ended 31 August 2023

Fees paid to directors

The following amounts were paid by the Company to directors for their services in respect of the year ended 31 August 2023 and the preceding financial year. Directors' remuneration is all fixed; they do not receive any variable remuneration. The performance of the Company over the financial year is presented on page 13.

	Fees		Taxable benefits[1]		Total		Change over year ended 31 August		
Director	2023 £	2022 £	2023 £	2022 £	2023 £	2022 £	2023 %	2022 %	2021 %
Paul Meader	**47,000**	45,000	**2,254**	3,127	**49,254**	48,127	**2.3**	13.9	20.7
Alexa Coates	**42,000**	40,000	**119**	563	**42,119**	40,563	**3.8**	1.4	0.0
Kate Cornish-Bowden	**37,000**	35,000	**109**	467	**37,109**	35,467	**4.6**	1.3	0.0
Isabel Liu[2]	**37,000**	28,839	**275**	356	**37,275**	29,195	**27.7**	n/a	n/a
Nick Winsor	**37,000**	35,000	**109**	467	**37,109**	35,467	**4.6**	1.3	n/a
Total	**200,000**	183,839	**2,866**	4,980	**202,866**	188,819			

1 Comprise amounts reimbursed for expenses incurred in carrying out business for the Company, and which have been grossed up to include PAYE and NI contributions.

2 Appointed as a director on 4 November 2021.

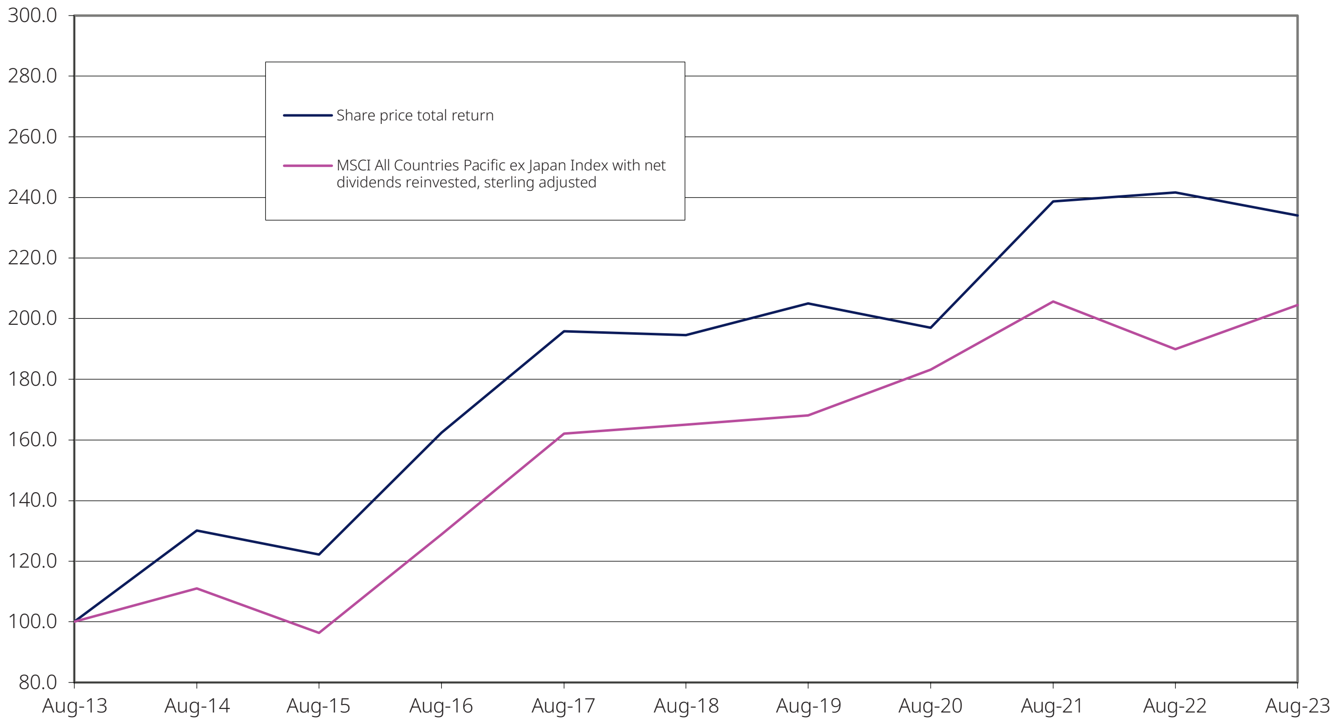
The information in the above table has been audited.

Consideration of matters relating to directors' remuneration

Directors' remuneration was last reviewed by the Board in July 2023. The members of the Board at the time that remuneration levels were considered were as set out on pages 30 to 31. Information on fees paid to directors of investment trusts managed by Schroders and peer group companies provided by the Manager and corporate broker was taken into consideration.

Following annual review, the Board agreed that fees should be increased with effect from 1 September 2023 to the following levels: chairman: £50,000, Audit and Risk Committee chair: £45,000, the senior independent director: £42,000, and other directors: £40,000. Directors' fees were last increased from 1 September 2022. The Board will continue to review fee levels on an annual basis.

10 year performance of the share price total return versus the MSCI All Countries Pacific ex Japan Index, with net dividends reinvested, in sterling terms[3]



[3] Source: Morningstar. Rebased to 100 at 31 August 2012. The MSCI All Countries Pacific ex Japan Index with net dividends reinvested, sterling adjusted, has been chosen as an appropriate comparison, as it comprises companies within the Company's primary investment objective.

Expenditure by the Company on remuneration and distributions to Shareholders

The table below compares the remuneration payable to directors to distributions paid to Shareholders during the year under review and the prior financial year. In considering these figures, Shareholders should take into account the Company's investment objective.

	Year ended 31 August 2023	Year ended 31 August 2022	Change
	£000	£000	%
Remuneration payable to Directors	**203**	189	+7.4
Distributions paid to Shareholders:			
Dividends	**29,901**	27,968	
Share buybacks	**20,022**	17,172	
Total distributions paid to Shareholders	**49,923**	45,140	+10.6

Directors' share interests

The Company's articles of incorporation do not require directors to own shares in the Company. The interests of directors, including those of connected persons, at the beginning and end of the financial year under review are set out below.

	Ordinary shares of 1p each 31 August 2023	Ordinary shares of 1p each 31 August 2022
Paul Meader	**11,000**	11,000
Alexa Coates	**10,000**	10,000
Kate Cornish-Bowden	**29,000**	24,780
Nick Winsor	**20,000**	20,000
Isabel Liu	**17,386**	8,918

The information in the above table has been audited. Since the year end, the shares held by Isabel Liu, including those of connected persons, has increased to 18,634.

Alexa Coates
Director

8 November 2023

The directors are responsible for preparing the financial statements in accordance with applicable Guernsey law and generally accepted accounting principles.

Guernsey company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors should:

- select suitable accounting policies, and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards ("IFRS") as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state that the Company has complied with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- make judgements and estimates that are reasonable and prudent.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 (as amended). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Statement

Each of the directors, whose names and functions are listed on pages 30 and 31, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with IFRS as adopted by the European Union and with The Companies (Guernsey) Law, 2008 (as amended) and in accordance with the requirements set out above, and give a true and fair view of the assets, liabilities, financial position and the net return of the Company;
- the Strategic Review includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

So far as each of the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

On behalf of the Board

Alexa Coates
Director

8 November 2023

Financial

Financial

Report on the audit of the financial statements

Opinion

In our opinion, Schroder Oriental Income Fund Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2023 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008 (as amended).

We have audited the financial statements, included within the Annual report and accounts (the "Annual Report"), which comprise: Balance Sheet as at 31 August 2023; Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's ("FRC") Ethical Standard, as applicable to listed public interest entities in accordance with the requirements of the Crown Dependencies' Audit Rules and Guidance for market-traded companies, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- The company is a standalone authorised, closed ended investment company registered in the Bailiwick of Guernsey with its shares listed on the main market of the London Stock Exchange.
- The company engages Schroder Unit Trusts Limited (the "Manager") to manage the company's assets.
- The company engages HSBC Bank plc (the "Custodian") to carry out duties of safekeeping and cashflow monitoring agent.
- We conducted our audit using information provided by the Manager and Schroder Investment Management Limited (the "Investment Manager"), as well as HSBC Securities Services ("HSS") to whom the Manager has delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the company operates.
- We obtained an understanding of the control environment in place at both the Manager and HSS, and adopted a fully substantive testing approach using reports obtained from HSS.

Key audit matters

- Income from and losses on investments
- Valuation and existence of investments at fair value through profit or loss

Materiality

- Overall materiality: £6,482,000 (2022: £7,241,000) based on 1% of net assets.
- Performance materiality: £4,861,000 (2022: £5,430,000).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit;

and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Income from and losses on investments Refer to the Note 1 Accounting Policies, Note 2 Gains/(losses) on investments held at fair value through profit or loss, and Note 3 Income. We focused on the accuracy, occurrence and completeness of both net capital gains/losses on investments and dividend income. We assessed the presentation of income in the Statement of Comprehensive Income in accordance with the requirements of The Association of Investment Companies' Statement of Recommended Practice (the "AIC SORP").	We assessed and found that the accounting policies implemented were in accordance with IFRS and the AIC SORP, and that income (revenue and capital gains and losses on investments) has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. **Dividend Income** We tested the accuracy of all dividend receipts by agreeing the dividend rates for investments to independent market data. We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all dividends during the year. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining the reasons behind dividend distributions. **Gains/losses on investments at fair value through profit or loss** The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we tested the valuation of the portfolio at the year-end, together with testing the reconciliation of opening and closing investments, thereby we have assessed the accuracy of the gains/losses recorded. We have also verified the occurrence of the gains/losses through our testing of the existence of investments. For realised gains/losses, we tested a sample of disposals by agreeing the proceeds to bank statements in order to verify the occurrence of the gain/loss. We re-performed the calculation of a sample of realised gains/losses in order to assess the accuracy of the gains/losses recorded. Based on the audit procedures performed and evidence obtained, we concluded that income from and losses on investments was not materially misstated.
Valuation and existence of investments at fair value through profit or loss Refer to Note 1 Accounting Policies and Note 10 Investments at fair value through profit or loss. The investment portfolio at 31 August 2023 comprised listed equity investments. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Balance Sheet in the financial statements.	We tested the valuation of the listed investments by agreeing the prices used in the valuation to independent third party sources. We tested the existence of listed investments by agreeing the holdings to an independent confirmation from the Custodian, as at 31 August 2023. No material misstatements were identified from this testing.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The company is a standalone authorised, closed ended investment company that has outsourced the management and safekeeping of its assets to Schroders and HSBC respectively. The company's accounting is delegated to the Administrator who maintains the company's accounting records and who has implemented controls over those accounting records. We applied professional judgement to determine the extent of testing required over each balance in the financial statements and obtained our audit evidence which was substantive in nature from the manager and the administrator.

The impact of climate risk on our audit

In conducting our audit, we made enquiries of the Directors and the Investment Manager to understand the extent of the potential impact of climate change risk on the company's financial statements. The Directors and Investment Manager concluded that the impact on the measurement and disclosures within the financial statements is not material because the company's investment portfolio is made up of level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the company's investment activities. We also considered the consistency of the climate change disclosures included in the Strategic Report with the financial statements and our knowledge from our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£6,482,000 (2022: £7,241,000).
How we determined it	Approximately 1% of net assets
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £4,861,000 (2022: £5,430,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £324,000 (2022: £362,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the directors' updated risk assessment and considering whether it addressed relevant threats;
- evaluating the directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the directors' assessment of the company's financial position in the context of its ability to meet future expected operating expenses and debt repayments, their assessment of liquidity as well as their review of the operational resilience of the company and oversight of key third-party service providers;
- assessing the premium/discount at which the company's share price trades compared to the net asset value per share; and
- assessing the implication of significant reductions in Net Asset Value (NAV) as a result of market performance on the ongoing ability of the company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Corporate governance statement

ISAs (UK) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by auditors of premium listed companies. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and Accounts, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Section 262 of The Companies (Guernsey) Law, 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value. Audit procedures performed by the engagement team included:

- discussions with the Manager and the Audit and Risk Committee, including specific enquiry of known or suspected instances of non-compliance with laws and regulation and fraud where applicable;
- reviewing relevant meeting minutes, including those of the Audit and Risk Committee;
- assessment of the company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- identifying and testing journal entries, in particular any material or revenue-impacting manual journal entries posted as part of the Annual Report preparation process; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

The Companies (Guernsey) Law, 2008 exception reporting

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the company; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Colleen Local
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognised Auditor
London
8 November 2023

Notes:

a. The maintenance and integrity of the Schroder Oriental Income Fund Limited website is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

b. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Comprehensive Income
for the year ended 31 August 2023

		2023			2022		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments at fair value through profit or loss	2	**–**	**(55,772)**	**(55,772)**	–	(7,810)	(7,810)
Net foreign currency gains/(losses)		**–**	**3,262**	**3,262**	–	(6,572)	(6,572)
Income from investments	3	**36,430**	**386**	**36,816**	39,047	1,448	40,495
Other income	3	**142**	**–**	**142**	24	–	24
Total income/(loss)		**36,572**	**(52,124)**	**(15,552)**	39,071	(12,934)	26,137
Management fee	4	**(1,935)**	**(2,903)**	**(4,838)**	(1,545)	(3,604)	(5,149)
Other administrative expenses	5	**(1,130)**	**(3)**	**(1,133)**	(1,114)	(4)	(1,118)
Profit/(loss) before finance costs and taxation		**33,507**	**(55,030)**	**(21,523)**	36,412	(16,542)	19,870
Finance costs	6	**(854)**	**(1,280)**	**(2,134)**	(161)	(376)	(537)
Profit/(loss) before taxation		**32,653**	**(56,310)**	**(23,657)**	36,251	(16,918)	19,333
Taxation	7	**(2,254)**	**–**	**(2,254)**	(2,146)	–	(2,146)
Net Profit/(loss) and total comprehensive income/(expenses)		**30,399**	**(56,310)**	**(25,911)**	34,105	(16,918)	17,187
Earnings/(loss) per share	9	**11.81p**	**(21.88)p**	**(10.07)p**	12.94p	(6.42)p	6.52p

The "Total" column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS. The "Revenue and Capital" columns represent supplementary information prepared under guidance set out in the statement of recommended practice for investment trust companies (the "SORP") issued by the Association of Investment Companies in July 2022.

The Company does not have any income or expense that is not included in net profit/(loss) for the year. Accordingly the "Net profit/(loss)" for the year is also the "Total comprehensive income/(expenses)" for the year.

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

The notes on pages 56 to 70 form an integral part of these accounts.

Statement of Changes in Equity
for the year ended 31 August 2023

	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 2021		234,347	(9,500)	39	150,374	345,929	30,230	751,419
Repurchase of ordinary shares into treasury		–	(16,491)	–	–	–	–	(16,491)
Net (loss)/profit and total comprehensive income/(expenses)		–	–	–	–	(16,918)	34,105	17,187
Dividends paid in the year	8	–	–	–	–	–	(27,968)	(27,968)
At 31 August 2022		234,347	(25,991)	39	150,374	329,011	36,367	724,147
Issue of ordinary shares		–	–	–	–	–	–	–
Repurchase of ordinary shares into treasury		–	(20,127)	–	–	–	–	(20,127)
Net (loss)/profit and total comprehensive income/(expenses)		–	–	–	–	(56,310)	30,399	(25,911)
Dividends paid in the year	8	–	–	–	–	–	(29,901)	(29,901)
At 31 August 2023		**234,347**	**(46,118)**	**39**	**150,374**	**272,701**	**36,865**	**648,208**

The notes on pages 56 to 70 form an integral part of these accounts.

Balance Sheet
at 31 August 2023

	Note	2023 £'000	2022 £'000
Non current assets			
Investments at fair value through profit or loss	10	**676,323**	750,372
Current assets	11		
Receivables		**4,271**	4,355
Cash and cash equivalents		**11,000**	14,155
		15,271	18,510
Total assets		**691,594**	768,882
Current liabilities			
Payables	12	**(43,386)**	(44,735)
Net assets		**648,208**	724,147
Equity attributable to equity holders			
Share capital	13	**234,347**	234,347
Treasury share reserve	14	**(46,118)**	(25,991)
Capital redemption reserve	14	**39**	39
Special reserve	14	**150,374**	150,374
Capital reserves	14	**272,701**	329,011
Revenue reserve	14	**36,865**	36,367
Total equity Shareholders' funds		**648,208**	724,147
Net asset value per share	15	**256.01p**	277.24p

The financial statements on pages 52 to 55 were approved by the Board of Directors on 8 November 2023 and signed on its behalf by:

Alexa Coates
Director

The notes on pages 56 to 70 form an integral part of these accounts.

Registered in Guernsey as a public company limited by shares

Company registration number: 43298

Cash Flow Statement
for the year ended 31 August 2023

	2023 £'000	2022 £'000
Operating activities		
(Loss)/profit before finance costs and taxation	**(21,523)**	19,870
Add back net foreign currency (gains)/losses	**(3,262)**	6,572
Losses on investments at fair value through profit or loss	**55,772**	7,810
Net sales of investments at fair value through profit or loss	**20,161**	16,211
Decrease in receivables	**274**	1,032
Increase/(decrease) in payables	**10**	(5,676)
Overseas taxation paid	**(2,247)**	(2,229)
Net cash inflow from operating activities before interest	**49,185**	43,590
Interest paid	**(2,168)**	(509)
Net cash inflow from operating activities	**47,017**	43,081
Financing activities		
Repurchase of ordinary shares into treasury	**(20,022)**	(17,172)
Dividends paid	**(29,901)**	(27,968)
Net cash outflow from financing activities	**(49,923)**	(45,140)
Decrease in cash and cash equivalents	**(2,906)**	(2,059)
Cash and cash equivalents at the start of the year	**14,155**	16,147
Effect of foreign exchange rates on cash and cash equivalents	**(249)**	67
Cash and cash equivalents at the end of the year	**11,000**	14,155

Dividends received during the year amounted to £37,004,000 (2022: £41,682,000) and bond and deposit interest receipts amounted to £117,000 (2022: £15,000).

The notes on pages 56 to 70 form an integral part of these accounts.

1. Accounting Policies

(a) Basis of accounting

The financial statements have been prepared in accordance with The Companies Guernsey Law 2008 and International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with interpretations of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as adopted by the European Union.

Where consistent with the requirements of IFRS, the directors have sought to prepare the accounts on a basis compliant with presentational guidance set out in the statement of recommended practice for investment trust companies (the "SORP") issued by the Association of Investment Companies in July 2022.

The policies applied in these financial statements are consistent with those applied in the preceding year.

The Company's share capital is denominated in sterling and this is the currency in which its Shareholders operate and expenses are generally paid. The Board has therefore determined that sterling is the functional currency and the currency in which the accounts are presented. Amounts have been rounded to the nearest thousand.

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments held at fair value through profit or loss. The directors believe that the Company has adequate resources to continue operating to 30 November 2024, which is at least 12 months from the date of approval of these accounts. In forming this opinion, the directors have taken into consideration: the controls and monitoring processes in place; the Company's level of debt and other payables; the low level of operating expenses, comprising largely variable costs which would reduce pro rata in the event of a market downturn; and that the Company's assets comprise cash and readily realisable securities quoted in active markets. In forming this opinion, the directors have also considered any potential impact of climate change, inflation, high interest rates and the energy crisis on the viability of the Company.

Further details of directors' considerations regarding this are given in the Chairman's Statement, Portfolio Managers' Review, Going Concern Statement, Viability Statement and under the Principal and emerging risks heading on page 24.

The principal accounting polices adopted are set out below.

(b) Presentation of the Statement of Comprehensive Income

In order to better reflect the activities of an investment company and in accordance with the recommendations of the SORP, supplementary information has been presented which analyses items in the Statement of Comprehensive Income between those which are income in nature and those which are capital in nature.

(c) Investments at fair value through profit or loss

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment objective and information is provided internally on that basis to the Company's board of directors. Accordingly, investments are designated upon initial recognition as investments at fair value through profit or loss, and are measured at subsequent reporting dates at fair value, which are quoted bid market prices for investments traded in active markets.

Investments that are unlisted or not actively traded are valued using a variety of techniques to determine their fair value; all such valuations are reviewed by both the AIFM's fair value pricing committee and by the directors.

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within a timeframe established by the market concerned.

(d) Accounting for reserves

Gains and losses on sales of investments, including the related foreign exchange gains and losses, are included in the Statement of Comprehensive Income and in capital reserves within "Gains and losses on sales of investments". Increases and decreases in the valuation of investments held at the year end, including the related foreign exchange gains and losses, are included in the Statement of Comprehensive Income and in capital reserves within "Holding gains and losses on investments".

Foreign exchange gains and losses on cash and deposit balances are included in the Statement of Comprehensive Income and in capital reserves within Gains and losses on sales of investments. Unrealised exchange gains and losses on foreign currency loans are included in the Statement of Comprehensive Income and dealt with in capital reserves within Holding gains and losses on investments.

(e) Repurchases of shares into treasury and subsequent reissues

The cost of repurchasing shares into Treasury is debited to "Treasury share reserve". The sales proceeds of Treasury shares reissued are credited back to Treasury share reserve until the debit balance on that reserve is extinguished and thereafter to capital reserves.

1. Accounting Policies continued

(f) Income

Dividends receivable from equity shares are included in revenue on an ex-dividend basis except where, in the opinion of the board, the dividend is capital in nature, in which case it is included in capital.

Income from fixed interest debt securities is recognised using the effective interest method.

Deposit interest outstanding at the year end is calculated and accrued on a time apportionment basis using market rates of interest.

(g) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to revenue with the following exceptions:

- The management fee is allocated 40% to revenue and 60% to capital in line with the board's expected long-term split of revenue and capital return from the Company's investment portfolio.
- Any performance fee is allocated 100% to capital.
- Expenses incidental to the purchase or sale of investments are charged to capital. These expenses are commonly referred to as transaction costs and mainly comprise brokerage commission. Details of transaction costs are given in note 10 on page 61.

(h) Finance costs

Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in profit or loss using the effective interest method.

Finance cost are allocated 40% to revenue and 60% to capital in line with the board's expected long-term split of revenue and capital return from the Company's investment portfolio.

(i) Other financial assets and liabilities

Cash and cash equivalents may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. Other receivables are non interest bearing, short-term in nature and are accordingly stated at nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Interest bearing bank loans are initially recognised at cost, being the proceeds received net of direct issue costs, and subsequently at amortised cost.

(j) Taxation

The taxation charge is the total of both current taxation and deferred taxation.

Current taxation comprises of the tax withheld at the source on foreign income, with adjustments for any amounts recoverable under tax treaties. The taxation is recorded in the revenue section of the Statement of Comprehensive Income, except when it pertains to capital related items where it will be accounted for in the capital section of the statement.

Deferred taxation represents the taxation liability or asset arising from anticipated variations in the treatment of items for accounting purposes compared to tax purposes. The calculation is based on tax rates that have been officially approved or are highly likely for the period when the tax becomes payable. Deferred tax assets are recognised when there is an expectation of having future taxable profits.

(k) Foreign currency

The results and financial position are expressed in sterling. Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transaction. At each balance sheet date, monetary items and non monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at 1600 hours on the balance sheet date. Gains or losses arising on translation are included in net profit or loss for the year and presented as revenue or capital as appropriate.

(l) New and amended accounting standards

At the date of authorisation of these financial statements there are no new or revised Standards or Interpretations, which are in issue but which are not yet effective, which the board expects to have any significant effect on the Company's accounts.

(m) Significant accounting judgments, estimates and assumptions

Other than the directors' assessment of going concern, no significant judgements, estimates or assumptions have been required in the preparation of these financial statements in accordance with IFRS.

(n) Dividends payable to Shareholders

Interim dividends to Shareholders are recorded in the Financial Statements when paid.

2. Gains/(losses) on investments held at fair value through profit or loss

	2023 £'000	2022 £'000
Gains/(losses) on sales of investments based on historic cost	**20,618**	(923)
Amounts recognised in investment holding losses in the previous year in respect of investments sold in the year	**(24,198)**	(2,532)
Losses on sales of investments based on the carrying value at the previous balance sheet date	**(3,580)**	(3,455)
Net movement in investment holding losses	**(52,192)**	(4,355)
Losses on investments held at fair value through profit or loss	**(55,772)**	(7,810)

3. Income

	2023 £'000	2022 £'000
Income from investments:		
Overseas dividends	**36,430**	39,047
Other income:		
Deposit interest	**142**	24
Total income	**36,572**	39,071
Capital:		
Special dividend allocated to capital	**386**	1,448

4. Management fee

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	**1,935**	**2,903**	**4,838**	1,545	3,604	5,149

The basis for calculating the investment management fee and any performance fee is set out in the Directors' Report on pages 32 and 33.

With effect from 1 September 2022, the board determined that the management fee will be allocated 40% to revenue and 60% to capital in line with the board's expected long-term split of revenue and capital return from the Company's investment portfolio. Prior to this date, these expenses had been allocated 30% to revenue and 70% to capital.

5. Other administrative expenses

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Administration expenses	**717**	**3**	**720**	722	4	726
Directors' fees	**203**	**–**	**203**	189	–	189
Secretarial fee	**150**	**–**	**150**	150	–	150
Auditors' remuneration for audit services[1]	**60**	**–**	**60**	53	–	53
	1,130	**3**	**1,133**	1,114	4	1,118

[1]No amounts are payable to the auditor for non-audit services

6. Finance costs

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans and overdrafts	**854**	**1,280**	**2,134**	161	376	537

With effect from 1 September 2022, the board determined that the finance costs will be allocated 40% to revenue and 60% to capital in line with the board's expected long-term split of revenue and capital return from the Company's investment portfolio. Prior to this date, these expenses had been allocated 30% to revenue and 70% to capital.

7. Taxation

(a) Analysis of tax charge for the year

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Irrecoverable overseas tax	**2,254**	**–**	**2,254**	2,146	–	2,146
Taxation for the year	**2,254**	**–**	**2,254**	2,146	–	2,146

The Company became resident in the United Kingdom for tax taxation purposes, with effect from 1 September 2020. The Company has no corporation tax liability for the year ended 31 August 2023 (2022: the same).

(b) Factors affecting tax charge for the year

The tax assessed for the year ended 31 August 2023 is higher (2022: lower) than the Company's applicable rate of corporation tax for that year of 21.5% (2022:19%).

The factors affecting the tax charge for the year are as follows:

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) before taxation	**32,653**	**(56,310)**	**(23,657)**	36,251	(16,918)	19,333
Net return/(loss) before taxation multiplied by the Company's applicable rate of corporation tax for the year of 21.5% (2022:19%)	**7,020**	**(12,107)**	**(5,087)**	6,888	(3,215)	3,673
Effects of:						
Capital losses on investments	**–**	**11,290**	**11,290**	–	2,732	2,732
Revenue not chargeable to corporation tax	**(6,917)**	**(83)**	**(7,000)**	(6,406)	(275)	(6,681)
Expenses disallowed	**–**	**1**	**1**	–	1	1
Unrelieved expenses	**–**	**899**	**899**	–	316	316
Marginal Tax Relief	**–**	**–**	**–**	(267)	267	–
Double Tax Relief	**(103)**	**–**	**(103)**	(215)	174	(41)
Irrecoverable overseas tax	**2,254**	**–**	**2,254**	2,146	–	2,146
Taxation for the year	**2,254**	**–**	**2,254**	2,146	–	2,146

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £3,713,000 (2022: £2,745,000) based on a main rate of corporation tax of 25%. In its 2020 budget, the UK government announced that the main rate of corporation tax would increase to 25% for the fiscal year beginning on 1 April 2023.

The deferred tax asset has arisen due to the excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

The Company was granted status as an investment trust company by HMRC effective from 1 September 2020, and intends to continue to meet the conditions required to retain that status. Therefore, no provision has been made for deferred UK capital gains tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends

(a) Dividends paid and declared

	2023 £'000	2022 £'000
2022 fourth interim dividend of 5.60p (2021: 4.80p)	**14,527**	12,727
First interim dividend of 2.00p (2022: 1.90p)	**5,165**	5,013
Second interim dividend of 2.00p (2022: 1.90p)	**5,124**	4,997
Third interim dividend of 2.00p (2022: 2.00p)	**5,085**	5,231
Total dividends paid in the year	**29,901**	27,968

	2023 £'000	2022 £'000
Fourth interim dividend declared of 5.80p (2022: 5.60p)	**14,685**	14,627

Under The Companies (Guernsey) Law 2008, the Company may pay dividends out of both capital and revenue reserves, subject to passing a solvency test. However all dividends paid and declared to date have been paid, or will be paid, out of revenue profits. The Company has passed the solvency test for all dividends paid to date.

The fourth interim dividend declared in respect of the year ended 31 August 2022 differs from the amount actually paid due to shares repurchased and cancelled after the balance sheet date but prior to the share register record date.

(b) Dividends for the purposes of Section 1158 of the Corporation Tax Act 2010 ("Section 1158")

The Company was granted status as an investment trust company by HMRC effective from 1 September 2020, and intends to continue to meet the minimum distribution requirements of Section 1158, in order to retain that status. Those requirements are considered on the basis of dividends declared in respect of the financial year as shown below. The revenue available for distribution by way of dividend for the year is £30,399,000 (2022: £34,105,000).

	2023 £'000	2022 £'000
First interim dividend of 2.00p (2022: 1.90p)	**5,165**	5,013
Second interim dividend of 2.00p (2022: 1.90p)	**5,124**	4,997
Third interim dividend of 2.00p (2022: 2.00p)	**5,085**	5,231
Fourth interim dividend of 5.80p (2022: 5.60p)	**14,685**	14,627
Total dividends of 11.80p (2022: 11.40p)	**30,059**	29,868

9. Earnings/(loss) per share

	2023 £'000	2022 £'000
Revenue profit	**30,399**	34,105
Capital loss	**(56,310)**	(16,918)
Total (loss)/profit	**(25,911)**	17,187
Weighted average number of Ordinary shares in issue during the year	**257,369,408**	263,653,736
Revenue earnings per share	**11.81p**	12.94p
Capital loss per share	**(21.88)p**	(6.42)p
Total (loss)/earnings per share	**(10.07)p**	6.52p

10. Investments at fair value through profit or loss

	2023 £'000	2022 £'000
Opening book cost	**621,849**	639,015
Opening investment holding gains	**128,523**	135,410
Opening fair value	**750,372**	774,425
Analysis of transactions made during the year		
Purchases at cost	**124,788**	130,731
Sales proceeds	**(143,065)**	(146,974)
Losses on investments held at fair value through profit or loss	**(55,772)**	(7,810)
Closing fair value	**676,323**	750,372
Closing book cost	**624,190**	621,849
Closing investment holding gains	**52,133**	128,523
Closing fair value	**676,323**	750,372

All investments are listed on a recognised stock exchange.

The Company received £143,065,000 (2022: £146,974,000) from disposal of investments in the year. The book cost of these investments when they were purchased was £122,447,000 (2022: £147,897,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The following transaction costs, mainly comprising brokerage commissions, were incurred during the year:

	2023 £'000	2022 £'000
On acquisitions	**114**	90
On disposals	**221**	247
	335	337

11. Current assets

Receivables	2023 £'000	2022 £'000
Dividends and interest receivable	**3,992**	4,207
Securities sold awaiting settlement	**199**	2
Other receivables	**80**	146
	4,271	4,355

The directors consider that the carrying amount of receivables approximates to their fair value.

Cash and cash equivalents

Cash and cash equivalents comprises bank balances and cash held by the Company, including short-term deposits. The carrying amount of these represents their fair value. Cash balances in excess of a predetermined amount are placed on short-term deposit at market rates of interest.

12. Current liabilities

Payables	2023 £'000	2022 £'000
Bank loan	**39,459**	42,970
Securities purchased awaiting settlement	**2,081**	–
Repurchase of ordinary shares into treasury awaiting settlement	**367**	262
Other payables and accruals	**1,479**	1,503
	43,386	44,735

The bank loan comprises US$50 million drawn down on the Company's £100 million multicurrency credit facility with the Bank of Nova Scotia. The facility is secured and drawings are subject to covenants and restrictions which are customary for a facility of this nature and all of these have been complied with.

Further details of the facility are given in note 20(a)ii on page 67.

The bank loan at the prior year end comprised US$50 million drawn down on the Company's £100 million multicurrency credit facility with Bank of Nova Scotia.

13. Share capital

	2023 £'000	2022 £'000
Ordinary shares of 1p each, allotted, called-up and fully paid:		
Opening balance of 261,203,024 (2022: 267,468,024) shares, excluding shares held in treasury	**208,356**	224,847
Repurchase of 8,010,000 (2022: 6,265,000) shares into treasury	**(20,127)**	(16,491)
Subtotal of 253,193,024 (2022: 261,203,024) shares, excluding shares held in treasury	**188,229**	208,356
18,040,000 (2022: 10,030,000) shares held in treasury	**46,118**	25,991
Closing balance of 271,233,024 (2022: 271,233,024) shares	**234,347**	234,347

The ordinary shares rank pari passu, and each share carries one vote in the event of a poll at a general meeting. The Company has authority to issue an unlimited number of ordinary shares.

During the year, the Company purchased 8,010,000 of its own shares, nominal value £80,100 to hold in treasury for a total consideration of £20,127,000 representing 3.1% of the shares outstanding at the beginning of the year. The reason for these share purchases was to seek to manage the volatility of the share price discount to net asset value per share.

14. Reserves

	Share capital £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves: Gains and losses on sales of investments £'000	Capital reserves: Investment holding gains and losses £'000	Revenue reserve £'000
At 1 September 2022	**234,347**	**(25,991)**	**39**	**150,374**	**202,408**	**126,603**	**36,367**
Losses on sales of investments based on the carrying value at the previous balance sheet date	**–**	**–**	**–**	**–**	**(3,580)**	**–**	**–**
Movement in investment holding gains and losses	**–**	**–**	**–**	**–**	**–**	**(52,192)**	**–**
Transfer on disposal of investments	**–**	**–**	**–**	**–**	**24,198**	**(24,198)**	**–**
Realised exchange losses on cash and short-term deposits	**–**	**–**	**–**	**–**	**(249)**	**–**	**–**
Exchange gains on foreign currency credit facility	**–**	**–**	**–**	**–**	**–**	**3,511**	**–**
Repurchase of ordinary shares into treasury	**–**	**(20,127)**	**–**	**–**	**–**	**–**	**–**
Management fee, finance costs and other expenses charged to capital	**–**	**–**	**–**	**–**	**(4,186)**	**–**	**–**
Dividends allocated to capital	**–**	**–**	**–**	**–**	**386**	**–**	**–**
Dividends paid in the year	**–**	**–**	**–**	**–**	**–**	**–**	**(29,901)**
Net revenue profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**30,399**
At 31 August 2023	**234,347**	**(46,118)**	**39**	**150,374**	**218,977**	**53,724**	**36,865**

	Share capital £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves: Gains and losses on sales of investments £'000	Capital reserves: Investment holding gains and losses £'000	Revenue reserve £'000
At 1 September 2021	**234,347**	**(9,500)**	**39**	**150,374**	**205,800**	**140,129**	**30,230**
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	(3,455)	–	–
Movement in investment holding gains and losses	–	–	–	–	–	(4,355)	–
Transfer on disposal of investments	–	–	–	–	2,532	(2,532)	–
Realised exchange gains on cash and short-term deposits	–	–	–	–	67	–	–
Exchange losses on foreign currency credit facility	–	–	–	–	–	(6,639)	–
Repurchase of ordinary shares into treasury	–	(16,491)	–	–	–	–	–
Management fee, finance costs and other expenses charged to capital	–	–	–	–	(3,984)	–	–
Dividends allocated to capital	–	–	–	–	1,448	–	–
Dividends paid in the year	–	–	–	–	–	–	(27,968)
Net revenue profit for the year	–	–	–	–	–	–	34,105
At 31 August 2022	**234,347**	**(25,991)**	**39**	**150,374**	**202,408**	**126,603**	**36,367**

Under The Companies (Guernsey) Law 2008, the Company may buy back its own shares, or pay dividends, out of any reserves, subject to passing a solvency test. This test considers whether, immediately after the payment, the Company's assets exceed its liabilities and whether it will be able to pay its debts when they fall due.

15. Net asset value per share

	2023	2022
Net assets attributable to Shareholders (£'000)	**648,208**	724,147
Shares in issue at the year end	**253,193,024**	261,203,024
Net asset value per share	**256.01p**	277.24p

16. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments at the balance sheet date (2022: none).

17. Transactions with the Manager

The Company has appointed Schroder Unit Trusts Limited ("the Manager"), a wholly owned subsidiary of Schroders plc, to provide investment management, accounting, secretarial and administration services. Details of the management and performance fee agreement are given in the Directors' Report on pages 32 and 33. The management fee payable in respect of the year amounted to £4,838,000 (2022: £5,149,000), of which £1,148,000 (2022: £1,276,000) was outstanding at the year end. The company secretarial fee payable to the Manager amounted to £150,000 (2022: £150,000) of which £37,500 (2022: £37,500) was outstanding at the year end. No performance fee is payable in respect of the year (2022: nil was payable and outstanding at the year end).

If the Company invests in funds managed or advised by the Manager or any of its associated companies, any fee earned by the Manager from those funds is deducted from the management fee payable by the Company. There have been no such investments during the current or comparative year.

18. Related Party transactions

Details of the remuneration payable to Directors are given in the Directors' Remuneration Report on page 42 and details of directors' shareholdings are given in the Directors' Remuneration Report on page 41. Details of transactions with the Manager are given in note 17 above. There have been no other transactions with related parties during the year (2022: nil).

19. Disclosures regarding financial instruments measured at fair value

The Company's portfolio of investments, which may comprise investments in equities, equity linked securities, government bonds and derivatives, are carried in the balance sheet at fair value. Other financial instruments held by the Company may comprise amounts due to or from brokers, dividends and interest receivable, accruals, cash at bank and drawings on the credit facility.

For these instruments, the balance sheet amount is a reasonable approximation of fair value.

The investments 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.

Details of the valuation techniques used by the Company are given in note 1(c) on page 56.

At 31 August 2023, the Company's investment portfolio was categorised as follows:

	2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in equities and equity linked securities	**658,116**	**18,207**	**–**	**676,323**
Total	**658,116**	**18,207**	**–**	**676,323**

Level 2 investments comprise one holding in Midea Group warrants 08/07/2024. There were no transfers between Levels 1, 2 or 3 during the year ended 31 August 2023.

	2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in equities and equity linked securities	730,624	19,748	–	750,372
Total	730,624	19,748	–	750,372

Level 2 investments comprise one holding in Midea Group warrants 21/06/2023. There were no transfers between Levels 1, 2 or 3 during the year ended 31 August 2022.

20. Financial instruments' exposure to risk and risk management policies

The Company's investment objective 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. In pursuing this objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets. These risks include market risk (comprising currency risk, interest rate risk and market price risk), liquidity risk and credit risk. The directors' policy for managing these risks is set out below. The board coordinates the Company's risk management policy.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's classes of financial instruments are as follows:

- investments in equities and equity-related securities of companies in the Asia Pacific region which are held in accordance with the Company's investment objective;
- short-term receivables, payables and cash arising directly from its operations; and
- a multicurrency credit facility with Bank of Nova Scotia, the purpose of which is to assist in financing the Company's operations.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and market price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) to (iii) of this note, together with sensitivity analysis where appropriate. The board reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Currency risk

The majority of the Company's assets, liabilities and income are denominated in currencies other than sterling, which is the Company's functional currency and the presentational currency of the accounts. As a result, movements in exchange rates will affect the sterling value of those items.

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies and regularly reports to the board. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. The Company may use foreign currency borrowings or forward foreign currency contracts to limit the exposure to anticipated changes in exchange rates which might otherwise affect the value of the portfolio of investments.

Income denominated in foreign currencies is converted into sterling on receipt.

20. Financial instruments' exposure to risk and risk management policies continued

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 31 August are shown below. The Company's investments (which are not monetary items) have been included separately in the analysis so as to show the overall level of exposure.

	2023									
	Japanese yen £'000	Hong Kong dollars £'000	Australian dollars £'000	Singapore dollars £'000	Taiwan dollars £'000	Thai baht £'000	New Zealand dollars £'000	US dollars £'000	Other £'000	Total £'000
Current assets	–	991	1,585	1,881	668	143	–	1,213	493	6,974
Current liabilities	–	(150)	(702)	(1,380)	–	–	–	(39,466)	–	(41,698)
Foreign currency exposure on net monetary items	–	841	883	501	668	143	–	(38,253)	493	(34,724)
Investments at fair value through profit or loss[1]	13,065	135,215	88,660	98,987	123,753	13,888	3,591	18,207	143,375	638,741
Total net foreign currency exposure	13,065	136,056	89,543	99,488	124,421	14,031	3,591	(20,046)	143,868	604,017

	2022									
	Japanese yen £'000	Hong Kong dollars £'000	Australian dollars £'000	Singapore dollars £'000	Taiwan dollars £'000	Thai baht £'000	New Zealand dollars £'000	US dollars £'000	Other £'000	Total £'000
Current assets	2	1,075	1,096	459	568	150	16	128	555	4,049
Current liabilities	–	–	–	–	–	–	–	(42,977)	–	(42,977)
Foreign currency exposure on net monetary items	2	1,075	1,096	459	568	150	16	(42,849)	555	(38,928)
Investments at fair value through profit or loss[1]	9,982	153,099	100,532	116,588	148,905	14,878	4,671	19,749	135,370	703,774
Total net foreign currency exposure	9,984	154,174	101,628	117,047	149,473	15,028	4,687	(23,100)	135,925	664,846

[1]Excluding any stocks priced in sterling.

The above year end amounts are broadly representative of the exposure to foreign currency risk during the current and comparative year.

Foreign currency sensitivity

The following tables illustrate the sensitivity of net profit for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and assumes a 10% (2022: 10%) appreciation or depreciation in sterling against the currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

If sterling had weakened by 10% this would have had the following effect:

	2023 £'000	2022 £'000
Statement of Comprehensive Income – net profit/(loss)		
Net revenue profit/(loss)	3,346	3,676
Net capital profit/(loss)	(3,562)	(3,786)
Net assets	(216)	(110)

Conversely if sterling had strengthened by 10% this would have had the following effect:

	2023 £'000	2022 £'000
Statement of Comprehensive Income – net profit/(loss)		
Net revenue profit/(loss)	(3,346)	(3,676)
Net capital profit/(loss)	3,562	3,786
Net assets	216	110

In the opinion of the directors, the above sensitivity analysis with respect to monetary financial assets and liabilities is broadly representative of the whole of the current and comparative year. The sensitivity of the Company's investments to changes in foreign currency exchange rates is subsumed into market price risk sensitivity on page 68.

20. Financial instruments' exposure to risk and risk management policies continued

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on variable rate borrowings when interest rates are re-set.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to Shareholders. The Company's gearing policy is to limit gearing to 25% where gearing is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when the Company draws on the credit facility. However, amounts drawn down on this facility are for short-term periods and therefore exposure to interest rate risk is not significant.

Interest rate exposure

The exposure of financial assets and financial liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below:

	2023 £'000	2022 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	**11,000**	14,155
Other payables: drawings on the credit facility	**(39,459)**	(42,970)
Total exposure	**(28,459)**	(28,815)

Cash deposits at call, earn interest based on the Sterling Overnight Interest Average ("SONIA") (2022: SONIA) rates.

The Company has arranged a £100 million credit facility with The Bank of Nova Scotia, effective from 20 July 2023. Interest is payable at the aggregate of the compounded Risk Free Rate ("RFR") for the relevant currency and loan period, plus a margin. Amounts are normally drawn down on the facility for a one month period, at the end of which it may be rolled over or adjusted. At 31 August 2023, the Company had drawn down US$50.0 million (£39.5 million) for a one month period, at an interest rate of 6.6% per annum.

The above year end amounts are not representative of the exposure to interest rates during the year as the level of cash balances and drawings on the credit facility have fluctuated. The maximum and minimum net interest rate exposure during the year has been as follows:

	2023 £'000	2022 £'000
Maximum interest rate exposure during the year - net debt	**(36,718)**	(32,379)
Minimum interest rate exposure during the year - net debt	**(28,459)**	(12,713)

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1.0% (2022: 1.0%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2023		2022	
	1.0% increase in rate £'000	1.0% decrease in rate £'000	1.0% increase in rate £'000	1.0% decrease in rate £'000
Statement of Comprehensive Income – net profit				
Net revenue profit/(loss)	**(48)**	**48**	13	(13)
Net capital profit/(loss)	**(237)**	**237**	(301)	301
Net total profit/(loss)	**(285)**	**285**	(288)	288
Net assets	**(285)**	**285**	(288)	288

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances and drawings on the credit facility.

20. Financial instruments' exposure to risk and risk management policies continued

(iii) Market price risk

Market price risk includes changes in market prices which may affect the value of the Company' investments.

Management of market price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Market price risk exposure

The Company's total exposure to changes in market prices at 31 August comprised the following:

	2023 £'000	2022 £'000
Investments at fair value through profit or loss	**676,323**	750,372

The above data is broadly representative of the exposure to market price risk during the year.

Concentration of exposure to market price risk

An analysis of the Company's investments is given on page 12. This shows that the portfolio principally comprises investments quoted on Asian stock markets. Accordingly there is a concentration of exposure to that region. However it should be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Market price risk sensitivity

The following table illustrates the sensitivity of the net profit for the year and net assets to an increase or decrease of 20% (2022: 20%) in the fair values of the Company's equities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities, adjusting for changes in the management fee, but with all other variables held constant.

	2023		2022	
	20% increase in fair value £'000	20% decrease in fair value £'000	20% increase in fair value £'000	20% decrease in fair value £'000
Statement of Comprehensive Income – net profit/(loss)				
Net revenue profit/(loss)	**(379)**	**379**	(315)	315
Net capital profit/(loss)	**134,696**	**(134,696)**	149,339	(149,339)
Net total profit/(loss) for the year and net assets	**134,317**	**(134,317)**	149,024	(149,024)

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of the risk

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary. Short-term flexibility is achieved through the use of a credit facility.

The Board's policy is for the Company to remain fully invested in normal market conditions and that the credit facility be used to manage working capital requirements and to gear the Company as appropriate.

Liquidity risk exposure

Contractual maturities of financial liabilities, based on the earliest date on which payment can be required are as follows:

	Three months or less 2023 £'000	Three months or less 2022 £'000
Other payables		
Bank loan – including interest	**39,680**	43,086
Securities purchased awaiting settlement	**2,081**	–
Other payables and accruals	**1,479**	1,469
	43,240	44,555

20. Financial instruments' exposure to risk and risk management policies continued

(c) Credit risk

Credit risk is the risk that the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in loss to the Company.

Management of credit risk

This risk is managed as follows:

Portfolio dealing

The Company invests almost entirely in markets that operate a "Delivery Versus Payment" settlement process which mitigates the risk of losing the principal of a trade during settlement. The Manager continuously monitors dealing activity to ensure best execution, which involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparties must be pre-approved by the Manager's credit committee.

The Company may sometimes invest in equity linked securities, such as low exercise price options, warrants, participatory notes and depositary receipts, which provide synthetic equity exposure where the Company may otherwise find it problematic to invest in the underlying assets directly. They have the same economic risks as a direct investment, except that there is a counterparty risk to the issuing investment bank. Counterparties must be approved by the Manager's Credit Risk Team based on a list of criteria and are monitored on an ongoing basis by Schroders' Portfolio Compliance Team.

Exposure to the Custodian

The Custodian of the Company's assets is HSBC Bank plc which has Long-Term Credit Ratings of AA- with Fitch and A1 with Moody's.

The Company's investments are held in accounts which are segregated from the Custodian's own trading assets. If the Custodian were to become insolvent, the Company's right of ownership of its investments is clear and they are therefore protected. However the Company's cash balances are all deposited with the Custodian as banker and held on the Custodian's balance sheet. In accordance with usual banking practice, the Company will rank as a general creditor to the Custodian in respect of cash balances and open currency contracts.

Credit risk exposure

The following amounts shown in the Balance Sheet, represent the maximum exposure to credit risk at the current and comparative year end.

	2023		2022	
	Balance sheet £'000	Maximum exposure £'000	Balance sheet £'000	Maximum exposure £'000
Current assets				
Receivables – dividends and interest	**3,992**	**3,992**	4,207	4,207
Securities sold awaiting settlement	**199**	**199**	2	2
Cash and cash equivalents	**11,000**	**11,000**	14,155	14,155
	15,191	**15,191**	18,364	18,364

No items included in "Receivables" are past their due date and none have been provided for.

21. Capital management policies and procedures

The Company's objectives, policies and processes for managing capital are unchanged from the preceding year.

The Company's debt and capital structure comprises the following:

	2023 £'000	2022 £'000
Debt		
Bank loan	**39,459**	42,970
Equity		
Share capital	**234,347**	234,347
Reserves	**413,861**	489,800
	648,208	724,147
Total debt and equity	**687,667**	767,117

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise total return to its equity Shareholders through an appropriate level of gearing.

The board's policy is to limit gearing to 25%. Gearing for this purpose is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

	2023 £'000	2022 £'000
Borrowings used for investment purposes, less cash	**28,459**	28,815
Net assets	**648,208**	724,147
Gearing	**4.4%**	4.0%

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Manager's views on the market;
- the need to buy back the Company's own shares for cancellation or to hold in treasury, which takes into account the share price discount;
- the opportunities for issues of new shares or to reissue shares from treasury; and
- the amount of dividend to be paid, in excess of that which is required to be distributed.

Other information (unaudited)

Other Information (unaudited)

The Annual General Meeting ("AGM") of the Company will be held on Monday, 4 December 2023 at 2.00 pm. The formal Notice of Meeting is set out on page 73.

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in the Company, please forward this document with its accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Ordinary business

Resolutions 1 to 9 are all ordinary resolutions. Resolutions 2 and 3 concern the Directors' Remuneration Policy and Report, on pages 41 to 43.

Resolutions 4 to 7 invite Shareholders to re-elect each of the directors standing for re-election for another year, following the recommendations of the Nomination and Remuneration Committee, set out on pages 39 to 40 (their biographies are set out on pages 30 and 31). Resolutions 8 and 9 concern the re-appointment and remuneration of the Company's auditors, discussed in the Audit and Risk Committee report on pages 35 to 37.

Special business

Resolution 10 – approval of the Company's dividend policy (ordinary resolution)

In line with corporate governance best practice the Board is putting the Company's dividend policy to Shareholders for approval. No change to the Company's dividend policy is proposed at this time.

Resolution 11 – authority to make market purchases of the Company's own shares (special resolution)

At the AGM held on 4 December 2022, the Company was granted authority to make market purchases of up to 38,886,762 ordinary shares for cancellation or holding in treasury. 7,955,000 ordinary shares were bought back under this authority and the Company therefore has remaining authority to purchase up to 30,931,762 ordinary shares. This authority will expire at the forthcoming AGM.

The directors believe it is in the best interests of the Company and its Shareholders to have a general authority for the Company to buy back its ordinary shares in the market as they keep under review the share price discount to NAV per share and the purchase of ordinary shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at 7 November 2023 (excluding treasury shares). The directors will exercise this authority only if the directors consider that any purchase would be for the benefit of the Company and its Shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled or held in treasury for potential reissue. If renewed, the authority to be given at the 2023 AGM will lapse at the conclusion of the AGM in 2024 unless renewed, varied or revoked earlier.

Resolution 12 – disapplication of pre-emption rights (extraordinary resolution)

The directors are seeking authority to allot a limited number of unissued ordinary shares for cash without first offering them to existing Shareholders in accordance with statutory pre-emption procedures.

An extraordinary resolution will be proposed at the forthcoming AGM to authorise the directors to allot shares up to a maximum aggregate nominal amount of £250,973 (being 10% of the issued share capital ex treasury as at 7 November 2023) and to give the directors authority to allot securities for cash on a non pre-emptive basis up to a maximum aggregate nominal amount of £250,973 (being 10% of the Company's issued share capital ex treasury as at 7 November 2023).

The directors do not intend to allot shares pursuant to these authorities other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company's existing Shareholders to do so and when it should not result in any dilution of NAV per share. If approved, both of these authorities will expire at the conclusion of the AGM in 2024 unless renewed, varied or revoked earlier.

Recommendations

The Board considers that the resolutions relating to the above items of business are in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends to Shareholders that they vote in favour of the above resolutions and the other resolutions to be proposed at the forthcoming AGM, as they intend to do in respect of their own beneficial holdings.

NOTICE is hereby given that the annual general meeting of Schroder Oriental Income Fund Limited will be held on 4 December 2023 at 2.00 pm at 1 London Wall Place, London EC2Y 5AU to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 10 will be proposed as ordinary resolutions. Resolution 11 will be proposed as a special resolution and resolution 12 will be proposed as an extraordinary resolution:

1. To receive the Directors' Report and the audited accounts for the year ended 31 August 2023.
2. To approve the Directors' Remuneration Policy
3. To approve the Directors' Remuneration Report for the year ended 31 August 2023.
4. To approve the re-election of Paul Meader as a director of the Company.
5. To approve the re-election of Alexa Coates as a director of the Company.
6. To approve the re-election of Isabel Liu as a director of the Company.
7. To approve the re-election of Nick Winsor as a director of the Company.
8. To re-appoint PricewaterhouseCoopers LLP as the Company's auditors.
9. To authorise the directors to determine the remuneration of PricewaterhouseCoopers LLP as auditors to the Company.
10. To approve the Company's dividend policy as set out on page 15 of the Annual Report and Accounts.
11. To consider and, if thought fit, to pass the following resolution as a special resolution:

    "That the Company be and is hereby generally and unconditionally authorised in accordance with section 315 of The Companies (Guernsey) Law, 2008 (as amended), to make market purchases of ordinary shares of 1p each in the capital of the Company ("Share") at whatever discount the prevailing market price represents to the prevailing net asset value per share, provided that:

    (a) the maximum number of Shares hereby authorised to be purchased shall be 37,620,856, representing 14.99% of the issued share capital (ex treasury) as at 7 November 2023;

    (b) the maximum price (exclusive of expenses) which may be paid for a Share shall not exceed the higher of

    (i) 105% of the average of the middle market quotations for the Shares as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase; and

    (ii) the higher of the last independent bid and the highest current independent bid on the London Stock Exchange;

    (c) the minimum price which may be paid for a Share is 1p, being the nominal value per Share;

    (d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company in 2024 (unless previously renewed, varied or revoked prior to such date);

    (e) the Company may make a contract to purchase Shares under the authority hereby conferred which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract; and

    (f) Any Shares so purchased will be held in treasury or cancelled."

12. To consider and, if thought fit pass the following as an extraordinary resolution:

    "That the Board be and is hereby authorised in accordance with Section 291 of The Companies (Guernsey) Law, 2008 (as amended) to allot ordinary shares for cash and/or sell treasury shares up to 25,097,302 ordinary shares of 1p each in aggregate, representing 10% of the share capital in issue (ex treasury) on 7 November 2023, for cash and the right of Shareholders to receive a pre-emptive offer in respect of such ordinary shares shall be excluded pursuant to Article 3.24 of the Company's articles of incorporation, provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) from the conclusion of the annual general meeting of the Company to be held in 2024 save that the Board may allot ordinary shares for cash or sell treasury shares after the expiry of this authority in pursuance of an offer or agreement made by the Company before such expiry that would or might require ordinary shares to be allotted or treasury shares to be sold after such expiry."

By order of the Board
For and on behalf of

Schroder Investment Management Limited
Company Secretary
8 November 2023

PO Box 208
Arnold House
St Julian's Avenue St Peter Port Guernsey GY1 3NF

Registered number: 43298

Explanatory Notes to the Notice of Meeting

1. An ordinary shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and (insofar as permitted by the Company's articles of incorporation) to vote instead of him/her.

   A proxy need not be a member. A form of proxy is enclosed for Ordinary Shareholders which should be completed and returned to the Company's registrar, care of Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not later than 48 hours before the time fixed for the meeting. Completion of the proxy will not preclude an ordinary shareholder from attending and voting in person.

   To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the Registrar's helpline on 0370 707 4040 or you may photocopy this form. Please indicate in the box next to the proxy holder's name (see reverse) the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by marking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

2. The biographies of each of the directors offering themselves for re-election are set out on pages 30 and 31 of the annual report and accounts for the year ended 31 August 2023.

3. As at 7 November 2023, the Company had 271,233,024 ordinary shares of 1p each in issue (20,260,000 shares were held in treasury). Accordingly, the total number of voting rights in the Company on 7 November 2023 was 250,973,024.

4. The Company's privacy policy is available on its webpages http://www.schroders.co.uk/orientalincome. Shareholders can contact Computershare for details of how Computershare processes their personal information as part of the AGM.

5. The 'Vote Withheld' option overleaf is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

6. Pursuant to Regulation 41 of the Uncertificated Securities (Guernsey) Regulations 2009, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days before the day of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

7. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 2 working days (excluding non working days) before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 34(1) of the Uncertificated Securities (Guernsey) Regulations 2009.

The terms and performance measures below are those commonly used by investment companies to assess values, investment performance and operating costs. Some of the financial measures below are classified Alternative Performance Measures as defined by the European Securities and Markets Authority, and some numerical calculations are given for those.

Net asset value ("NAV") per share

The NAV per share of 256.01p (2022: 277.24p) represents the net assets attributable to equity Shareholders of £648,208,000 (2022: £724,147,000) divided by the number of shares in issue of 253,193,024 (2022: 261,203,024).

The change in the NAV amounted to -7.7% (2022: -1.3%) over the year. However this performance measure excludes the positive impact of dividends paid out by the Company during the year. 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 NAV per share or share price. 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 year ended 31 August 2023 is calculated as follows:

NAV at 31/8/22	277.24p
NAV at 31/8/23	256.01p

Dividend	XD date	NAV on XD date	Factor	Cumulative factor
5.6p	10/11/22	250.92p	1.0223	1.0223
2.0p	26/01/23	286.60p	1.0070	1.0296
2.0p	20/04/23	271.96p	1.0077	1.0370
2.0p	03/08/23	264.36p	1.0076	1.0449

NAV total return, being the closing NAV, multiplied by the cumulative factor, expressed as a percentage increase in the opening NAV	-3.5%

The NAV total return for the year ended 31 August 2022 is calculated as follows:

NAV at 31/8/21	280.94p
NAV at 31/8/22	277.24p

Dividend	XD date	NAV on XD date	Factor	Cumulative factor
4.8p	11/11/21	277.66p	1.0173	1.0173
1.9p	27/01/22	279.27p	1.0068	1.0242
1.9p	28/04/22	279.68p	1.0068	1.0312
2.0p	04/08/22	270.27p	1.0074	1.0388

NAV total return, being the closing NAV, multiplied by the cumulative factor, expressed as a percentage increase in the opening NAV	+2.5%

The share price total return for the year ended 31 August 2023 is calculated as follows:

Share price at 31/8/22	264.00p
Share price at 31/8/23	244.50p

Dividend	XD date	Share price on XD date	Factor	Cumulative Factor
5.6p	10/11/22	248.00p	1.0226	1.0226
2.0p	26/01/23	277.50p	1.0072	1.0300
2.0p	20/04/23	260.00p	1.0077	1.0379
2.0p	03/08/23	252.50p	1.0079	1.0461

Share price total return, being the closing share price, multiplied by the cumulative factor, expressed as a percentage increase in the opening share price	-3.1%

The share price total return for the year ended 31 August 2022 is calculated as follows:

Share price at 31/8/21	271.50p
Share price at 31/8/22	264.00p

Dividend	XD date	Share price on XD date	Factor	Cumulative Factor
4.8p	11/11/21	262.50p	1.0183	1.0183
1.9p	27/01/22	270.00p	1.0070	1.0255
1.9p	28/04/22	262.00p	1.0073	1.0329
2.0p	04/08/22	255.00p	1.0078	1.0410

Share price total return, being the closing share price, multiplied by the cumulative factor, expressed as a percentage increase in the opening share price	+1.2%

Discount/premium

The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. The discount or premium is expressed as a percentage of the NAV per share. This metric is useful for investors to compare the price of a share in the Company with the value of the underlying assets attributable to it. A premium or discount is generally the consequence of supply and demand for the shares on the stock market. The discount at the year end amounted to 4.5% (2022: discount of 4.8%), as the closing share price at 244.50p (2022: 264.00p) was lower than the closing NAV of 256.01p (2022: 277.24p).

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. An investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Therefore, gearing can enhance performance in rising markets but can also adversely impact performance in falling markets. This represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets. The gearing figure at the year end is calculated as follows:

	2023 £'000	2022 £'000
Borrowings used for investment purposes, less cash	28,459	28,815
Net assets	648,208	724,147
Gearing	4.4%	4.0%

Leverage

For the purpose of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as the ratio of the Company's exposure to its net asset value and is required to be calculated both on a "Gross" and a "Commitment" method. Under the Gross method, exposure represents the sum of the absolute values of all positions, so as to give an indication of overall exposure. Under the Commitment method, exposure is calculated in a similar way, but after netting off hedges which satisfy certain strict criteria. The leverage ratios and limits at 31 August 2023 are presented on page 71 under Shareholder Information.

Ongoing Charges

Ongoing Charges is calculated in accordance with the AIC's recommended methodology and represents the management fee and all other operating expenses excluding finance costs, transaction costs and any performance fee payable amounting to £5,971,000 (2022: £6,267,000), expressed as a percentage of the average daily net asset values during the year of £678,708,000 (2022: £731,663,000).

Webpages and share price information

The Company has dedicated webpages, which may be found at www.schroders.co.uk/orientalincome. The webpages are the Company's primary method of electronic communication with Shareholders. They contain details of the Company's share price and copies of the annual report and accounts and other documents published by the Company as well as information on the directors, terms of reference of committees and other governance arrangements. In addition, the webpages contain links to announcements made by the Company to the market and Schroders' website. There is also a section entitled "How to Invest".

The Company releases its NAV per share on both a cum and ex-income basis to the market on a daily basis.

Share price information may also be found in the Financial Times and on the Company's webpages.

The Manager publishes monthly and quarterly updates on the Company and other Schroders investment trusts, which may be found under the "Literature" section on the Company's webpages.

Association of Investment Companies

The Company is a member of the Association of Investment Companies. Further information on the Association can be found on its website, www.theaic.co.uk.

Individual Savings Account ("ISA") status

The Company's shares are eligible for stocks and shares ISAs.

Non-Mainstream Pooled Investments status

The Company currently conducts its affairs so that its shares can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Financial calendar

First interim dividend paid	February
Second interim dividend paid	May
Half year results announced	April/May
Third interim dividend paid	August
Financial year end	31 August
Annual results announced	November
Fourth interim dividend paid	November/December
Annual General Meeting	December

Alternative Investment Fund Managers Directive ("AIFMD") disclosures

The AIFMD, as transposed into the FCA Handbook in the UK, requires that certain pre-investment information be made available to investors in Alternative Investment Funds (such as the Company) and also that certain regular and periodic disclosures are made. This information and these disclosures may be found either below, elsewhere in this annual report, or in the Company's AIFMD information disclosure document published on the Company's webpages.

Leverage

The Company's leverage policy and details of its leverage ratio calculation and exposure limits as required by the AIFMD are published on the Company's webpages and within this report. The Company is also required to periodically publish its actual leverage exposures. As at 31 August 2023 these were:

Leverage exposure	Maximum exposure	Actual exposure
Gross Method	200.0%	112.1%
Commitment Method	200.0%	110.9%

Illiquid assets

As at the date of this report, none of the Company's assets are subject to special arrangements arising from their illiquid nature.

Remuneration disclosures

Quantitative remuneration disclosures to be made in this annual report in accordance with FCA Handbook rule FUND3.3.5 may be found in the Company's AIFMD information disclosure document published on the Company's webpages.

Publication of Key Information Document ("KID") by the AIFM

Pursuant to the Packaged Retail and Insurance Based Investment Products Regulation, the Manager, as the Company's AIFM, is required to publish a short KID on the Company. KIDs are designed to provide certain prescribed information to retail investors, including details of potential returns under different performance scenarios and a risk/reward indicator. The Company's KID is available on its webpages.

How to invest

There are a number of ways to easily invest in the Company. The Manager has set these out at www.schroders.com/invest-in-a-trust/.

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-firmsindividualslist.

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

Directors

Paul Meader
Alexa Coates
Kate Cornish-Bowden
Isabel Liu
Nick Winsor

Advisers

Alternative investment fund manager (the "Manager")

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

Investment Manager and Company Secretary

Schroder Investment Management Limited
1 London Wall Place
London EC2Y 5AU
United Kingdom
Telephone: 020 7658 6596

Registered office

PO Box 208
Arnold House
St Julian's Avenue
St Peter Port
Guernsey
GY1 3NF

Safekeeping and cashflow monitoring agent (including custodian)

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

Lending bank

The Bank of Nova Scotia
201 Bishopsgate
London EC2M 3NS
United Kingdom

Corporate broker

Deutsche Numis
45 Gresham Street
London EC2V 7BF
United Kingdom

Independent auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Registrar

Computershare Investor Services (Guernsey) Limited
1st Floor
Tudor House Le Bordage
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.

Designated administrator

HSBC Securities Services (Guernsey) Limited
Arnold House
St Julian's Avenue
St Peter Port
Guernsey
GY1 3NF

Shareholder enquiries

General enquiries about the Company should be addressed to the company secretary at the address set out above.

Dealing codes

ISIN:	GB00B0CRWN59
SEDOL:	B0CRWN5
Ticker:	SOI

Global intermediary identification number (GIIN)

1TVP6A.99999.SL.83

Legal entity identifier (LEI)

5493001U9X6P8SS0PK40

Privacy notice

The Company's privacy notice is available on its webpages

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