Schroders

Schroder Asian Total Return Investment Company plc

Report and Accounts

For the year ended
31 December 2022

Investment objective

The Company seeks to provide a high rate of total return through investment in equities and equity-related securities of companies trading in the Asia Pacific region (excluding Japan). The Company seeks to offer a degree of capital preservation through tactical use of derivative instruments.

Investment policy

The Company invests principally in a diversified portfolio of 40-70 companies operating primarily in Asia, including Australasia but excluding Japan. It is intended that the Company will have a bias to investing in small and mid cap companies.

Investments may be made in companies listed on the stock markets of countries located in the region and/or listed elsewhere but controlled from within the region and/or with a material exposure to the region. The Company will focus on investing in companies with sound balance sheets, professional management and capital allocation policies that are aligned with the interests of minority shareholders.

The use of derivatives to protect the capital value of the portfolio or for efficient portfolio management is fundamental to the strategy of the Company's Portfolio Managers. Such derivatives may include listed futures, call options, long puts, OTC instruments and instruments to hedge currency exposure with Board approval. The Board will monitor the effectiveness of the underlying process and the use of derivatives.

In order to obtain further exposure to equity indices or individual stocks, the Company may enter into contracts for difference where the underlying investments are not delivered and settlement is made in cash. In extreme circumstances, and subject to Board approval, the majority, or even all, of the Company's assets could be held in cash or near cash instruments, with appropriate diversification of cash held on deposit.

The Company may use gearing to enhance performance but net gearing will not exceed 30% of net asset value.

The Company does not tie its portfolio construction to the constituents of any benchmark; instead, the size of stock positions are set on an absolute basis reflecting where the best potential risk adjusted returns are to be found.

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Key Performance Indicators and Long-Term Performance Record

Some of the financial measures below 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 100 and 101 together with supporting calculations where appropriate.

Total returns for the year ended 31 December 2022. *(Total returns include the impact of dividends paid. Details of the calculations are given on pages 100 and 101).*

-12.7%

2021: +7.4%

Net asset value ("NAV") per share total return*

-17.4%

2021: +4.9%

Share price total return*

-7.1%

2021: -2.0%

MSCI AC Asia Pacific ex-Japan Index[1,2] (with net income reinvested), sterling adjusted

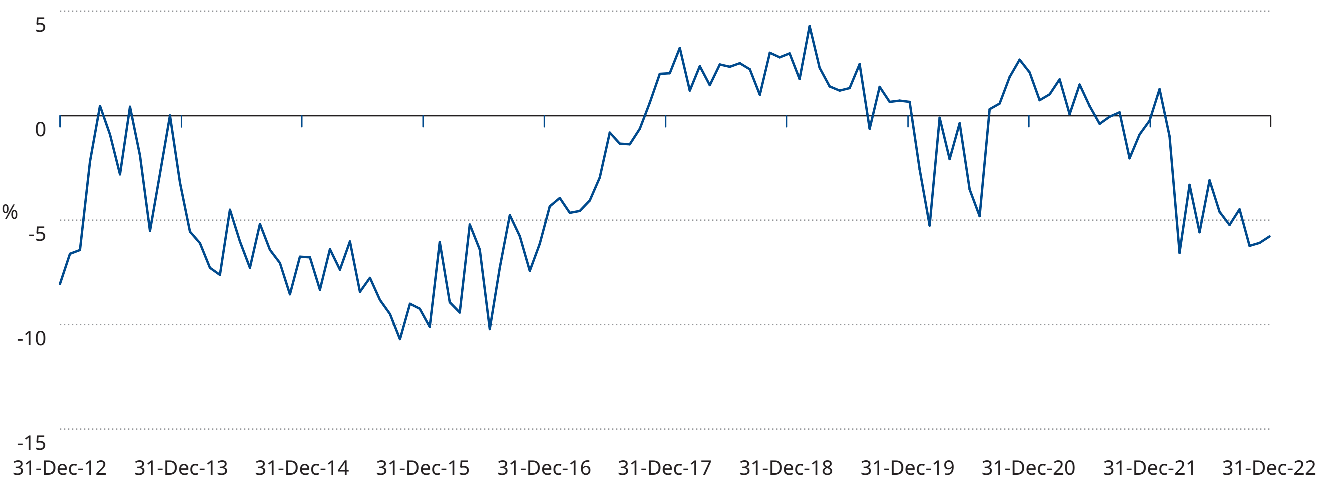
[1]Source: Thomson Reuters.
[2]The "Reference Index".

Other financial information

	31 December 2022	31 December 2021	% Change
Shareholders' funds (£'000)	**457,474**	551,745	(17.1)
NAV per share (pence)	**434.60**	507.24	(14.3)
Share price (pence)	**409.50**	506.00	(19.1)
Share price discount to NAV per share (%)*	**5.8**	0.2	
Gearing (%)*	**9.0**	8.3	

	Year ended 31 December 2022	Year ended 31 December 2021	% Change
Net revenue return after taxation (£'000)	**13,466**	9,809	+37.3
Revenue return per share (pence)	**12.47**	9.25	+34.8
Dividend per share (pence)	**11.00**	8.50	+29.4
Ongoing Charges (%)*	**0.82**	0.84	

10 year share price (discount)/premium to NAV per share[1]



[1]Source: Morningstar.

10 Year Financial Record

Definitions of terms and alternative performance measures are provided on pages 100 and 101.

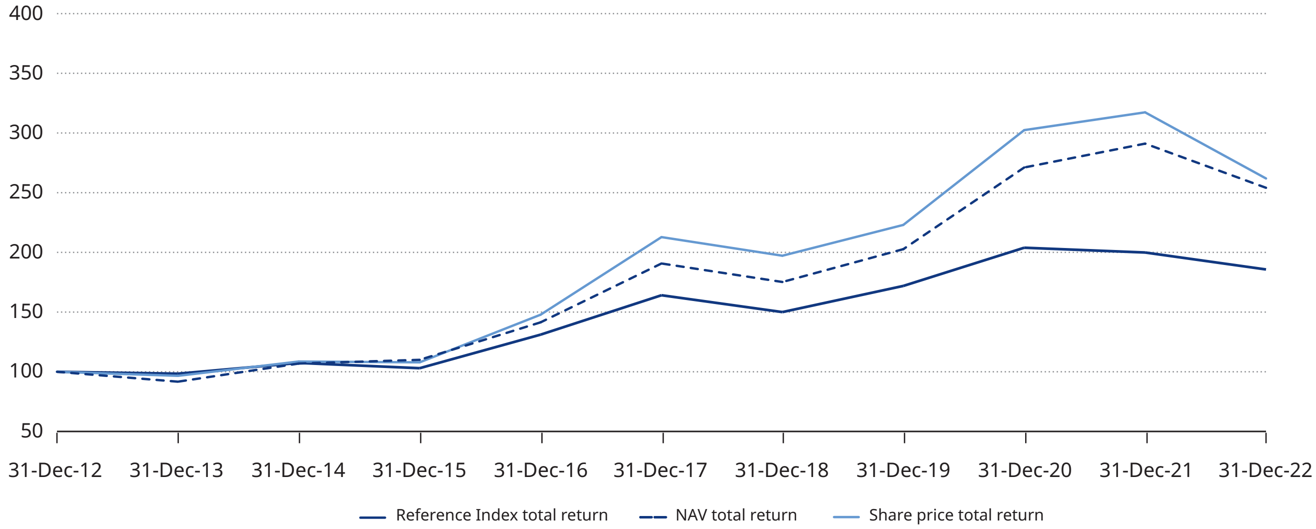
At 31 December	2013[1]	2014	2015	2016	2017	2018	2019	2020	2021	2022
Shareholders' funds (£'000)	135,240	152,342	154,186	195,017	294,426	293,783	357,871	483,548	551,745	457,474
NAV per share, diluted where applicable (pence)	181.82	208.12	211.36	267.09	354.79	321.43	365.57	479.07	507.24	434.60
Share price (pence)	176.00	194.00	190.00	255.50	362.00	331.00	368.00	489.00	506.00	409.50
Share price discount/(premium) to NAV per share*	3.2	6.8	10.1	4.3	(2.0)	(3.0)	(0.7)	(2.1)	0.2	5.8
Gearing/(net cash) (%)*	(1.4)	(1.3)	1.0	7.0	4.5	(0.9)	2.2	5.7	8.3	9.0

Year ended 31 December										
Net revenue after taxation (£'000)	1,793	2,272	3,236	3,940	4,183	6,303	7,653	8,308	9,809	13,466
Net revenue return per share (pence)	1.98	3.07	4.43	5.40	5.48	7.18	8.10	8.46	9.25	12.47
Dividends per share (pence)	3.25	3.25	3.80	4.50	4.80	6.20	6.50	7.10	8.50	11.00
Ongoing Charges (%)*	0.73	1.05	0.97	1.00	0.96	0.86	0.85	0.87	0.84	0.82

Performance[2]	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
NAV per share total return*	100.0	91.7	106.9	110.0	141.4	190.7	175.2	202.7	271.1	291.1	254.1
Share price total return*	100.0	96.6	108.6	107.9	147.8	212.8	197.2	223.0	302.4	317.3	261.9
Reference Index total return	100.0	98.4	107.4	103.0	131.1	164.1	150.0	171.9	203.9	199.9	185.7

[1]Schroder Investment Management Limited was appointed as investment manager on 15 March 2013.
[2]Source: Morningstar/Thomson Reuters. Rebased to 100 at 31 December 2012.
*Alternative Performance Measures. Further details can be found on pages 100 and 101.

10 Year NAV per share, share price and Reference Index total returns[1]



[1]Source: Morningstar/Thomson Reuters. Rebased to 100 at 31 December 2012.

Strategic Report

Chairman's Statement

2022 was a difficult year for Asian markets and a disappointing one for the Company. Russia's unexpected invasion of Ukraine significantly changed global growth and inflation expectations causing a sell off in equity markets across the board with technology and semiconductor sectors faring particularly badly which adversely impacted the Company's performance. China's zero-COVID policy, maintained until the last month of the year, further depressed economic and corporate growth expectations within Asia and markets in the region were particularly hard hit. Our Portfolio Managers reduced positions in technology stocks most exposed to cyclical slowdown and heightened trade tensions, whilst utilising derivatives to reduce overall market exposure.

During the year ended 31 December 2022, the Company produced a net asset value ("NAV") total return of -12.7%, under-performing the Reference Index which fell by 7.1%. The share price total return was -17.4% as the shares moved from trading at a premium to NAV at the start of the year to a discount.

However, performance has markedly improved since the beginning of 2023 and some of the losses from 2022 have been recouped. From 1 January 2023 to 7 March 2023, the NAV has risen by 7.8%, outperforming the Reference Index which rose by 5.1%.

Further comment on performance and investment policy may be found in the Portfolio Managers' review.

Earnings and dividends

The revenue return from the portfolio for the year increased by 34.8% to 12.47p per share from 9.25p per share in 2021. The Board has recommended a final dividend of 11.00p per share for the year ended 31 December 2022, an increase of 29.4% over the final dividend of 8.50p per share paid in respect of the previous financial year. Subject to shareholder approval at the annual general meeting ("AGM"), the dividend will be paid on 11 May 2023 to shareholders on the register on 11 April 2023.

Promotion, share issuance and discount control

At the start of 2022, the Company's share price continued to trade above NAV and in the first two months of the year the Company issued 340,000 new shares, all at a premium to NAV, for a total consideration of £1.7 million (2021: 7,840,000 shares). However, following the Russian invasion of Ukraine in February 2022, investor sentiment turned negative and Asia, in particular, performed poorly. Our share rating, together with that of the peer group, subsequently fell and the Company's share price slipped to a discount to NAV as investment trust discounts widened across the board.

The Company took steps to ensure that the discount remained within the Company's target of 5% or less and began to purchase its own shares. During the eight months ended 31 December 2022, 3,851,448 shares, amounting to 3.5% of the issued share capital, were repurchased, at an average discount of 5.1%, for a total consideration of £15.7 million and placed in treasury for future reissuance at a premium to NAV. The Company's shares traded at an average discount of 3.9% during the year.

The Company had not bought back its own shares since 2016 and, as I have previously mentioned, the Board is of the view that good performance supported by good marketing is the best way to sustain a premium in the long term.

The Company will continue to implement both an issuance and a discount management policy. Shares will be issued at a moderate premium to NAV and the discount policy will continue to target a discount to NAV of no more than 5% in normal market conditions. The Board believes that overall liquidity and the relative discount to the Company's peers has also to be considered in any decision to issue and to buy back shares.

The Board will be seeking approval from shareholders to renew the issuance and buy back authorities at the AGM to be held on 25 April 2023, further details of which can be found on page 96.

Gearing and the use of derivatives

The Company may use gearing to enhance performance but net gearing will not exceed 30% of NAV. The Board has agreed a disciplined framework for using gearing to increase market exposure, based on a number of valuation indicators.

Gearing was actively utilised by the Portfolio Managers during the year and ranged between 6.6% at its lowest and 13.4% at its highest. Average debt was 9.3%. Shareholders should be aware that the use of borrowing must be seen in the context of the use of derivative hedging instruments. For the year up until the end of September 2022, gearing was largely offset by derivatives resulting in a neutral net exposure. However, this was reversed in the last three months of the year when the Company was net long equity markets.

The Board

The Company announced in December 2022 that Mike Holt would be standing down from the Board and as Chairman of the Audit and Risk Committee at the completion of the AGM in April 2023 and that Jasper Judd would be appointed as a non-executive Director and Audit and Risk Committee Chairman designate, with effect from 1 February 2023. I am delighted to welcome Jasper, who is a qualified accountant and brings a wealth of experience, to the Board. Jasper will stand for election to the Board at the AGM in April 2023 following which he will also take over as Audit and Risk Committee Chairman.

Chairman's Statement

On behalf of the Board, I should like to thank Mike for his invaluable contribution to the Board over the last nine years and to wish him well for the future.

Online presentation

There will be a presentation by the Portfolio Managers at 12.00 noon on Tuesday, 25 April 2023 which will be available to watch online. To sign up to watch the presentation please click on this link: https://schroders.zoom.us/webinar/register/WN_1VSXYNFaQliuaR9R3fvhPQ

Details on how to watch the presentation are also available on the Company's webpage: www.schroders.co.uk/satric.

By using a webinar, I hope more shareholders, and interested parties, will be able to listen to, and ask questions of, the Portfolio Managers.

AGM

The AGM will be held at 1.00 pm on Tuesday, 25 April 2023 at the Manager's offices at 1 London Wall Place, London EC2Y 5AU. Any shareholders planning on attending the AGM will also be able to watch the Portfolio Managers' presentation at the Manager's offices at 12 noon, prior to the AGM.

All shareholders are encouraged to vote by proxy. Proxy votes can be submitted electronically through the registrar's portal, by post and also by email. Details are set out in the Explanatory Notes to the Notice of AGM and on the Company's webpages.

Outlook

Although equity markets started the year well with a degree of optimism over the direction of interest rates and inflation this has swiftly abated. Markets have been unsettled by recent US economic data which may result in greater than expected rate rises from the US Federal Reserve. Furthermore, geopolitical tensions continue to hang over the markets. There is mounting concern over China's lack of condemnation for the Russian invasion of Ukraine. In addition, US/China relations remain delicate over Taiwan, US sanctions and US restrictions on technology transfer to Chinese companies. However, the impact of reopening in China, following the abandonment of their zero-COVID policy, will have positive implications across the region for both economic growth and earnings expectations. Asian equity valuations are moderate when compared both to their historical range and against other regions, with many attractive opportunities to be found. We have confidence that the considerable investment experience of our Portfolio Managers, supported by an extensive team of 39 research analysts on the ground in Asia, puts them in a strong position to ascertain the most attractive investment opportunities in the region.

Sarah MacAulay
Chairman

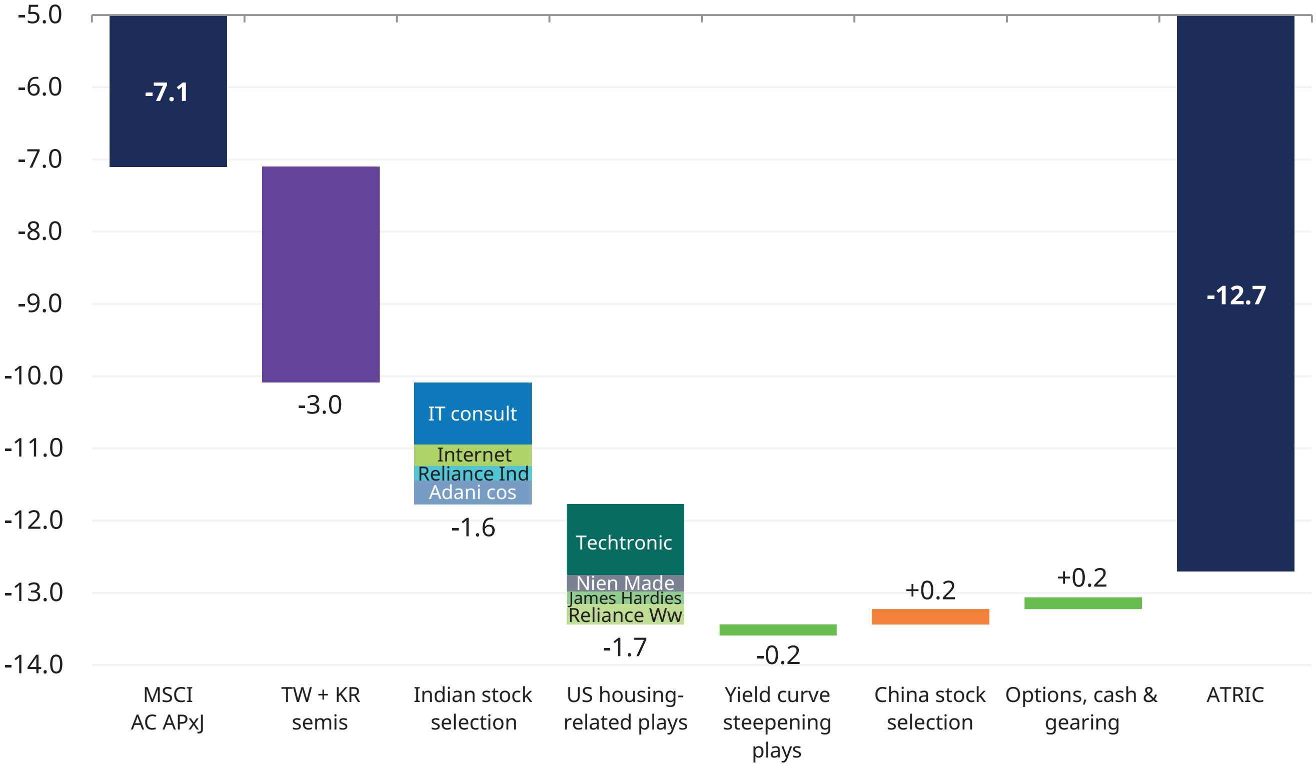
15 March 2023

Portfolio Managers' Review

2022 REVIEW

2022 has undoubtedly been one of the most disappointing years in terms of performance for your Portfolio Managers. The Company was performing in-line with Asian regional stock markets until the Russian invasion of Ukraine at the end of February 2022, after which the Company materially lagged the Reference Index over the course of the year. The end result was the Company's NAV fell by 12.7% compared with a fall in the Reference Index of 7.1%. As we move into 2023, your Portfolio Managers have been doing a fair bit of soul-searching. So, what are some of the key detractors to performance last year, and what lessons have we learnt?

Chart 1: Waterfall chart of key detractors and contributors to the Company's 2022 performance



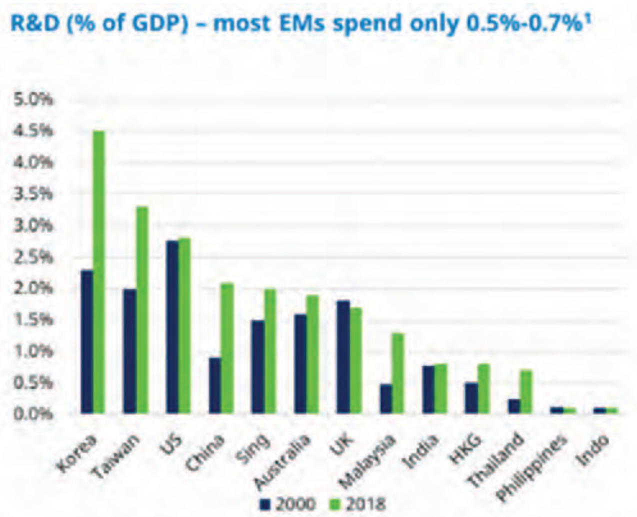
Source: Factset, Schroders

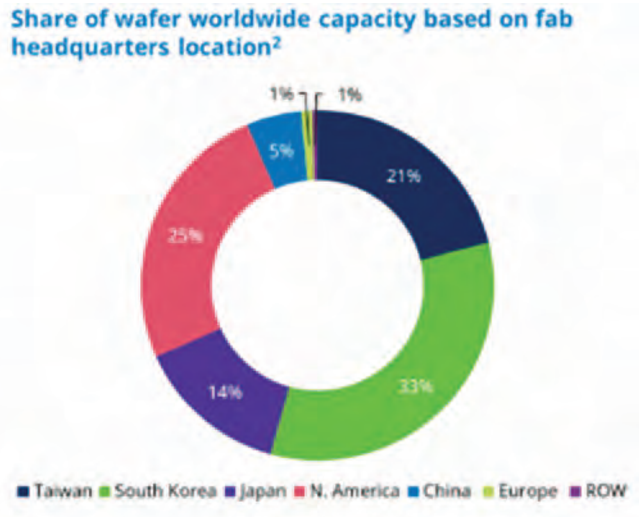
Detractor #1: Taiwanese and Korean semiconductors

Perhaps unsurprisingly, the Company's large positions in Taiwanese and Korean semiconductor (foundry and fabless) companies top the year's list of negative contributors. Stellar contributors to the Company's outperformance in 2020 and 2021, the last year has seen a reversal of fortunes as these very same holdings handed back a third of the combined alpha that they had generated in the previous two years. For your Portfolio Managers, the investment thesis here has always been clear. We are bullish on the longer-term trends of automation, electric vehicles ("EVs"), Internet of Things ("IoT"), artificial intelligence ("AI"), cloud migration and digitalisation; we see a structural uplift in semiconductor demand that underpins the long-term earnings of these companies and engenders their future shareholder value creation. Being world leaders in a fast-consolidating industry, the continued investments into R&D by these firms, as well as the reasonable valuations they trade on, further boost our conviction in them.

Portfolio Managers' Review

Chart 2: Korea and Taiwan have invested heavily to maintain and extend their lead in the semiconductor areas they operate – at leading edge technologies this industry has very large barriers to entry, especially versus Chinese players, due to US restrictions on technology transfer

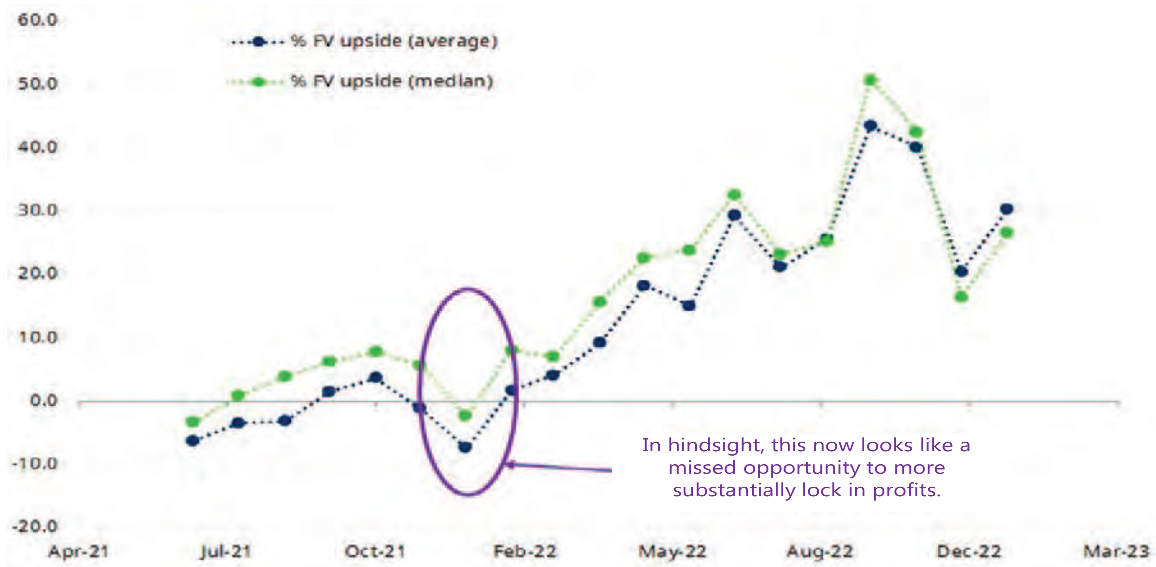




[1]Source: OECD; Macquarie Research, October 2020; [2]Source: IC Insights, as at 20 January 2021

Unfortunately, short term share price performance was not to be. The global slowdown, particularly in the consumer technology space (computers, smartphones, televisions etc), has led to a large build up in inventories and downgrades to earnings forecasts for the Asian technology sector. However, even after the humbling share price experience of these names, we have seen little that has fundamentally shaken our confidence in our long term investment thesis. With hindsight, and being more critical of ourselves, the lesson learnt here is that we should have been more cognisant that nothing goes up in a straight line and that even in a structural uptrend, there will still be mini-booms and busts along the way. This means that we should have been more ruthless in trimming the Company's positions when the upsides to the fair values of our names narrowed, particularly at the end of 2021 when an element of froth entered the market. Lesson here is do not get too caught up in hubris and be disciplined about trimming stocks as they approach our fair values.

Chart 3: The upside to fair values for our Taiwanese and Korean semiconductor names dipped slightly into negative territory at the end of 2021. In hindsight, it now looks like a missed opportunity to more substantially lock in profits



*Stocks used in this calculation include Samsung Electronics, SK Hynix, Taiwan Semiconductor Manufacturing Company ("TSMC"), Vanguard Intl Semi, ASE, Mediatek, Novatek and Chroma ATE.

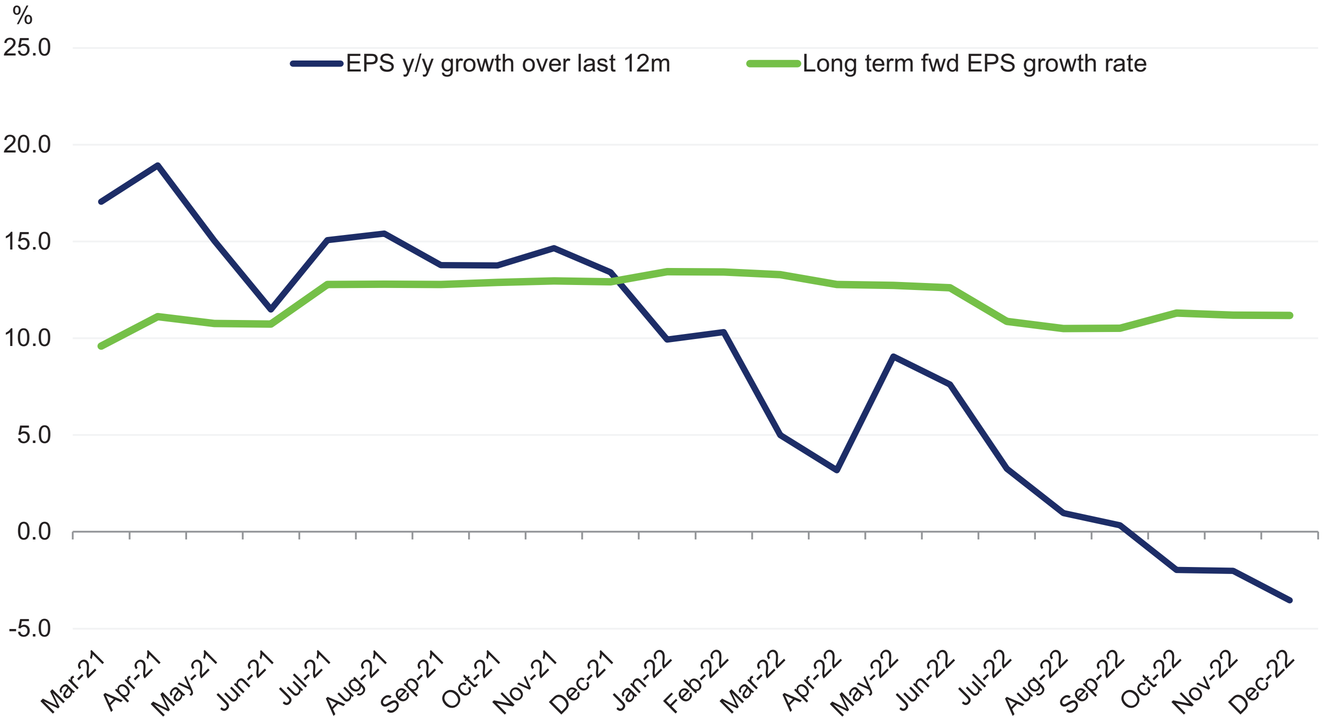
Source: Factset, Schroders

Portfolio Managers' Review

Detractor #2: Indian stock selection

The second drag to the Company's performance last year was the stock selection in India. This detraction stems not just from the stocks that were held in the Company, but also the ones that we did not hold. The Company holds a long-term position in the Indian IT consulting industry, a traditional Indian stronghold that benefits from the rapidly-unfolding trends of corporate digital transformation and IT modernisation. Unfortunately a lull in IT spend by Western clients last year has put a temporary dent in the project pipelines of these Indian IT companies. Worried about the Ukraine war and concerned about an impending recession, some customers have slowed their digital transformation plans. Given that for most companies these projects are essential for long-term competitiveness we believe it is only a matter of time before these projects resume. Even before COVID hit, 92%[1] of companies surveyed by McKinsey already thought that their business models were in need of an overhaul given how disruptive an economic force digitalisation had become. We therefore do not see this near-term cyclical weakness derailing customers' longer-term technology ambitions and we believe Indian IT companies are well placed to take market share given their substantial labour cost advantage and the huge pool of young, well-educated engineers they can draw from.

Chart 4: While near-term earnings of Indian IT consultants have been impacted by economic uncertainty, the long-term earnings fundamentals remain robust and unchanged



Source: Factset, Schroders

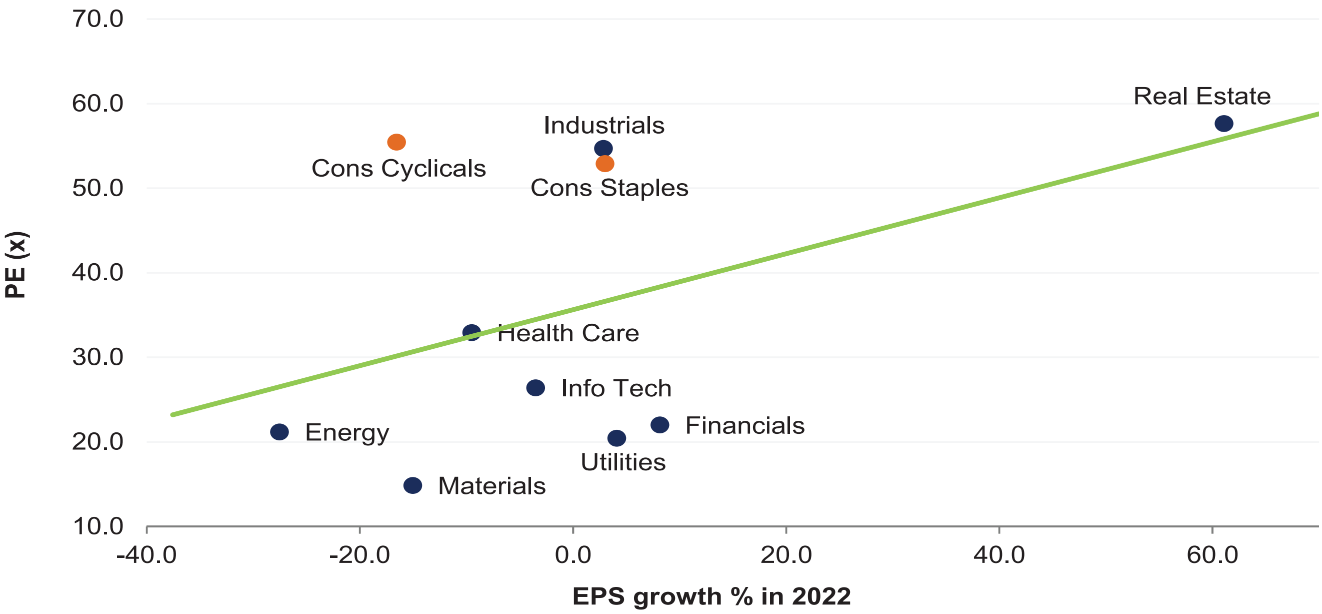
Earnings per share ("EPS")

What was perplexing to your Portfolio Managers were the parts of the Indian market that performed strongly in 2022. The Indian consumer sector, where stocks often trade at bubble like levels, continue to do well despite muted, and in some cases contracting, earnings. The other perplexing sector was the Adani group companies, which over the last two years have been on a massive acquisition spree across industries as diverse as cement and media. This not only propelled corporate debt to giddying levels but also drove share prices for the various group companies to stratospheric heights on the back of a retail driven investor frenzy. At the time of writing (February 2023), accusations of accounting fraud and share price manipulation have been raised and this has caused an overdue collapse of this bubble at least.

[1] https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/why-digital-strategies-fail

Portfolio Managers' Review

Chart 5: Despite trading on nosebleed valuations, the Indian consumer sectors have delivered muted earnings growth in 2022



Source: Schroders, Factset

Chart 6: An acquisition spree has propelled the gearing levels of Adani group companies to giddying levels

	Total returns in 2022 (%)	PE FY0	PE FY1	PE FY2	Total Debt to Equity	Debt to EBIT
Adani Enterprises	127.5	352.9	184.7	144.4	186.9	15.2
Adani Green Energy	47.8	553.5	469.9	313.3	4559.3	20.6
Adani Ports	13.6	32.5	24.6	19.3	124.8	6.7
Adani Power	201.2	10.7	NA	NA	1189.6	9.1
Adani Total Gas	118.9	774.4	NA	NA	42.8	1.5
Adani Transmission	54.0	315.9	218.7	186.5	480.6	11.7
Ambuja Cements	43.0	58.0	44.2	33.9	NA	NA

Source: Schroders, Factset, Price Earnings (PE), EBIT (Earnings before Interest and Taxes)

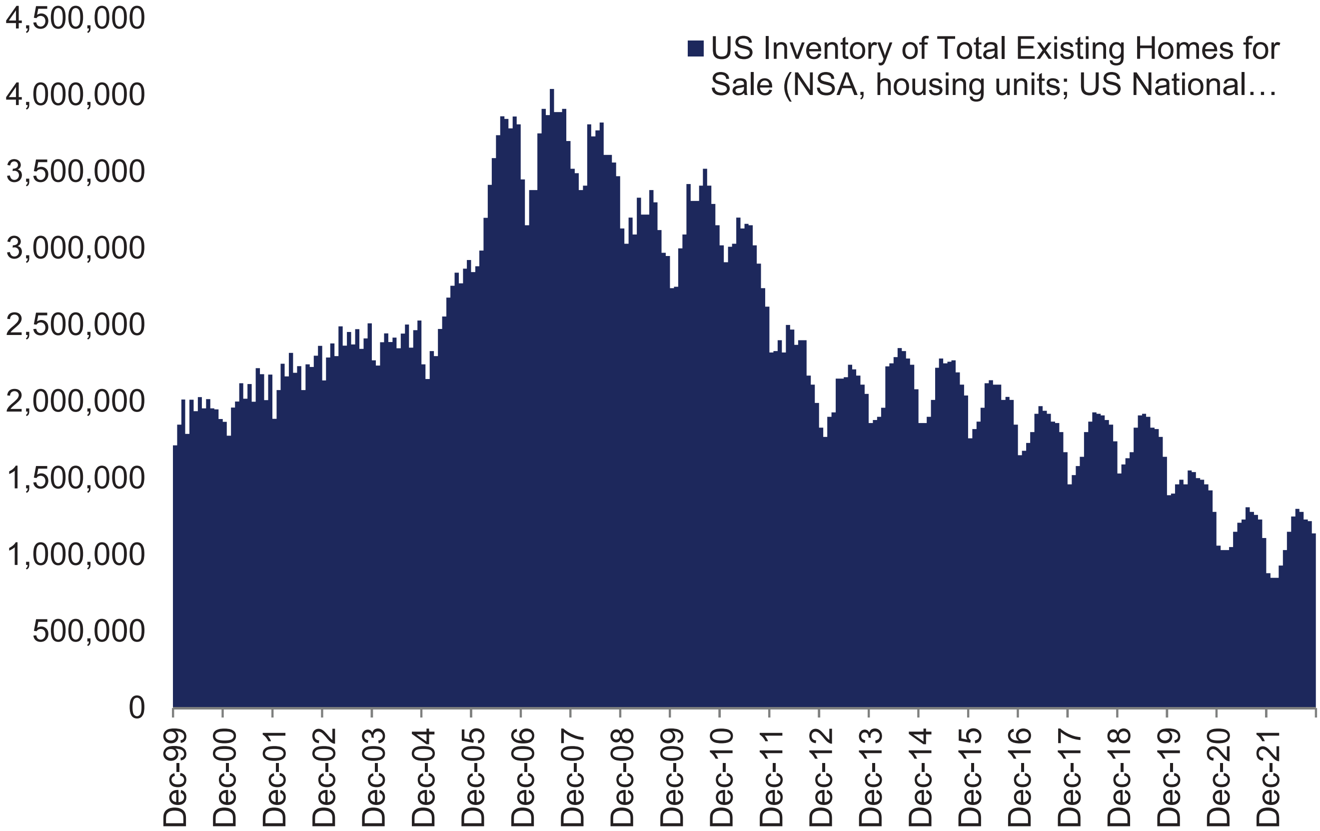
Detractor #3: US housing-related plays

The last major drag on the Company's performance last year was our holdings in a few US housing-related plays, particularly power tool giant Techtronic, window blinds manufacturer Nien Made, fibre cement siding leader James Hardie and plumbing fittings expert Reliance Worldwide. The poor near term performance was perhaps not surprising. After all, the average 30-year mortgage rate in US was only about 3% in mid-December 2021. By December 2022 though, the average rate has already more than doubled to 6.3%.

A swing in interest rates of this magnitude will always cool some demand in the market. Long-term we remain bullish on the sector. A significant lack of housing inventory in the country persists, and this means that long-term demand for US housing remains well-supported. More importantly, our original investment rationale of these companies being intangible giants who are building ever-widening economic moats via continual investments into R&D remains intact. As such, we view the loss of performance here as more of a cyclical blip than a structural concern.

Portfolio Managers' Review

Chart 7: A chronic lack of listing inventory in the US underpins longer-term housing dynamics



Source: Factset, Schroders

Hedges, debt and net exposure management

It has not been all bad news for the Company. On the brighter side, our hedging strategy and net exposure management yielded a positive contribution of c.20 basis points last year. That said, in a year like the last where the market has fallen by double-digits, we would normally have expected a better outcome. This is particularly frustrating as the calls by our hedging and proprietary valuation models were, by and large, correct over the course of 2022. Unfortunately in this instance we were constrained by the exorbitant prices demanded on put options through much of the year, which meant that we were only able to buy hedges cheaply on a few rare days. Put options are contracts that the Company uses for hedging purposes in order to try and provide some capital protection if our models indicate that markets could correct.

The Company was approximately 5% to 10% geared throughout 2022. However until early October 2022, with the Company's proprietary valuation and hedging models cautious or neutral on Asian stockmarkets, we sold index futures to bring the Company's net exposure back to a neutral (100% invested) position. In October 2022 with Asian stock markets very weak, around the time of the Party Congress in China, the proprietary gearing indicators flashed BUY so we took the Company to a 10% geared position by removing all hedges and adding to stock positions. The Company then remained at c.10% debt from October to the end of 2022.

Key changes and positioning at end December 2022

The Company had a relatively active 2022, which given the volatility in markets and the changed economic backdrop was perhaps not altogether surprising. One key change over the course of the year was a reduction in some of the Company's technology positions. Given the much sharper cyclical slowdown than we anticipated, and the rise in trade tensions and trade barriers imposed on Chinese technology companies in particular, this has we believe created winners and likely losers. The Company exited all of its Chinese technology positions as we are worried about oversupply in China and long-term competitiveness of many companies given US sanctions. In Korea, we exited SK Hynix which goes into the sharp downcycle weakened by significant debt after a badly timed acquisition; in the memory space we think Samsung Electronics will come out of this cycle even more dominant. Elsewhere, we exited internet stocks Naver and HKTV as we lost confidence in management teams who seemed more focused on diversification rather than core operations. Both stocks have fallen sharply since we exited our positions. Worries about the advancement of state control into ever more sectors in China, and what that is likely to mean for long term capital allocation (as we explained in the outlook section), also led us to substantially reduce the Company's China holdings.

What did we add to? Additions were primarily in two areas. We added to financial stocks in Singapore and Hong Kong.

Portfolio Managers' Review

This was for quite separate reasons. Singapore is now the wealth management hub for Asia and increasingly the corporate hub for the region. This will benefit Singapore banks who also have broad based exposure to recovering ASEAN economies and offer attractive dividend yields of c.4-5%. In Hong Kong, we primarily added to insurers and HK Exchange which we expect to benefit from the re-opening of the border with China. As we explain below, we view Hong Kong stocks as a more attractive way to play China reopening given the much cheaper valuations. The other market we added to over the year was Australia which now comprises 17% of the Company's assets. This was mostly using weakness during the year to add to existing Australian positions in the healthcare sector and we also added logistics company Brambles and US housing play Reliance Worldwide to the Company's holdings.

Current fund strategy – sector and market allocation as at 31 December 2022

Sector/Country (%)	Australia	China	Hong Kong	India	Indonesia	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand	United Kingdom	United States	France	Vietnam	Cash & Others	Grand Total
Communication Services	1.2	3.4	–	0.8	–	–	–	–	1.4	–	–	–	–	–	–	–	**6.9**
Consumer Discretionary	1.5	1.6	–	–	–	–	–	2.9	–	3.6	1.7	–	2.5	1.8	0.5	–	**16.1**
Consumer Staples	–	–	–	–	–	–	–	–	0.7	–	–	–	–	–	1.1	–	**1.8**
Energy	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**
Financials	1.4	–	6.3	4.5	2.2	–	–	–	6.7	–	–	1.1	–	–	–	–	**22.2**
Banks	–	–	1.4	4.5	2.2	–	–	–	5.0	–	–	–	–	–	–	–	**13.0**
Diversified Financials	–	–	1.8	–	–	–	–	–	1.7	–	–	–	–	–	–	–	**3.5**
Insurance	1.4	–	3.2	–	–	–	–	–	–	–	–	1.1	–	–	–	–	**5.7**
Healthcare	5.5	–	–	1.6	0.4	–	–	–	–	–	–	–	–	–	–	–	**7.5**
Industrials	2.4	0.9	2.9	–	–	–	–	1.1	–	3.4	–	–	–	–	–	–	**10.8**
Information Technology	–	–	–	5.5	–	8.3	–	–	1.5	15.3	–	–	–	–	–	–	**30.6**
Materials	4.9	–	–	–	–	–	–	–	–	–	–	1.9	–	–	–	–	**6.8**
Real Estate	–	–	3.4	–	–	–	–	–	–	–	–	–	–	–	–	–	**3.4**
Utilities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**
Cash	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-8.7	**-8.7**
Derivatives	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**
Collective Investments	–	–	–	2.7	–	–	–	–	–	–	–	–	–	–	–	–	**2.7**
Grand Total	**17.0**	**5.9**	**12.6**	**15.0**	**2.7**	**8.3**	**–**	**4.1**	**10.3**	**22.3**	**1.7**	**3.0**	**2.5**	**1.8**	**1.6**	**-8.7**	**100.0**

Fund Positioning in %	Stocks (%)	Hedges (%)*	Net Long (%)
Strategic hedges – Notional	–	–	–
Tactical hedges – Notional	–	–	–
Total Exposure – Notional	**108.7**	**–**	**108.7**
Strategic hedges – Delta-adjusted	–	–	–
Tactical hedges – Delta-adjusted	–	–	–
Total Exposure – Delta-adjusted	**108.7**	**–**	**108.7**
Cash	-8.7	–	–

*As at 31 December 2022 there were no hedges.

Source: Schroders.

INVESTMENT OUTLOOK

At the beginning of the Chinese Lunar New Year your Portfolio Managers normally write a detailed investment update that summarises how we are approaching investment in the Asian region and where we see the best opportunities and sometimes the biggest potential pitfalls. The update below is a summary version of the report. It is in several sections and parts were written by each of the Portfolio Managers and by Tom Clough who has recently joined the Company's investment team. It principally covers an update on our investment views on China, valuations and the Company's quant models, the importance of dividends, the technology outlook, and the Company's financials exposure.

Before we delve into details what does the Year of the Rabbit potentially herald? – according to Google:

"***The rabbit is the symbol of longevity, peace, and prosperity in Chinese Culture, thus 2023 is predicted to be a year of hope***."

Well let's hope this prediction comes true at least!

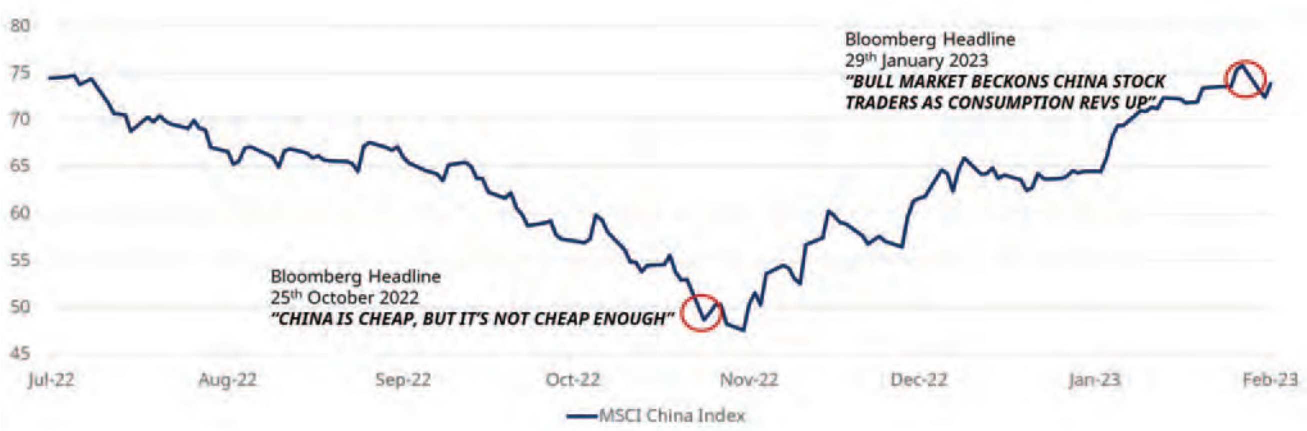
Portfolio Managers' Review

SECTION ONE

China update

We wrote extensively on China in our last interim report but post the 20th National Congress in October 2022, and the c.50% rise in the MSCI China over the three months to end January 2023, we felt an update was in order. In particular given the current *volte face* in views from many stockmarket commentators, and the sensationalism that is coming from the financial press and much of the stockbroking community, we try and provide a more fundamental, sober and **longer term** investment view on the Chinese equity market.

Chart 1: Bloomberg the perfect contrarian indicator?



Source: Bloomberg, January 2023

Clearly since the interim report there have been some major policy changes – principally the dramatic and overnight abandonment of zero-COVID policies and a change to put the economy as the focus of policy over, for the short-term at least, ideology.

This has caused your Portfolio Managers to take some time out for a period of reflection and discussion. Chart 2 has the questions we have been asking ourselves (and ones we think all investors in Asia need to think about given the importance of China in our investment universe).

Chart 2: China – Key questions investors to think about

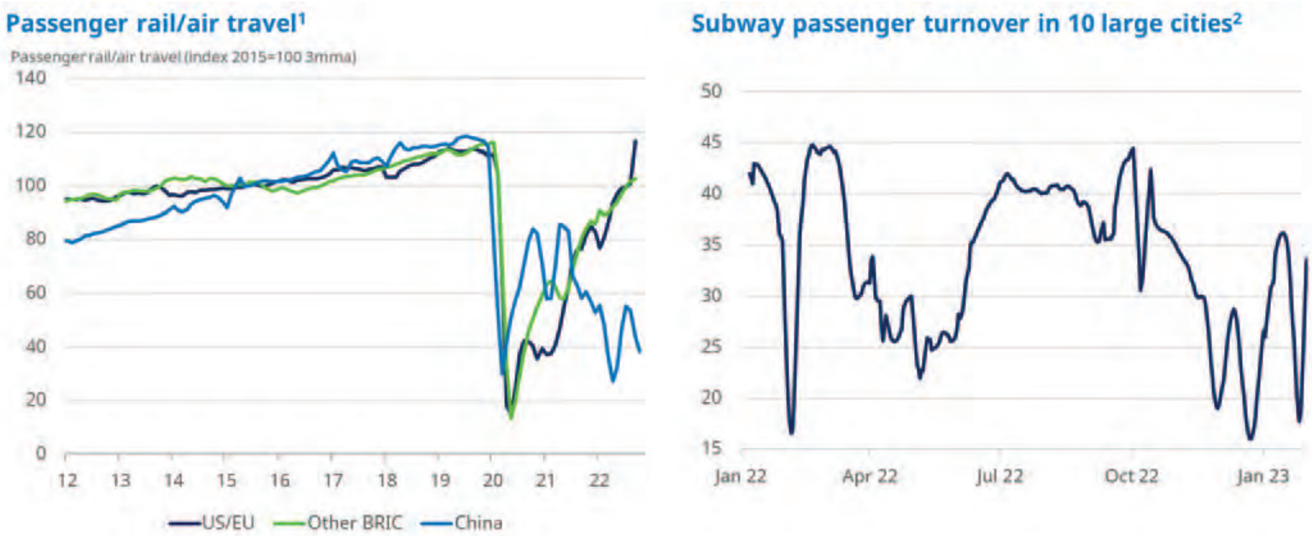
• Do we think the Chinese economy has turned a corner despite the unpredictable and chaotic COVID strategy?
• Do we think there will a strong post-COVID recovery in the Spring, and which sectors will lead this?
• What has been reflected in valuations?
• Do we think President Xi has had a genuine change of heart with respect to China's long term economic and foreign policy settings?
• In essence is China reopening a cyclical "trade" or a major structural change?

In the China section of this report we will try and tackle each of these questions in turn. Dealing with the first question – has the Chinese economy turned a corner despite the short term chaos? On this we are positive – the end of zero-COVID is good news for the Chinese economy, good news for the Asian economy and should be good news for the global economy.

At the time of writing lots of data points around Chinese New Year travel and consumer spending are being released and it is quite clear that we are seeing a dramatic rebound in certain sectors from very depressed levels. Chart 3 shows just how depressed levels were and the extent of the pick up even by mid-January.

Portfolio Managers’ Review

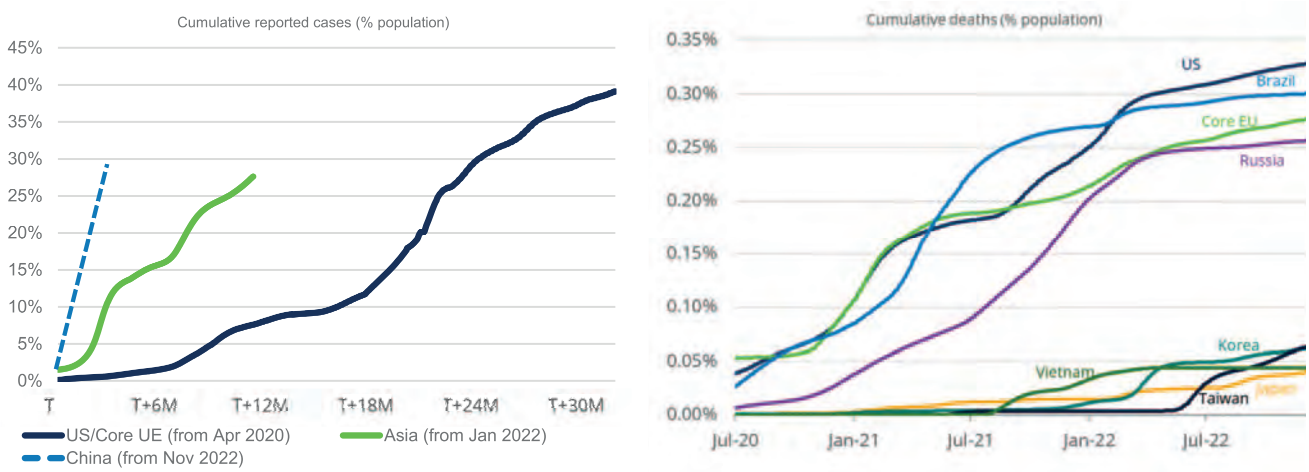
Chart 3: Mobility and Travel picking up very quickly from very depressed levels



Source: [1]Emerging Advisors Group, January 2023; [2]WIND, Macquarie, January 2023

The other bit of good news (for the economy at least) is because the reopening was rapid and completely uncontrolled it looks like main COVID waves should be over by mid-February 2023 (Chart 4). With Omicron much milder, as evidenced by the end of zero-COVID elsewhere in Asia, we expect fatality rates are likely to be relatively low in China, though clearly given suppression of information we will never know the real fatality rate.

Chart 4: The COVID Epidemic (Nightmare) in China should be over soon, statistics from elsewhere in Asia suggest fatalities should be lower than in the West



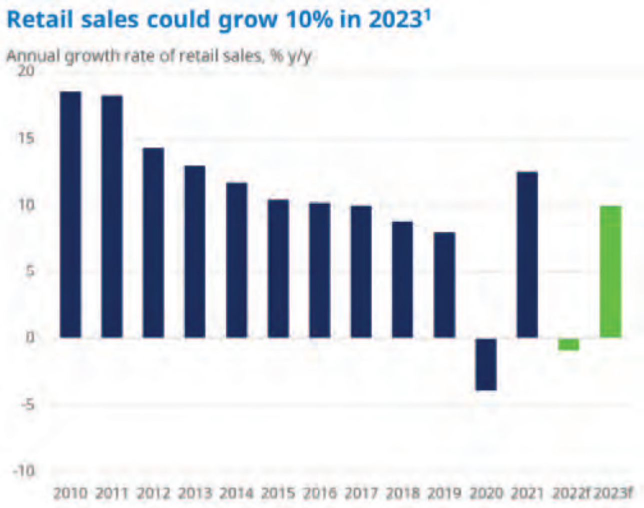
Source: Emerging Advisors Group, January 2023

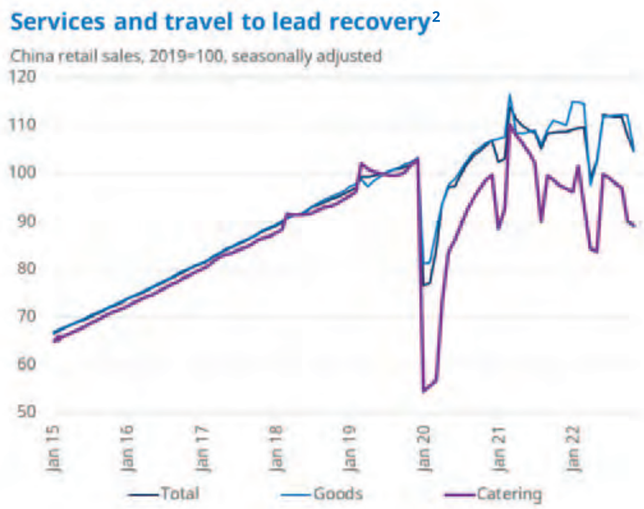
Portfolio Managers' Review

So, the answer to the first question in Chart 2 is unequivocally yes – zero-COVID was causing serious economic weakness and was effectively untenable so reopening is good news for the economy. The second question is more interesting. Where is recovery likely to be strongest, and where could it disappoint?

After the traumatic zero-COVID policies of 2022, which led to a sharp fall in consumer confidence, we expect to see a good rebound in consumer spending. We expect to see a repeat of the pattern from 2020/21 so retail sales in China should rebound to c.10% after a flat 2022 (Chart 5), however we also expect recovery will be uneven. High unemployment levels and rising Gini coefficients are likely to mean the rebound in consumption from the highest earners and white collar workers is strongest, whereas rural and mass consumption we think could disappoint. Looking at the second graph in Chart 6 it is also the case that whilst goods consumption is slightly below trend it is not dramatically so, whereas travel, catering, "experiences" spending is very depressed. So similar to the West and the rest of Asia we expect the "revenge" consumption will be focused in very set areas and be driven by higher earners.

Chart 5: Where is recovery in China likely to be strongest?



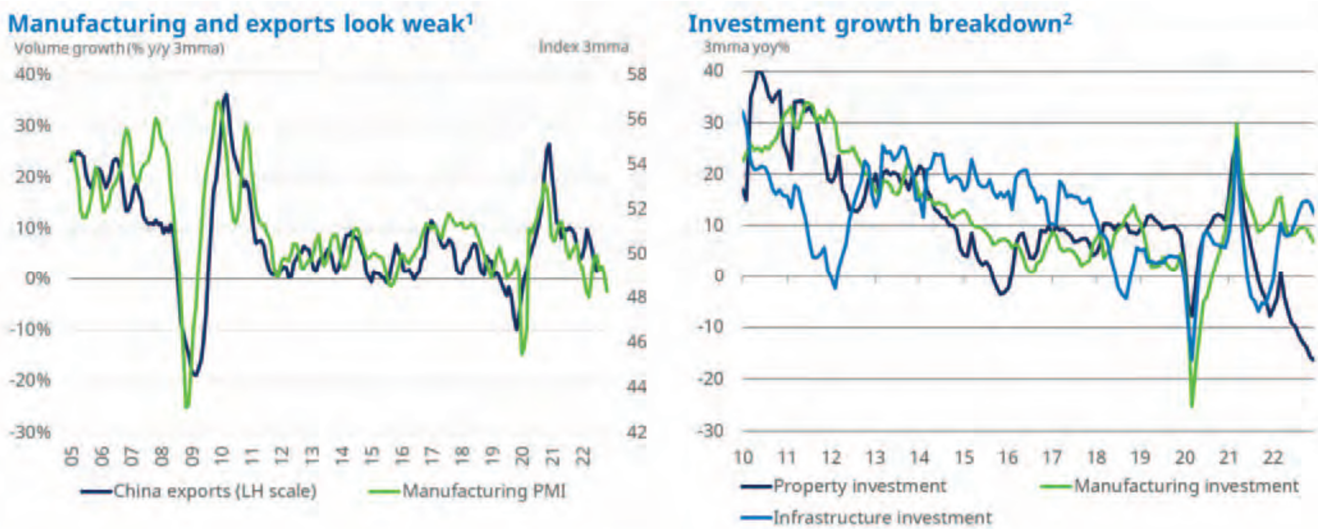


Source: [1]NBS, WIND, Macquarie Macro Strategy, January 2023. [2]NBS, JP Morgan, January 2023

We are more cautious about the recovery potential for other areas of the Chinese economy and see scope for disappointment. The outlook for the manufacturing and export sector looks difficult with end demand weak, inventories in many sectors high, and in some areas excess capacity (Chart 6). We expect this part of the economy to substantially lag and earnings from many export and manufacturing companies to disappoint.

Portfolio Managers' Review

Chart 6: The manufacturing and export sector is weak and relatively strong manufacturing investment may indicate overcapacity and potential pressure on profitability



Source: [1]Emerging Advisors, January 2023; [2]NBS, WIND, Macquarie, January 2023

The key swing factor for the Chinese economy and whether the recovery will be stronger than we currently expect is the property market. Our views here are mixed. As Chart 7 shows Chinese property investment is a large part of GDP and has been running at very elevated levels since the early 2000s. Whilst we would expect Chinese property sales to now stabilise we do not think a return to the bubble days of 2015-2020 is likely, particularly as we have been told many times by President Xi that property is for living in not speculation.

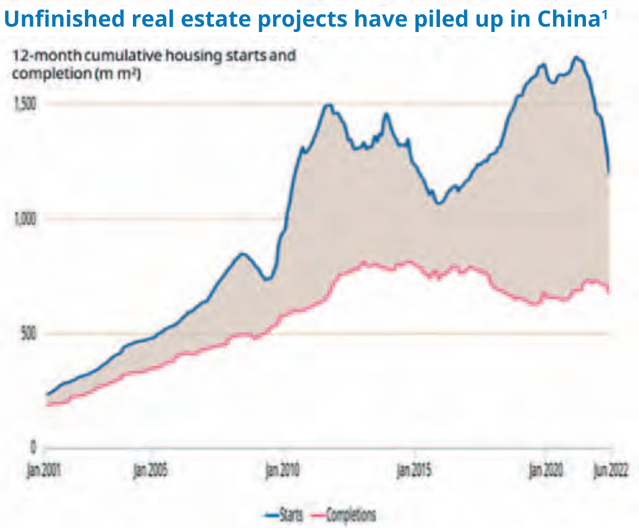
Chart 7: Property remains a key part of the economy and we are cautious – given oversupply especially in lower tier cities

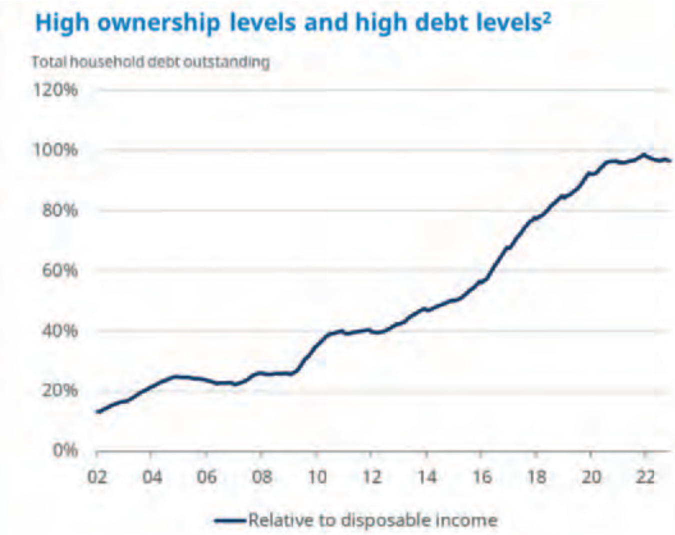
Source: Emerging Advisors Group, January 2023

There are several key factors that we believe make a sustained and large rebound in property prices and volumes unlikely. As shown in Chart 8 there is a huge backlog of uncompleted properties waiting to be finished – will ready buyers step up whilst many are still waiting years for uncompleted properties? Secondly whilst there may be plenty of cash and bank deposits in China the household debt level (principally) mortgages is already high (Chart 8) as are home ownership rates. And this is even before we start talking about long-term demographics (Chart 9).

Portfolio Managers' Review

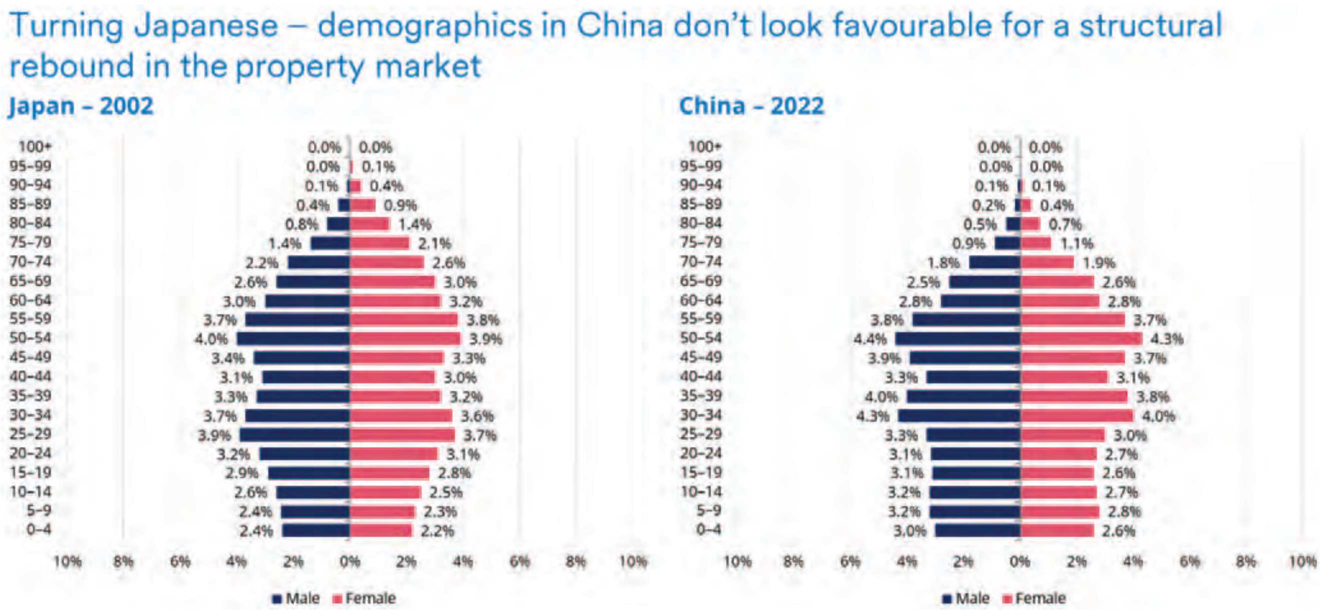
Chart 8: Given its importance to the economy, property is probably the key to recovery – debt and demographics do not look structurally favourable





Source: [1]National Bureau of Statistics of China, FT Data: Andy Lin/@mandylin2, Financial Times, July 2022. [2]Emerging Advisors Group, January 2023

Chart 9: Structural issues have not gone away



Source: PopulationPyramid.net, August 2022

Portfolio Managers' Review

On a more positive note, we do think a return of consumer confidence, government measures to stabilise the finances of property developers so unfinished properties can be completed, and the availability of financing/lower mortgage rates should help to see a pick up in property activity from current depressed levels. What we do not see however is property as a structural driver of growth and recovery in China; longer term the importance of property within the Chinese economy will shrink.

Returning to the second question in Chart 2, we expect to see a good pick up in consumer spending that is likely to be focused on travel, restaurants and "experiences". With no furlough schemes in China and high unemployment levels amongst youth and blue collar workers we think the recovery will be stronger amongst the mid and high end consumer groups and recovery in some areas could well disappoint.

So this leads us on to the key question – given we invest in stocks not economies – what is reflected in current valuations in China?

Chart 10 has the current price-earnings ratio ("PER") of the MSCI China; it is exactly in line with it's long-term average so to claim the market is cheap versus history you have to expect a repeat of the Chinese internet bubble in 2020/21 (more on this later). Interestingly, the hedging models we use within the Company's processes also have a cautious reading on China with valuations relatively high (versus history) and business cycle indicators very negative (admittedly some of these will change post reopening).

Chart 10: Are Chinese equities cheap? Not obviously – the PER of the MSCI China is almost exactly in-line with the 10 year average

Source: Bloomberg, January 2023

As highlighted earlier, we do believe we are going to see a good recovery in certain parts of the Chinese economy and this should lead to a strong earnings rebound for some companies. However, after being widely talked up and sharp market moves, is the good news reflected in share prices? We will leave readers to judge for themselves but Chart 11 has the current valuations for a selection of genuine reopening plays in the consumer, transport and leisure sectors in China. As can be seen, even on 2023 P/Es and assuming an aggressive EPS recovery, these stocks are expensive. Fundamentally, we believe Chinese stocks exposed to the consumer/reopening are now, in the main, fully priced.

Portfolio Managers' Review

Chart 11: What is in the price?

Even using aggressive EPS forecasts genuine reopening plays in China look expensive

Ticker	Name	Sector	Mkt Cap (USD bn)	6M ADTV (USD mn)	PE (23E)	PB (23E)	EPS change (23E)	Price Performance 1mth	Price Performance 2mths	Vs long-term PE 10yr
YUMC US	Yum China	Consumer	23	112	28.9x	2.8x	68%	-0.90%	32%	13%
1876 HK	BUD APAC	Consumer	42	21	28.3x	3.6x	48%	9.60%	49%	-20%
291 HK	CR Beer	Consumer	23	63	29.8x	5.3x	24%	1.90%	47%	-1%
168 HK	Tsingtao Brew	Consumer	18	32	24.3x	3.3x	15%	5.80%	40%	-1%
1910 HK	Samsonite	Consumer	4	13	13.4x	3.3x	47%	-1.20%	22%	-42%
600519 CH	Moutai	Consumer	314	812	29.7x	8.2x	17%	9.40%	30%	33%
2331 HK	Li Ning	Consumer	23	127	27.3x	5.3x	24%	10.60%	67%	-46%
ZTO US	ZTO Express	Transportation	22	70	19.0x	2.6x	21%	7.20%	59%	-12%
601021 CH	Spring Airlines	Transportation	9	35	40.9x	4.5x	184%	13.40%	32%	43%
601888 CH	CTG Duty Free-A	Gaming/Lodging	65	330	36.0x	8.7x	77%	9.40%	35%	25%
TCOM US	Trip.com	Internet	22	154	37.5x	1.4x	536%	7.70%	52%	0%
300015 CH	Aier Hospital	Health Care	32	174	56.9x	12.0x	31%	14.60%	26%	-1%

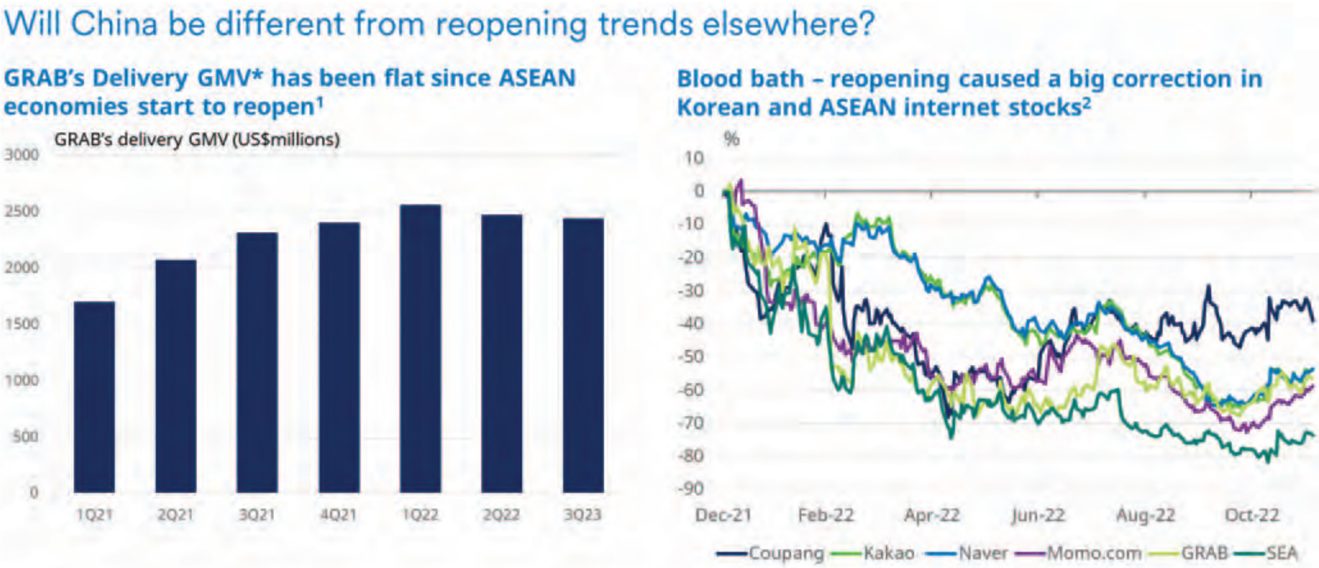
Source: Bloomberg, December 2022. Share prices as of 30 December 2022

The counter argument we have had to our caution on Chinese equities at current levels is that internet stocks are still cheap and a good way to play reopening. We disagree with this on both counts.

Firstly, are internet stocks a reopening play? As highlighted earlier whilst there is likely to be significant demand for travel and experiences (so this might help travel and hotel booking websites) for e-commerce and food delivery we would expect a slowdown, or a potential reversal of recent trends in China.

Chart 12 shows GRAB, which is ASEAN's largest food delivery platform, revenues. After ASEAN economies reopened GRAB's delivery revenues stalled and actually shrank despite food delivery penetration in ASEAN being very much lower than China. The second chart shows the performance of the main Asian (ex-China) internet stocks and how they have performed on reopening. Chart 13 also shows the current e-commerce penetration of key categories in China, after years of strong growth key e-commerce categories look very well penetrated to us. Could a return of travel and "experiences" lead to a reversal in market share for e-commerce in China?

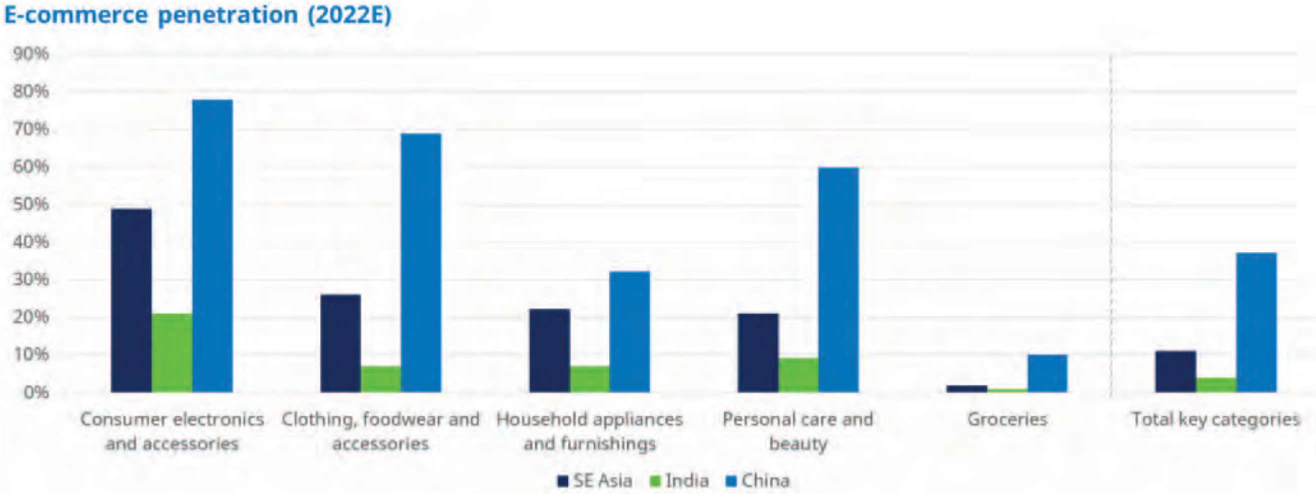
Chart 12: Why we don't believe most Chinese internet stocks are a reopening play



Source: [1]Company data, 3Q23 Morgan Stanley Research Estimate, November 2022. [2]Bloomberg, December 2022. *Gross Merchandise Value.

Portfolio Managers' Review

Chart 13: E-commerce penetration in many key categories is already very high in China



Note: Total key categories include the selected categories as displayed

Source: Facebook and Bain & Company, Credit Suisse estimate, January 2023

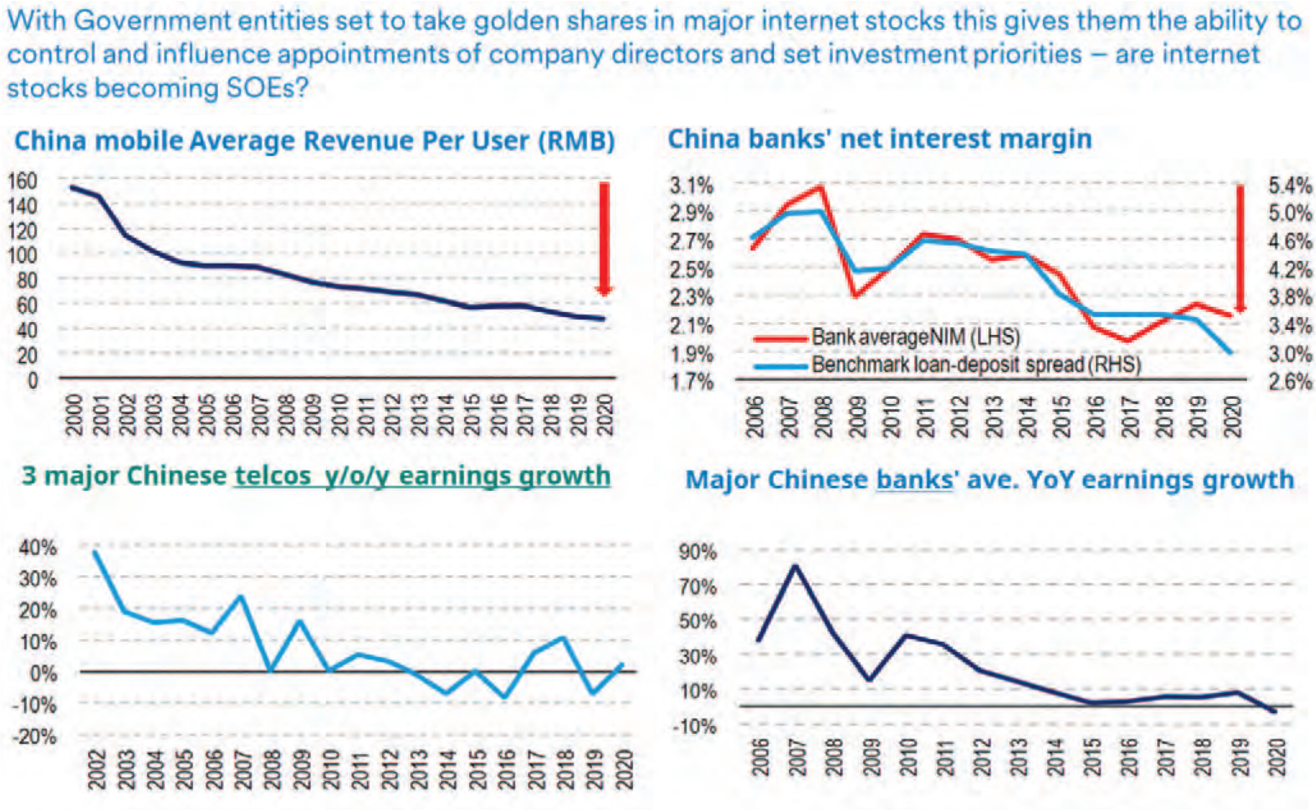
The key positive for the Chinese internet sector is the authorities in Beijing do seem to be moving back to more predictable policy making. So the sudden and often unpredictable regulatory onslaught on the sector appears to be easing. There also appears to be a concerted effort underway by the authorities to try and revive confidence in Chinese stockmarkets and to attract back foreign investors, so the "techlash" is probably over.

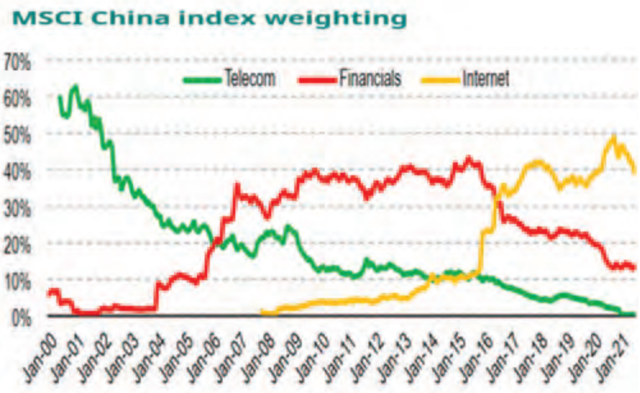
There are however two sides to this. State control looks set to increase in coming years as all key internet platforms sell small stakes to Government entities via so called "Golden Shares". These golden shares effectively give the state overall control of companies via the right to appoint board directors and senior management and to veto important decisions and set investment priorities. There is little doubt in our mind who will be in charge of major strategic decisions at the large Chinese internet stocks going forward.

This is of course happening across many sectors in China as state money funds start ups in areas considered a key priority by the authorities in Beijing. As noted in the Economist in its 26 November 2022 issue, of the 38 largest initial public offerings in China in the first nine months of 2022, which raised US$34bn, around 22% of the proceeds came from state entities. To grow and be successful in China in many sectors you clearly need to be part of the "Party Plan". For foreign shareholders the party plan may not be the best – our experience over 35 years of investing is that state owned or controlled companies tend not to invest well regardless of which country they operate in – as Chart 14 shows, experience in other sectors in China doesn't fill us with confidence that golden shares will be very "golden" for investors.

Portfolio Managers' Review

Chart 14: China – why we aren't positive about "golden shares"





Source: BofA Research, Bloomberg, MSCI, Company data, August 2021

So, going back to the key questions on China from Chart 2 we think reopening is now fully reflected in Chinese equity valuations and with the state continuing to advance (and Adam Smith's invisible hand in retreat) the current rebound and policy reset has not led to a major structural change in our investment views.

So how is the Company positioned in China? Optically from Chart 15 the portfolio looks to have a low weighting in China at c.6%. This is however deceptive. The Company has 13% in Hong Kong stocks, most of which are exposed to China reopening – whether they are shopping mall operators, insurers, or domestic Hong Kong stocks which will benefit from the reopening of the border with China. The Company also has exposure to China reopening and travel through it's holdings in LVMH, Las Vegas Sands and Prudential PLC. So, in summary, whilst we remain structurally cautious on Chinese equities for the reasons outlined above the Company does have exposure to China reopening but this is mostly via stocks listed on other stockmarkets where valuations are more attractive.

Portfolio Managers' Review

Chart 15: Different ways to skin a rabbit – we have exposure to a consumer rebound in China but not via stocks classified as "China" by MSCI

Current strategy – sector and market allocation as at 31 December 2022

Sector/Country (%)	Australia	China	Hong Kong	India	Indonesia	Korea	Malaysia	Philippines	Singapore	Taiwan	Thailand	United Kingdom	United States	France	Vietnam	Cash & Others	Grand Total
Communication Services	1.2	3.4	–	0.8	–	–	–	–	1.4	–	–	–	–	–	–	–	**6.9**
Consumer Discretionary	1.5	1.6	–	–	–	–	–	2.9	–	3.6	1.7	–	2.5	1.8	0.5	–	**16.1**
Consumer Staples	–	–	–	–	–	–	–	–	0.7	–	–	–	–	–	1.1	–	**1.8**
Energy	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**
Financials	1.4	–	6.3	4.5	2.2	–	–	–	6.7	–	–	1.1	–	–	–	–	**22.2**
Banks	–	–	1.4	4.5	2.2	–	–	–	5.0	–	–	–	–	–	–	–	**13.0**
Diversified Financials	–	–	1.8	–	–	–	–	–	1.7	–	–	–	–	–	–	–	**3.5**
Insurance	1.4	–	3.2	–	–	–	–	–	–	–	–	1.1	–	–	–	–	**5.7**
Healthcare	5.5	–	–	1.6	0.4	–	–	–	–	–	–	–	–	–	–	–	**7.5**
Industrials	2.4	0.9	2.9	–	–	–	–	1.1	–	3.4	–	–	–	–	–	–	**10.8**
Information Technology	–	–	–	5.5	–	8.3	–	–	1.5	15.3	–	–	–	–	–	–	**30.6**
Materials	4.9	–	–	–	–	–	–	–	–	–	–	1.9	–	–	–	–	**6.8**
Real Estate	–	–	3.4	–	–	–	–	–	–	–	–	–	–	–	–	–	**3.4**
Utilities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**
Cash	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	-8.7	**-8.7**
Derivatives	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**
Collective Investments	–	–	–	2.7	–	–	–	–	–	–	–	–	–	–	–	–	**2.7**
Grand Total	**17.0**	**5.9**	**12.6**	**15.0**	**2.7**	**8.3**	**–**	**4.1**	**10.3**	**22.3**	**1.7**	**3.0**	**2.5**	**1.8**	**1.6**	**-8.7**	**100.0**

Fund Positioning in %	Stocks (%)	Hedges (%)*	Net Long (%)
Strategic hedges – Notional	–	–	–
Tactical hedges – Notional	–	–	–
Total Exposure – Notional	**108.7**	**–**	**108.7**
Strategic hedges – Delta-adjusted	–	–	–
Tactical hedges – Delta-adjusted	–	–	–
Total Exposure – Delta-adjusted	**108.7**	**–**	**108.7**
Cash	-8.7	–	–

*As at 31 December 2022 there were no hedges.

Source: Schroders. For illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Portfolio Managers' Review

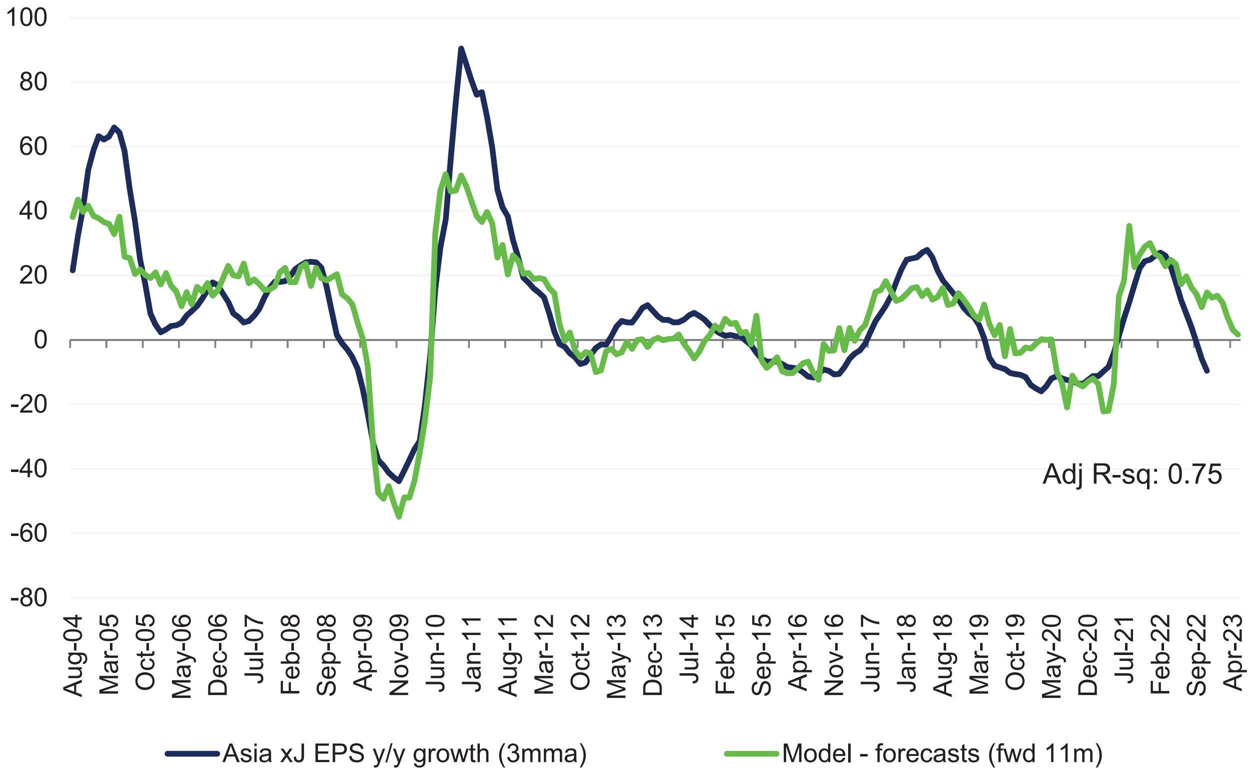
SECTION TWO

1. WHAT OUR MODELS ARE SAYING ABOUT ASIA IN 2023

As we enter the year 2023, our models, on aggregate, are feeling rather mixed about the prospects of Asian markets.

Specifically, our models anticipate some challenges for the region in the coming year. One major concern is that, based on the leading indicators we track, the earnings environment for Asia looks lacklustre. This is attributed to a variety of factors, including a deteriorating global economic outlook, weak export growth, a still-tight monetary policy stance, and lethargic earnings expectations. Together, our indicators suggest that earnings growth for Asian companies will remain sluggish until at least the second half of the year, which creates a challenging domestic environment for regional markets.

Chart 1: Our models are forecasting slow earnings growth for Asian companies in the first half of 2023

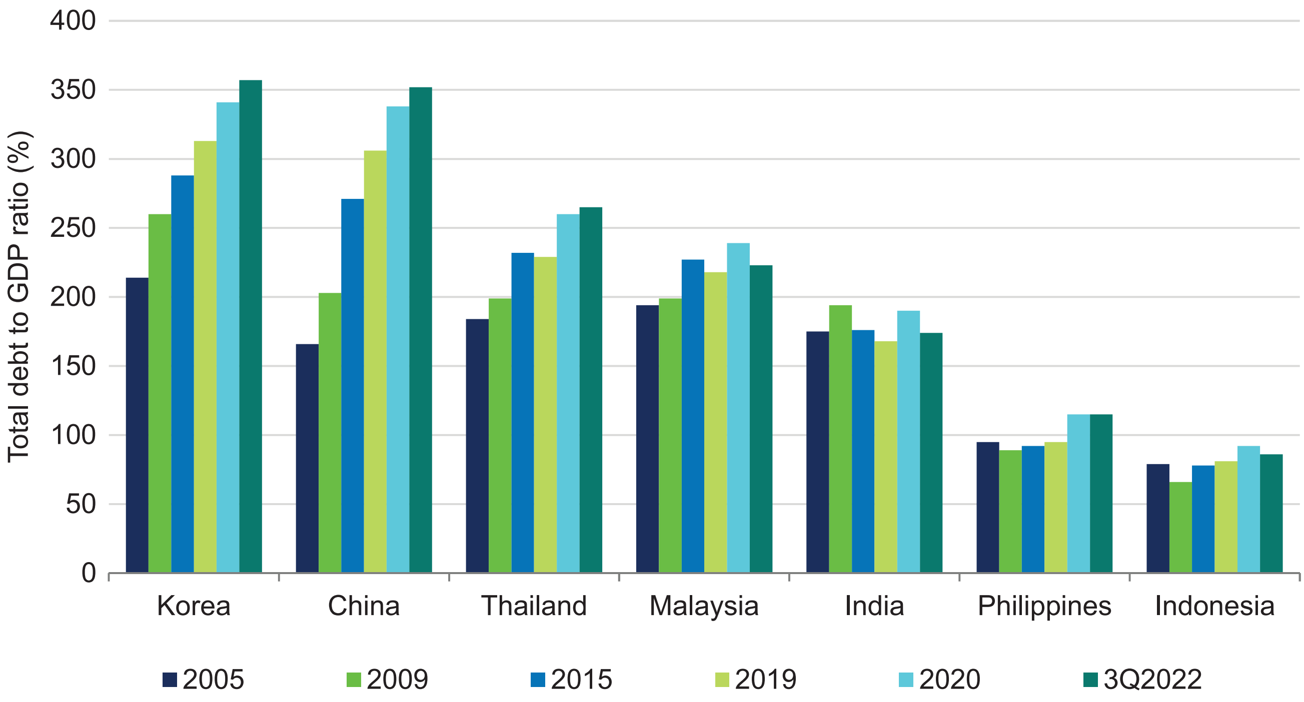


Source: Schroders, Factset, MSCI

Meanwhile, the mounting indebtedness of some Asian countries since the Global Financial Crisis ("GFC") also represents a longer-term worry. With the exception of India and Indonesia where total-debt-to-GDP has stayed largely flat, most Asian countries have seen their gearing ratios rise significantly over the last two decades. This is clearly bad news as it renders the region vulnerable to any macroeconomic shock, and places a large economic burden on future generations.

Portfolio Managers' Review

Chart 2: Asian countries are more indebted now than before GFC



Source: Macquarie Research

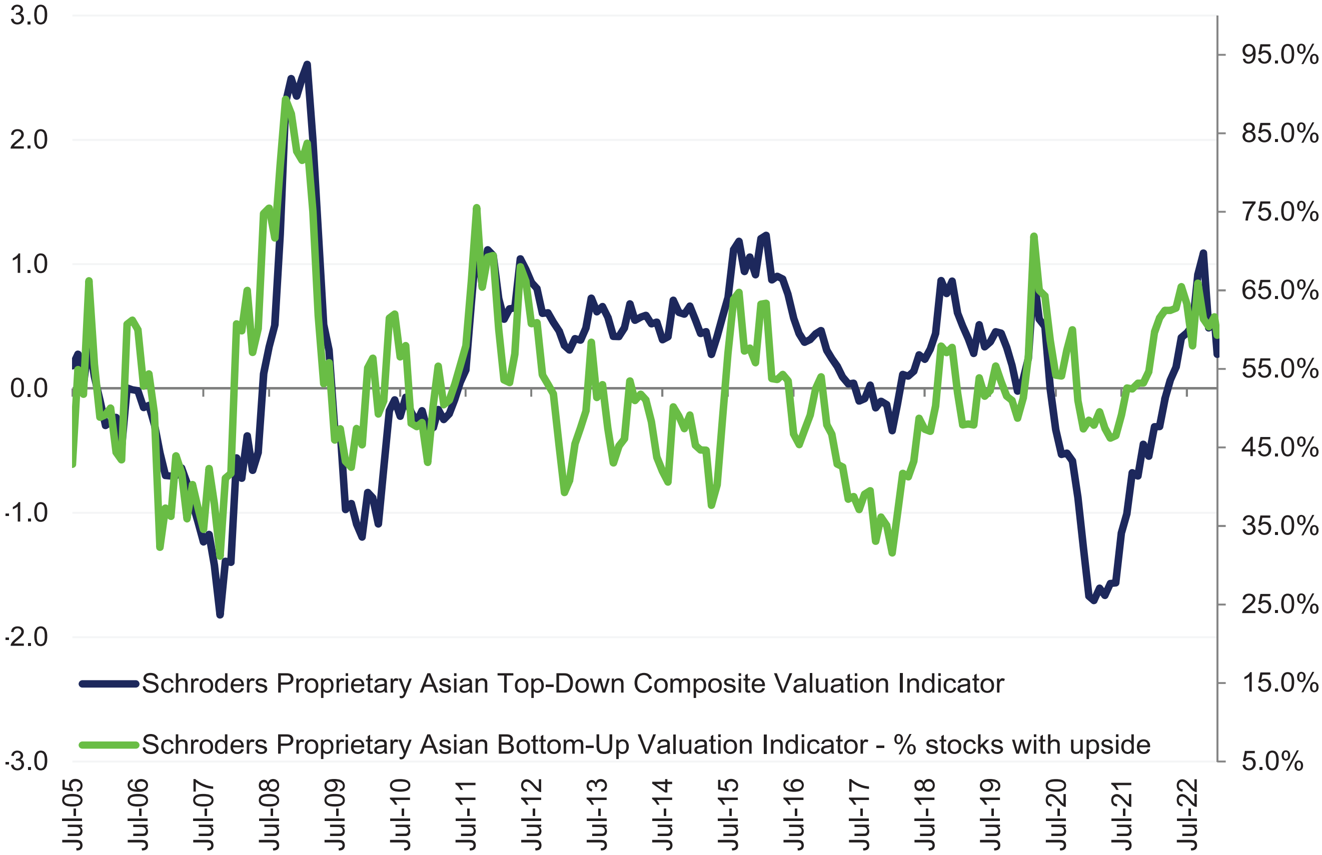
Thankfully, our models also identify some mitigating positive factors in the near-term. Firstly, investor sentiment towards the region appears to be at a low point. After reaching a peak of 17% of total market capitalization in 2014, overseas investors have been pulling their money out of the region, bringing the proportion of foreign holdings back to levels seen three decades ago. Historically, this has been a strong and reliable contrarian indication for the region, and bodes well for Asian equity markets in the near-term.

Chart 3: Foreign ownership in Asia is now at 10-year lows

Source: UBS

Secondly our top down and bottom up valuation indicators as highlighted below whilst off recent lows (or buy territory) to more neutral levels are still indicating Asian equities are offering reasonable value. These are the indicators we use to help determine the level of gearing to use in the Company and with both flagging "buy" in October 2022 we moved the Company to c.10% debt position at the time.

Chart 4: Our proprietary valuation models, both top-down and bottom-up, are in the neutral territory but leaning towards the cheap zone



Source: Schroders, Factset, MSCI

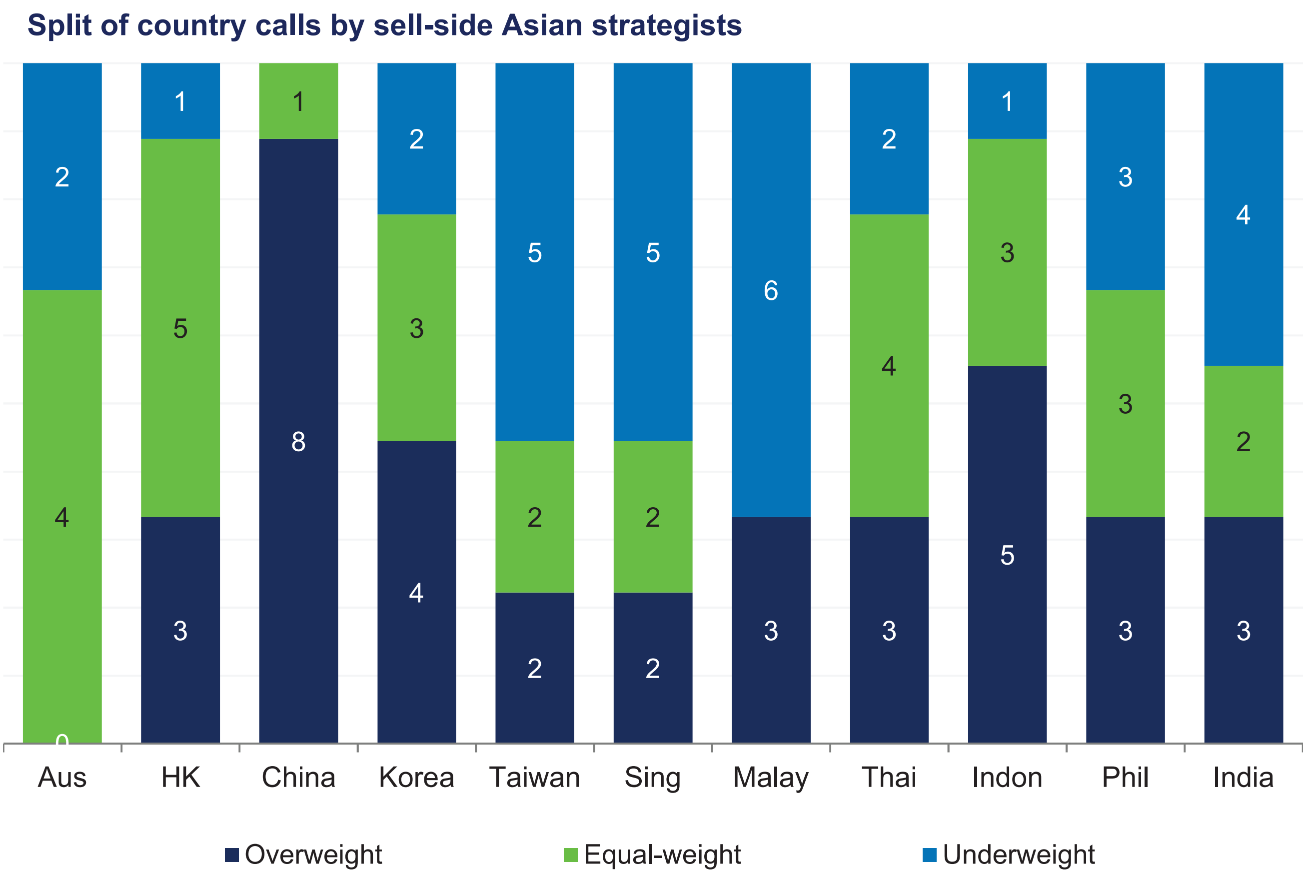
The combination of these negative and positive factors hopefully explain our mixed views on markets. In October 2022 valuations were cheap and we could see good opportunities but after a 25% rise in Asian markets over the following three months the obvious undervaluaton has gone.

With put option pricing slowly retreating from previous elevated levels, the Company is currently unhedged. However, if opportunities arise to purchase some protection at a low cost, we will certainly consider doing so.

2. CONSENSUS VIEWS AND WHERE WE STAND

When one looks at Asian markets today, what are some of the key consensus views? To answer that, your Portfolio Managers surveyed the year-end research of the main sell-side Asian strategists based in major US and European broking houses.

Chart 5: What are the consensus views?



Source: Schroders, Bloomberg, Eikon

Key consensus view #1: Overweight China

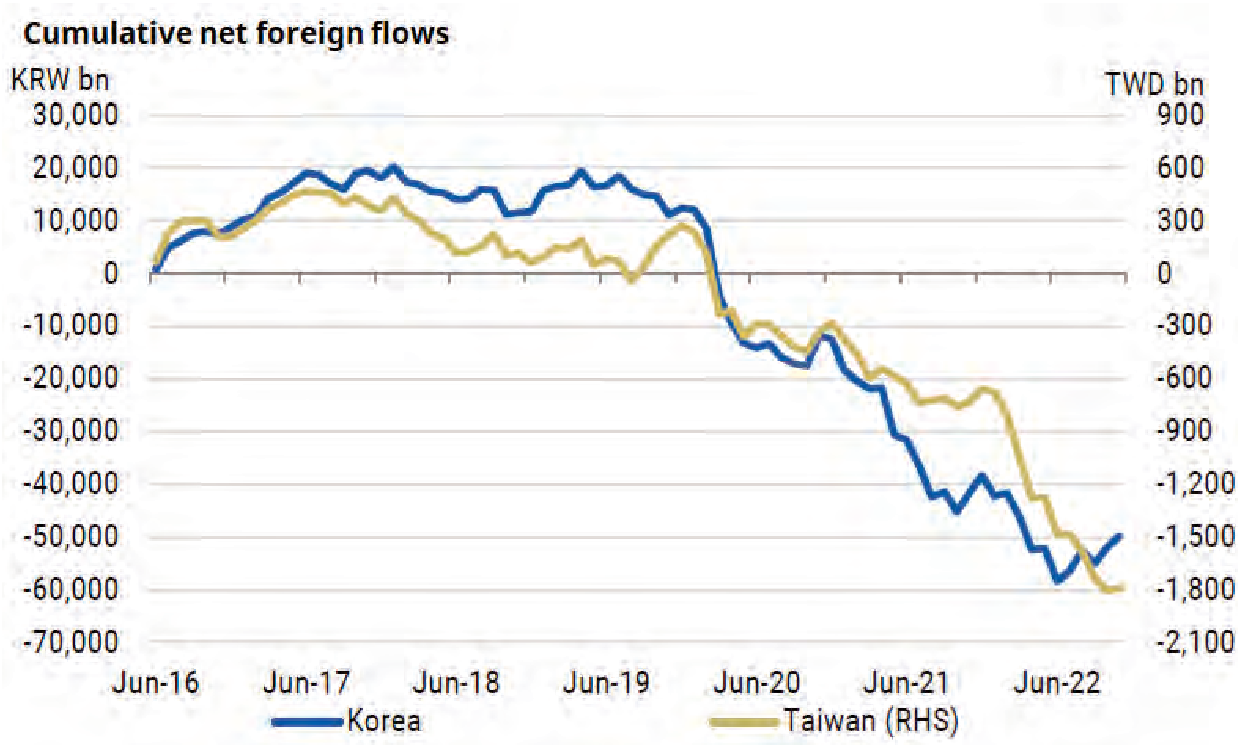
Overwhelmingly, the most consensus call today is going overweight China. With the exception of one broker who is sitting on an equal-weight call, everybody seems to have hopped aboard the China bandwagon, and for exactly the same reasons. It is about playing the reopening trade as the country exits its zero-COVID policy. As highlighted earlier, valuations for the fundamentally attractive Chinese equities are high and we think the reopening "trade" from here is more than reflected in stock prices. Whenever your Portfolio Managers hear the whole market singing from the same hymn sheet, it is always a large cause for concern. Putting aside the question of whether the stated reasons prove to be ultimately correct, one must seriously wonder if these potential positives are not already well priced in.

Key consensus view #2: Underweight Taiwan

If China is the most favoured country by the sell-side at this point in time, then sitting across the straits is a much unloved Taiwan which more than half the strategists are bearish on while another fifth are sitting on the fence. The reasons for this scepticism are two-fold. The first concern is related to the current slowing domestic aggregate demand outlook which, combined with the ongoing global export weakness, is threatening the country's near-term economic prospects. The second and more significant worry is the ongoing correction in the tech inventory cycle that is still not showing any signs of bottoming out. That is not new news though, and one that is certainly well-recognised by global investors. After all, the cumulative net foreign flows into Taiwan equities has been deep in negative territory for over two years. This has driven the market's risk-love indicator, a contrarian indicator with a reasonable track record, into the panic zone. Meanwhile, on any valuation measure, the market is close to, if not already at, the bottom of its historical trading range. Indeed, our own analysts are now pointing to an abundance of Taiwanese stocks that are offering positive upsides to their fair values. For the brave, the market is a fertile hunting ground for long-term investment opportunities.

Portfolio Managers' Review

Chart 6: Taiwan has already seen massive redemptions by foreigners

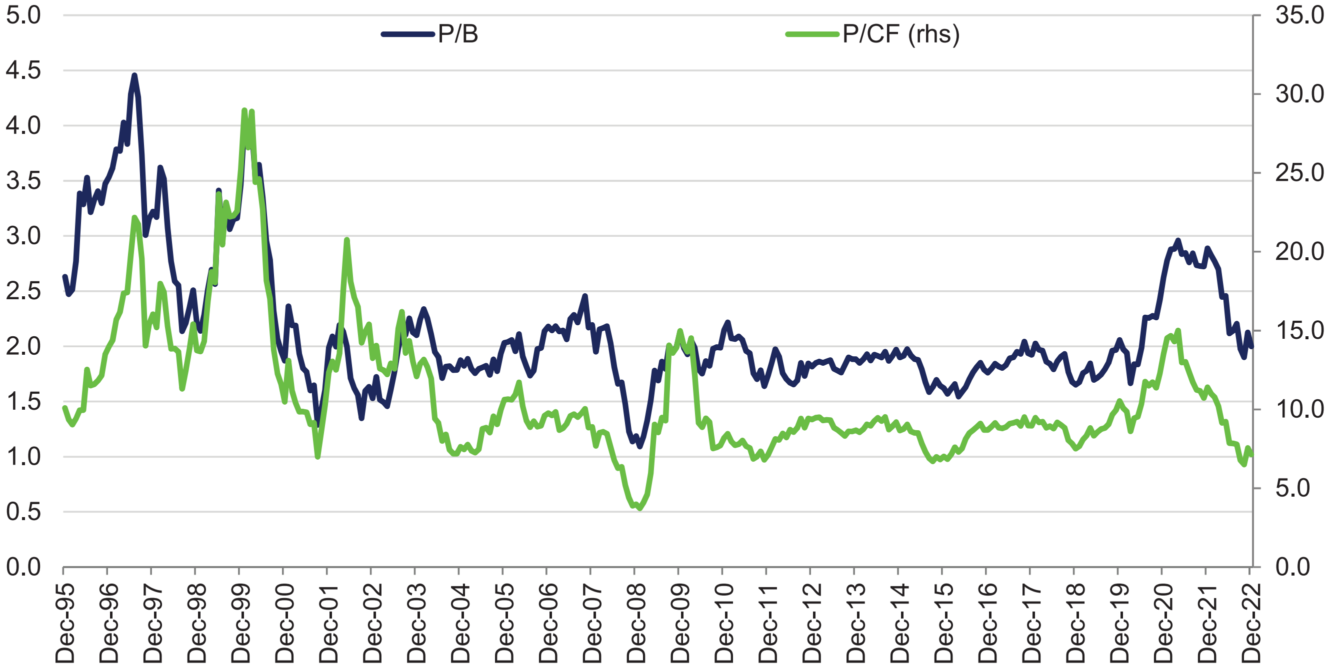


Source: Morgan Stanley Research

Chart 7: Taiwan's risk-love is in panic zone

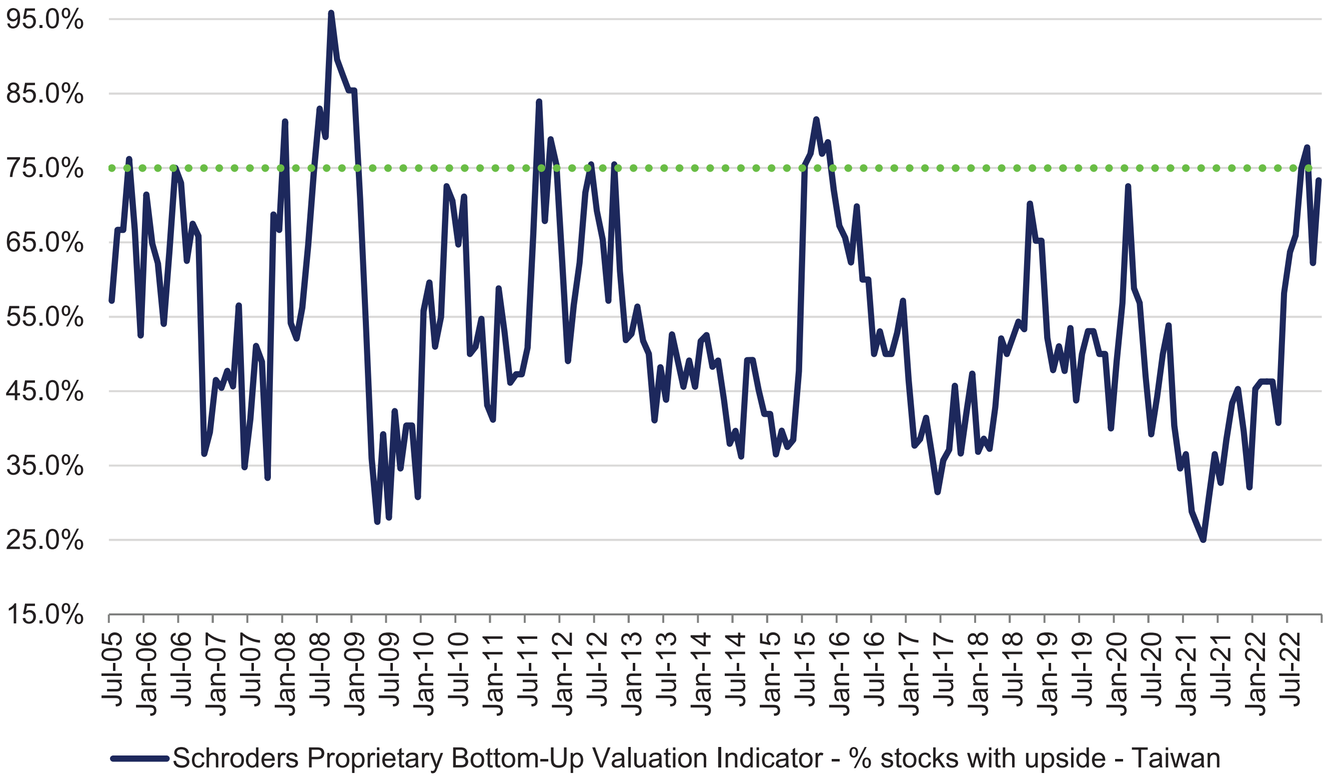
Source: Bank of America Research

Chart 8: On any valuation measure, MSCI Taiwan is now at the bottom of its historical trading range



Source: Schroders, Factset, MSCI

Chart 9: Our analysts are pointing to an abundance of attractive stock opportunities in Taiwan



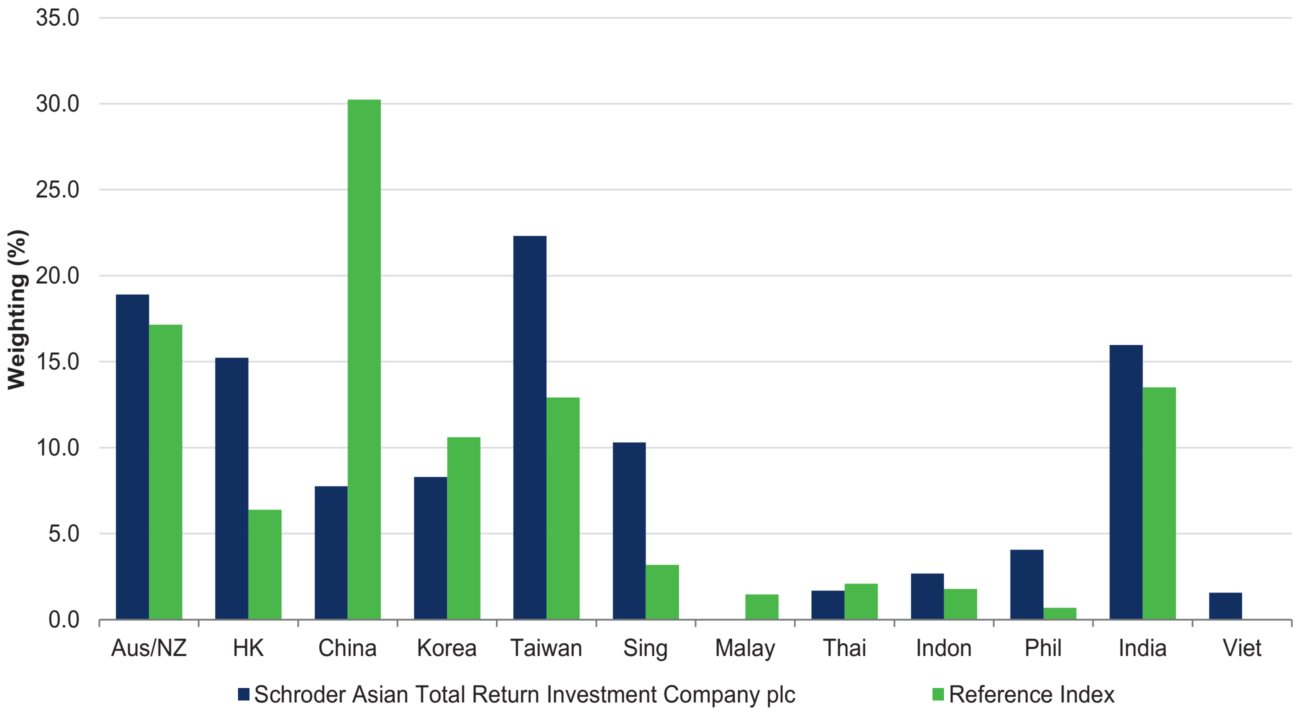
Source: Schroders, Factset

Portfolio Managers' Review

A contrarian portfolio

So where does that leave us? The world has clearly entered 2023 with two key consensus views, namely going overweight China and underweight Taiwan. In our view, these views are already well reflected in current share prices. When your Portfolio Managers cast our sights over longer investment horizons, we actually find limited stock opportunities in China and a plethora of them in Taiwan. This is why even though China comprises almost a third of the reference Asian stock universe, Chinese names barely account for a tenth of our portfolio. Meanwhile, for Taiwan and to a lesser degree Singapore, our Company has considerable exposures to both markets despite them being equally unloved by the stockbroking community.

Chart 10: Our current portfolio positions are contrarian



Source: Schroders, MSCI, Factset

3. THE POWER OF INVESTING FOR DIVIDENDS IN ASIA

When will the Fed be done with its rate hikes? Does the spectre of recession push global central banks into monetary loosening mode soon? As global investors grapple with the future direction of travel of global interest rates, it is sometimes worth reminding ourselves that regardless of where interest rates go, a core investment truth remains: ***Dividends are an important part of equity investing in Asia***.

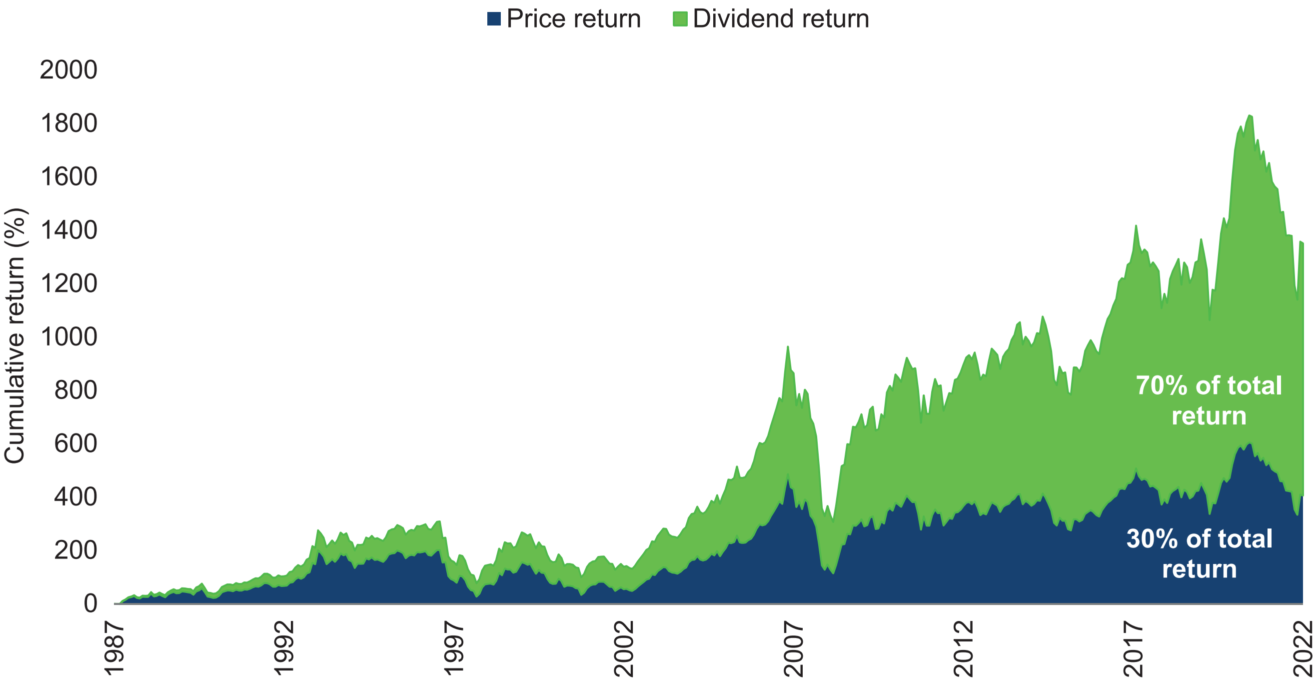
The long-term case for investing for dividends in Asia

It is no secret that stock markets are generally obsessed with share price appreciation. As tales of multi-baggers abound in Asia, many an investor has been seen chasing pipe dreams. Yet when one takes a step back and decomposes the region's equity performances, one will be surprised to learn that in reality almost three-quarters of Asia's long-run equity returns have historically come from dividends, and it will be harebrained to ignore this major component of total returns.

Just consider the experiences of Singapore and Korea. Compatriots in the now-defunct Four Asian Tigers club, both countries were known for their rapid economic growth rates in the 90's which propelled the economies from agrarian societies of the 1960s into the industrialised nations that they are today. Both their stock markets have also delivered almost identical price returns over the last 35 years. And yet this is where the similarities end. Generally viewing the notion of paying dividends as a sign of failure, Korean corporates have largely kept their payout ratios unchanged over the last two decades even as their Singaporean counterparts steadfastly raised theirs. This has seen companies from the Lion City deliver a whopping 690% dividend return to their investors over 1988-2022, a figure that easily dwarfs the 345% from the Land of the Morning Calm. For investors hoping to take a leaf our of the history books, focusing on dividends is clearly key.

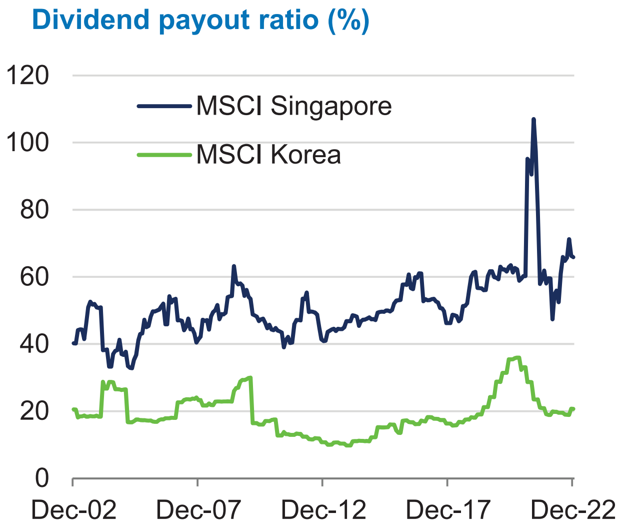
Portfolio Managers' Review

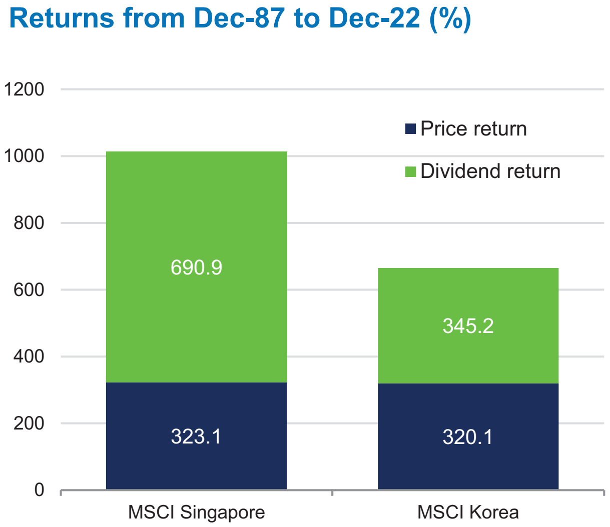
Chart 11: Dividend return accounts for the majority of long-run equity returns in Asia



Source: FactSet, MSCI, Schroders, December 2022

Chart 12: While Singapore and Korea delivered similar price returns over the last 35 years, the higher dividend payouts from Singapore means the market's total returns have dwarfed those of Korea



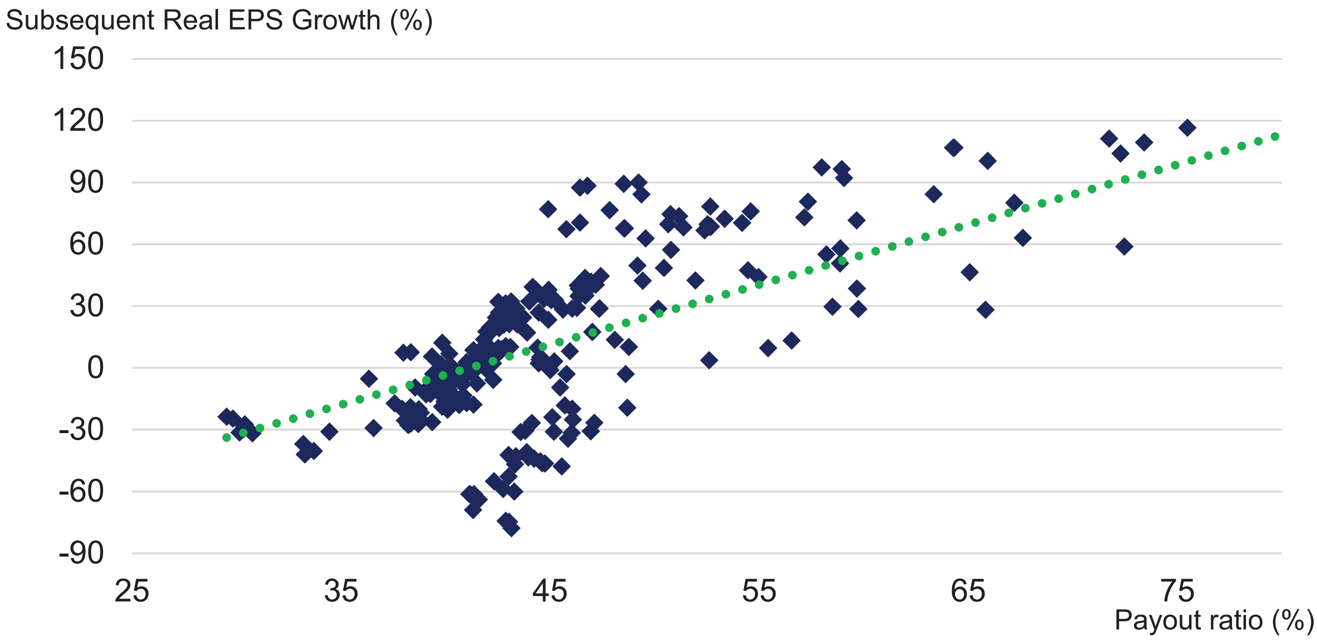


Source: FactSet, MSCI, Schroders, December 2022

Higher dividends = Higher earnings growth

Doubters however balk at this notion. Why bother with boring dividends in a vibrant place like Asia, they ask? After all, only companies which have run out of growth opportunities pay dividends. Aren't dividend-paying companies really just dull, slow-growing companies? Contrary to this belief, companies that pay high dividends are neither low-growth nor boring. Because corporate managers have better information about their future prospects and loathe cutting dividends, they often only pay high dividends if they are confident that their future earnings are robust enough to sustain the payout. This explains why companies that pay high dividends today are routinely also the ones registering the fastest earnings growth tomorrow. Academics call this phenomenon the "dividend-signalling effect". As such, for investors seeking to benefit from the Asian economic growth story, focusing on high-payout companies is definitely key.

Chart 13: Positive relationship between payout ratio and earnings growth in Asia

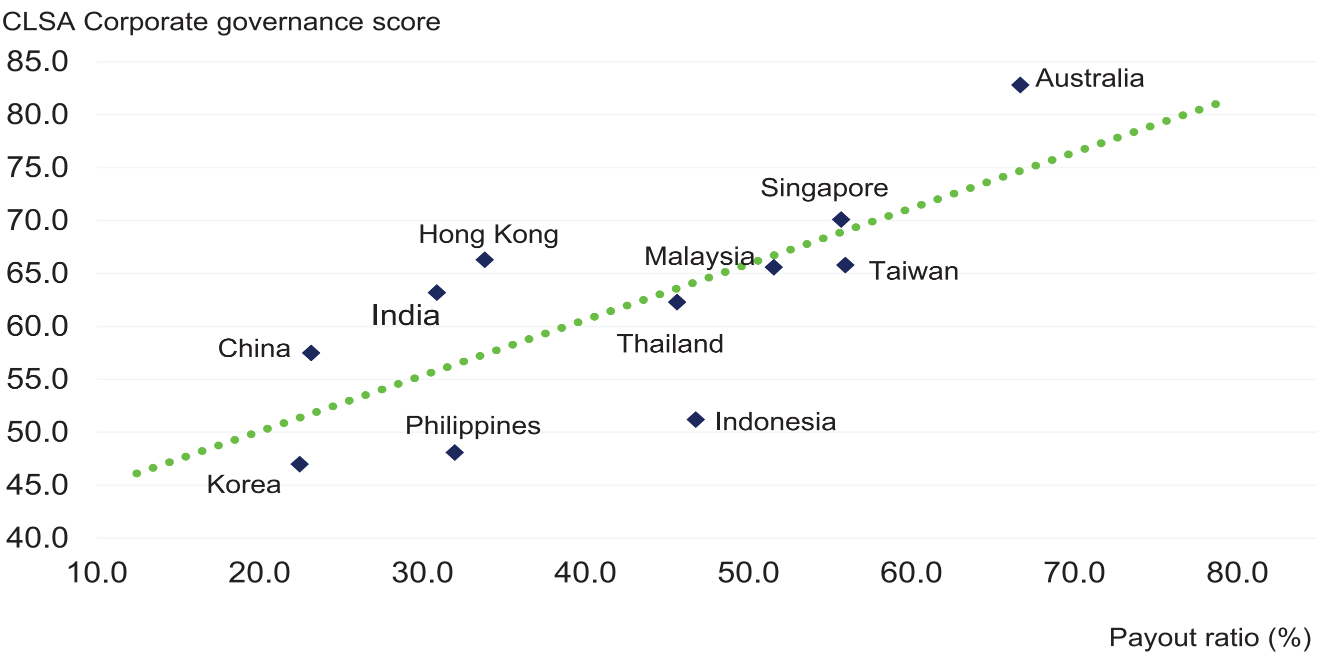


Source: Factset, MSCI, Schroders, December 2022

Higher dividends = Better corporate governance

In a region riddled with corporate governance pitfalls, focusing on dividends has the added benefit of keeping investors away from potential disasters. Companies reduce the temptation to waste money on value-destroying investments when they return excess cash to shareholders. They also subject themselves to more stringent levels of stakeholder scrutiny when they next tap the markets for funds. Meanwhile, focusing on dividends also helps investors avoid companies with "fake" earnings because dividends can only be paid out of real earnings and real cash flows. As a result, Asian companies that pay high dividends are frequently also those with high corporate governance standards.

Chart 14: Positive relationship between payout ratios and corporate governance standards of Asian countries



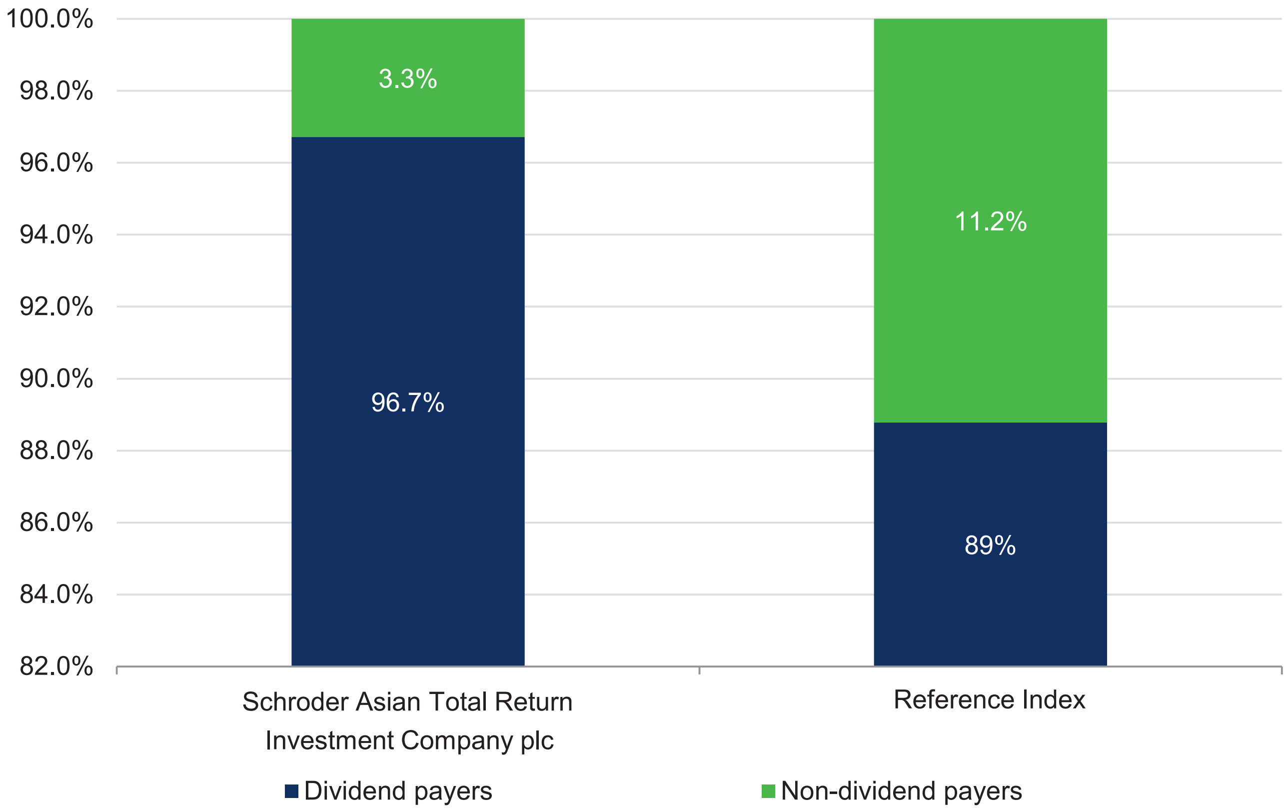
Source: Factset, MSCI, Schroders, July 2019

Portfolio Managers' Review

Our strong belief in the importance of dividends is perhaps most clearly reflected in our portfolio. Every single stock that we hold, with the exception of two, pays dividends today. And of the two that are not doing so at this time, one of them is expected to start paying out soon. It also explains why we traditionally have disproportionately more of our portfolio in the markets of Australia, Hong Kong and Singapore, and less in China and Korea. After all, these markets do stand at opposite ends of the region's dividend payout spectrum.

In your Portfolio Managers' view, given how big a component of long-term equity returns dividends have historically been any investor who is looking for fast-growing companies with strong corporate governance in Asia will do well to pay heed to them.

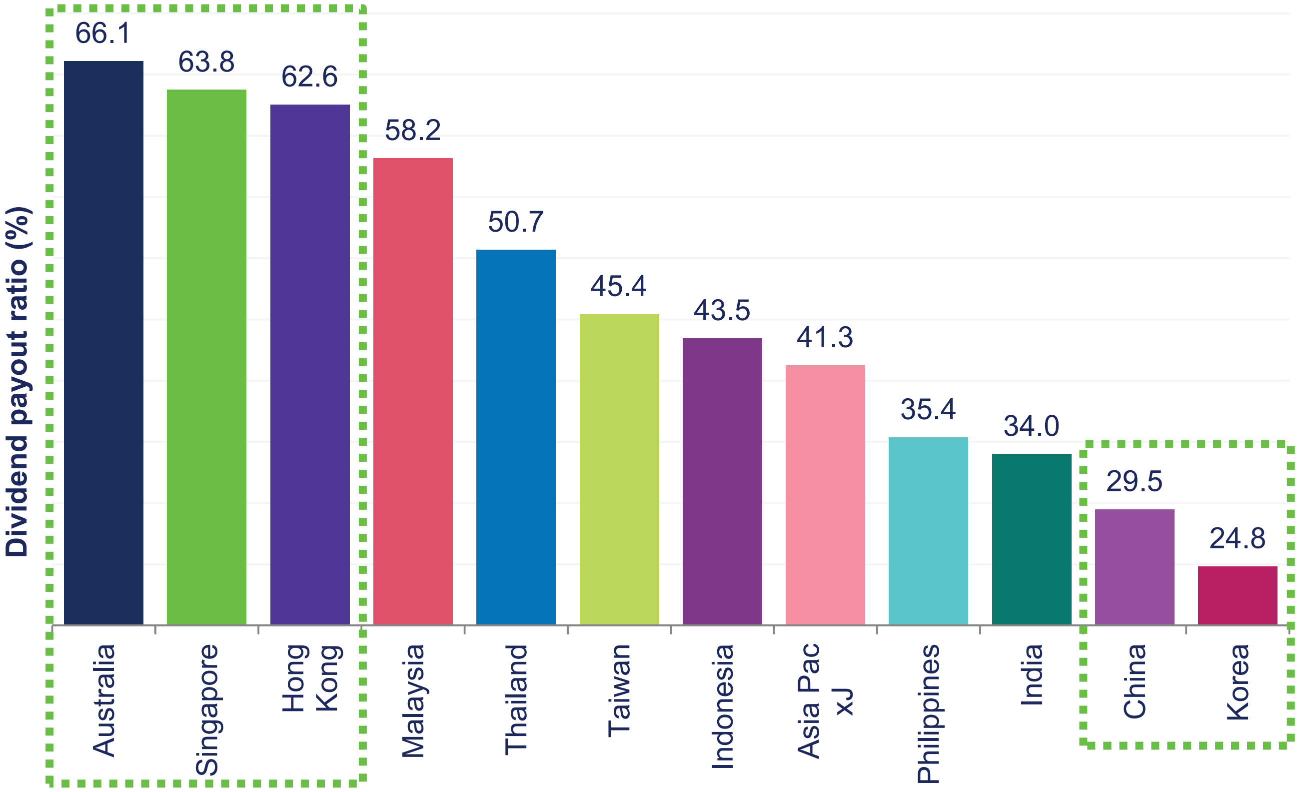
Chart 15: Almost all the stocks in our portfolio pay dividends



Source: Schroders, Factset, MSCI, December 2022

Portfolio Managers' Review

Chart 16: Our portfolio has traditionally had higher exposure to Australia, Singapore and Hong Kong, and lower exposure to China and Korea



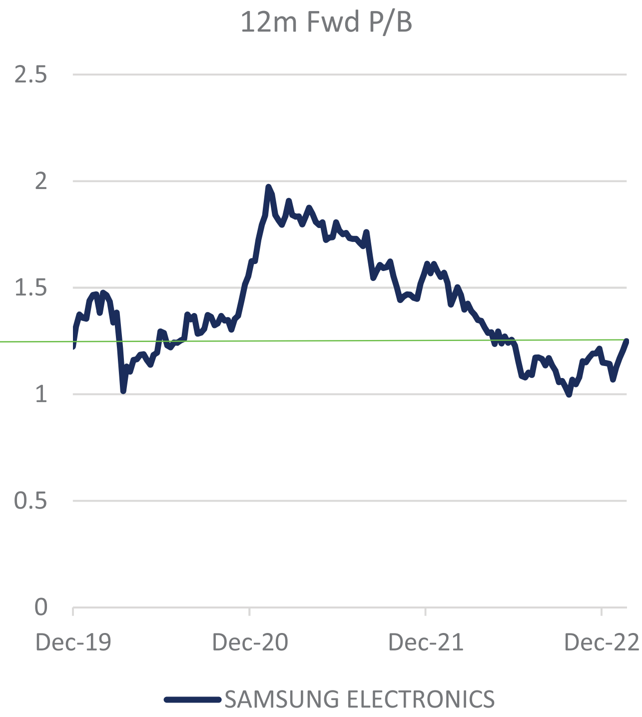
Source: Schroders, Factset, MSCI, December 2022

Portfolio Managers’ Review

SECTION THREE

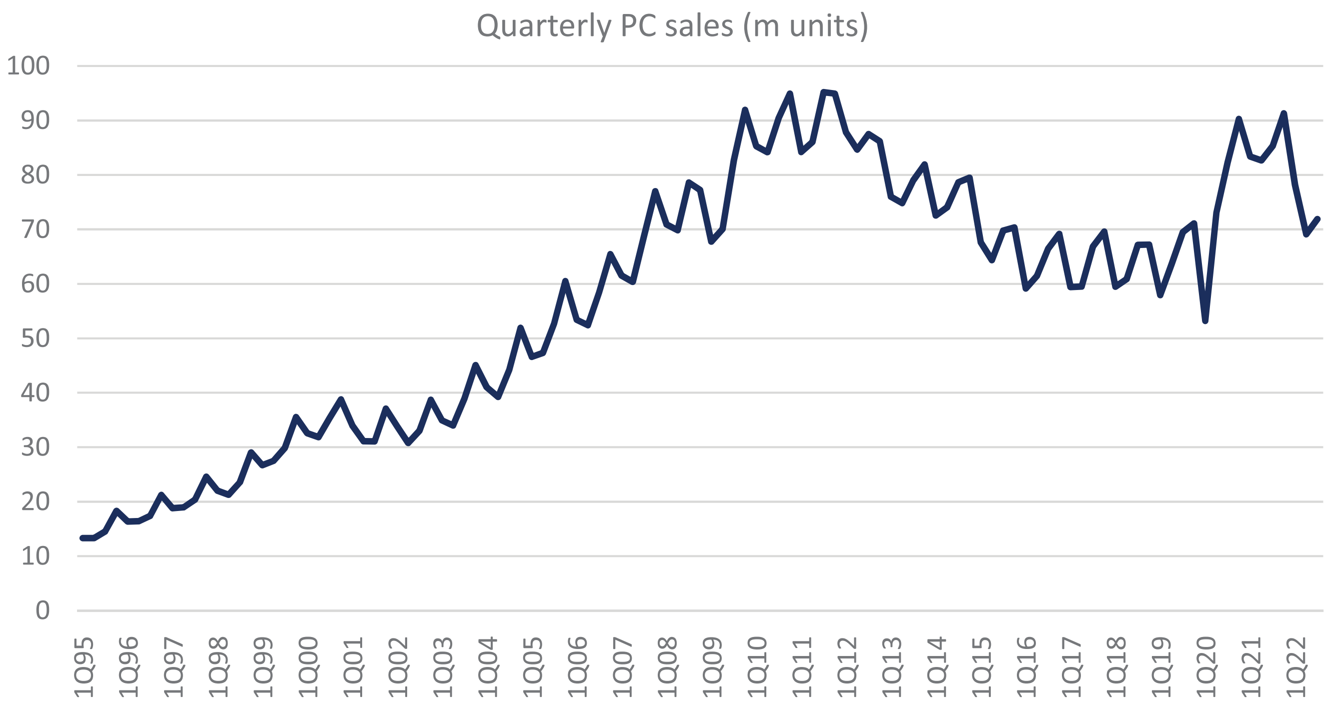
1. TECHNOLOGY OUTLOOK

As we highlighted earlier our technology holdings and semi-conductors stocks in particular were a key detractor to 2022 performance. However, we continue to be bullish on their long-term outlook given digitalisation and the competitive positioning of the companies we own in our portfolio. Even more so given they have given up all their COVID gains.



Source: Refinitiv

2023 will be a difficult year for technology demand amid a continued slowdown in consumer demand. Your Portfolio Managers don’t know whether a US recession will or won’t occur but we expect some technology sectors like personal computers (PCs) will see ongoing weakness amid strong pull-forward in demand during the COVID years.



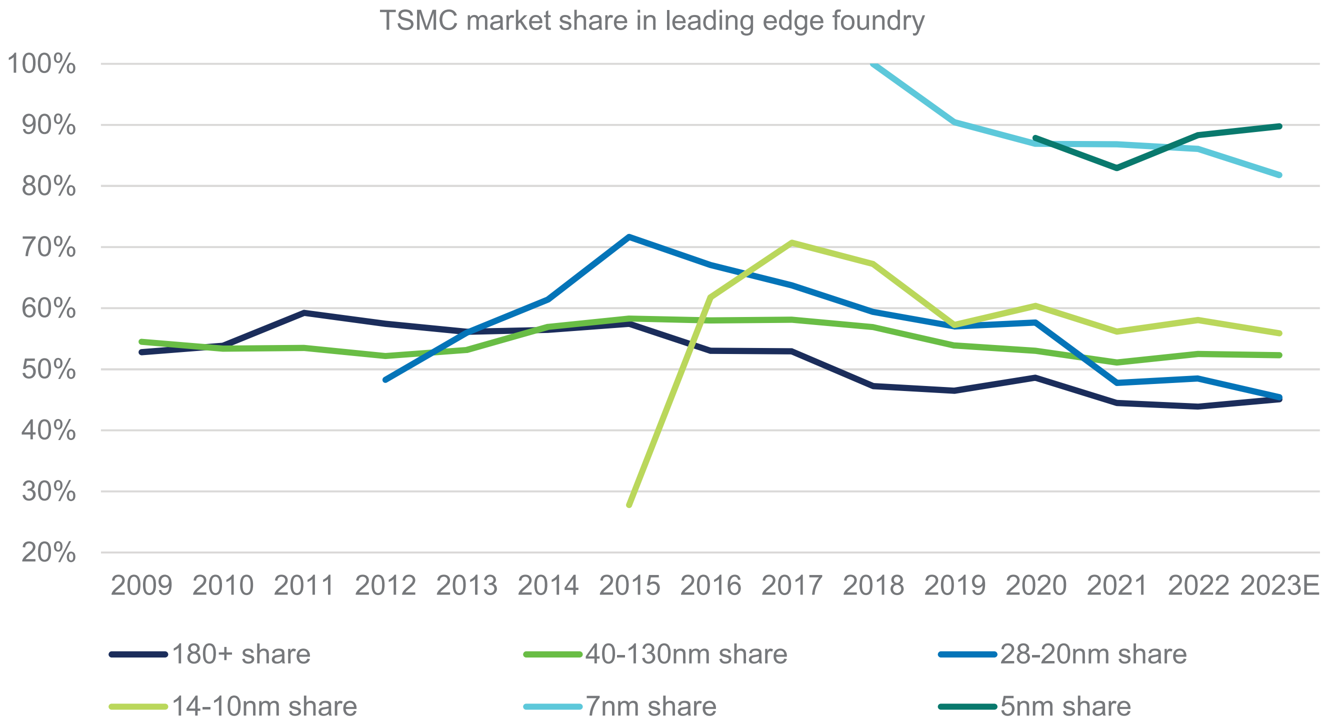
Source: Morgan Stanley

Portfolio Managers' Review

Our portfolio is positioned towards three key technology themes:

1. Beneficiaries of structural demand – particularly in servers and artificial intelligence (AI);
2. Balance sheet strength;
3. Further consolidation within the semi-conductor supply chain

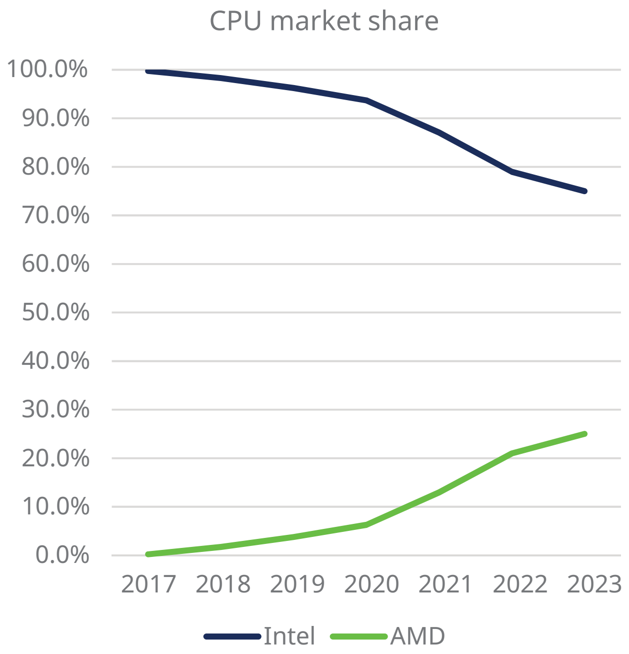
Within foundry we remain of the view that there has been a structural shift eastwards in the ability to fabricate leading edge nodes. As data from Credit Suisse shows, TSMC now enjoys nigh on monopolistic positioning in 7nm and 5nm with a similar market share expected in 3nm.

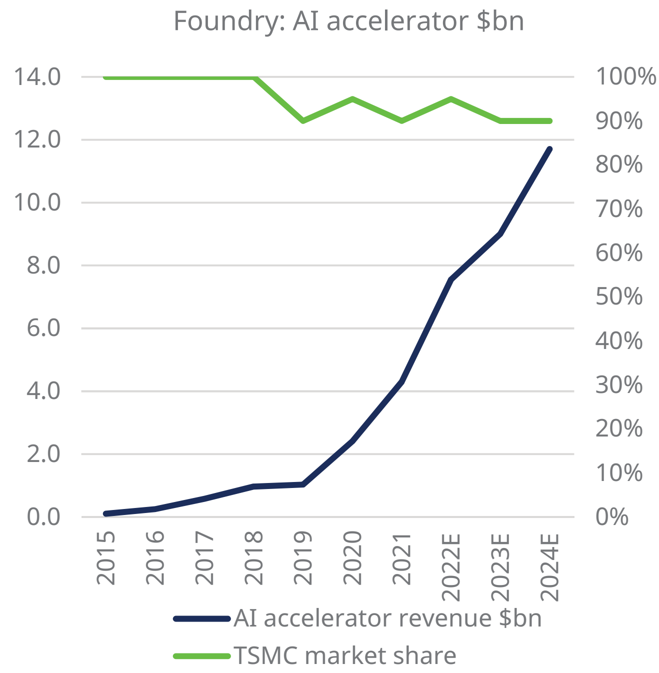


Source: Credit Suisse

As we move into the era of "high performance compute" as TSMC calls it (code words for servers and artificial intelligence) they are very well placed to extract high returns. AMD continues to take market share away from Intel (partly because TSMC can fabricate their chips at leading edge versus Intel's in-house fabrication being a generation behind) and they will almost exclusively capture the growing market for artificial intelligence given Nvidia uses TSMC as a sole supplier for leading edge GPUs.

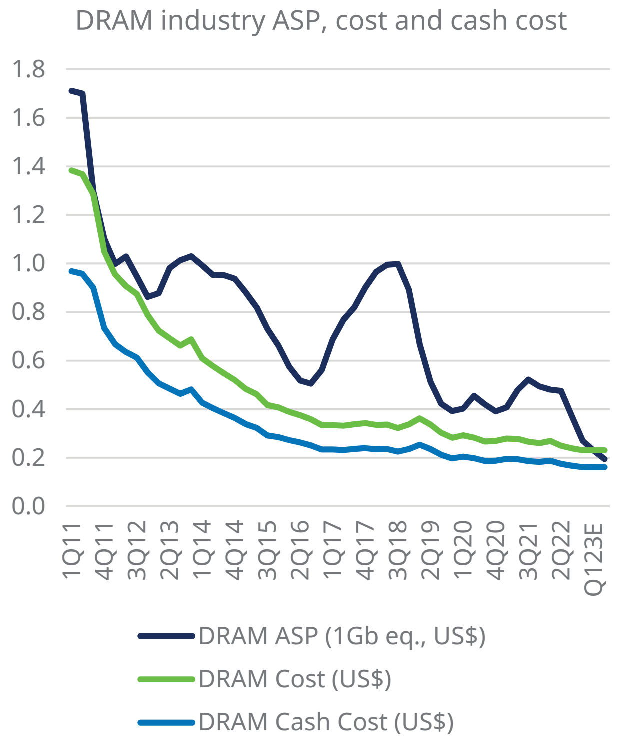
Portfolio Managers' Review

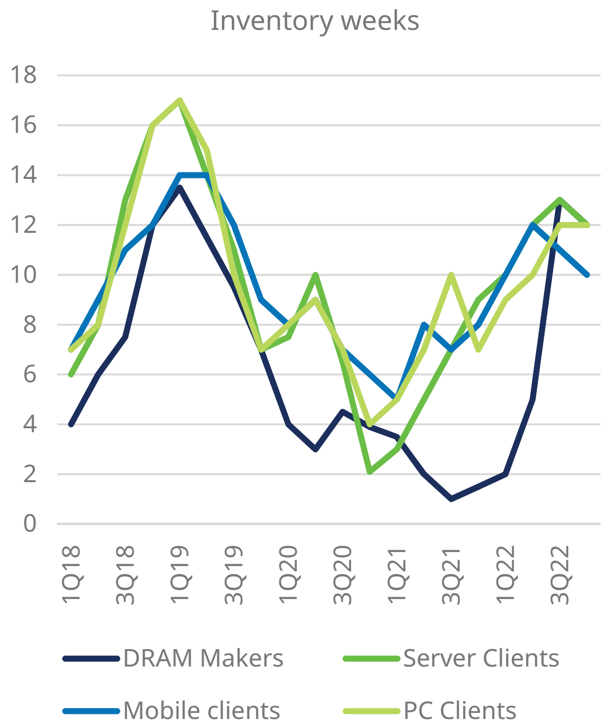




Source: Company data, Credit Suisse and Schroders estimates

Memory is another area where we think there is likely to be market share shifts. Memory companies highlight why balance sheets are all important at this point of the cycle. DRAM (where memory companies make their profits) is currently going through a severe correction where heightened inventory means there is zero demand elasticity even as prices reach cash cost.

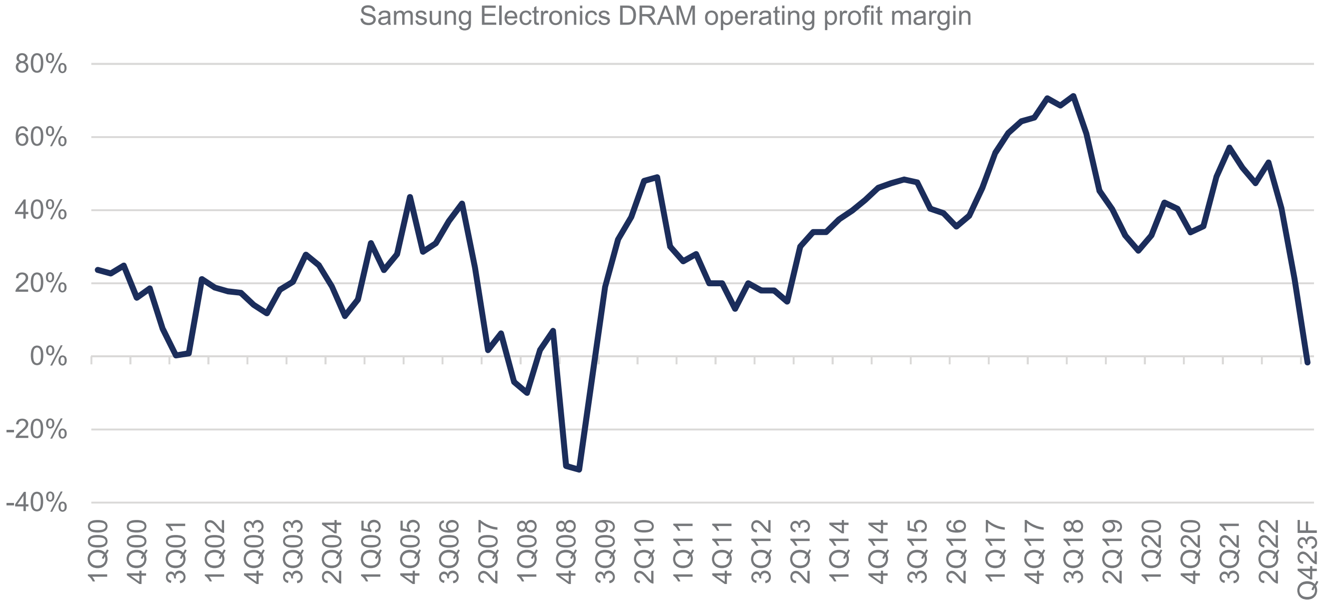




Source: Citi Research

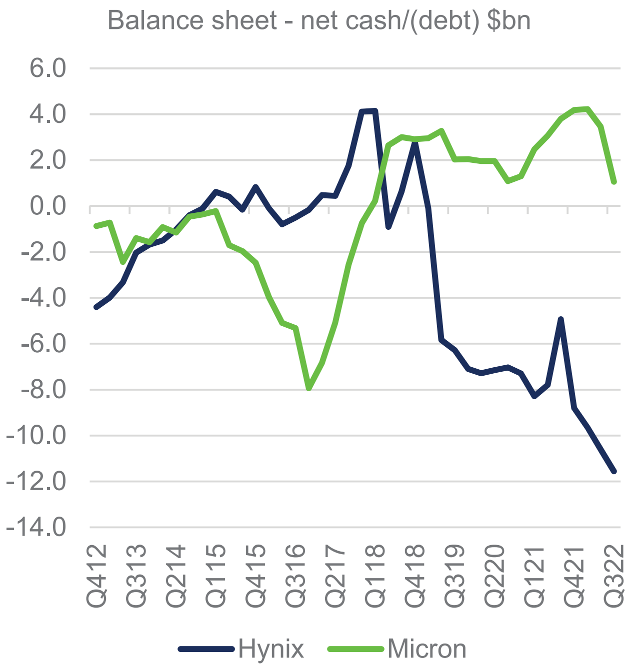
Portfolio Managers' Review

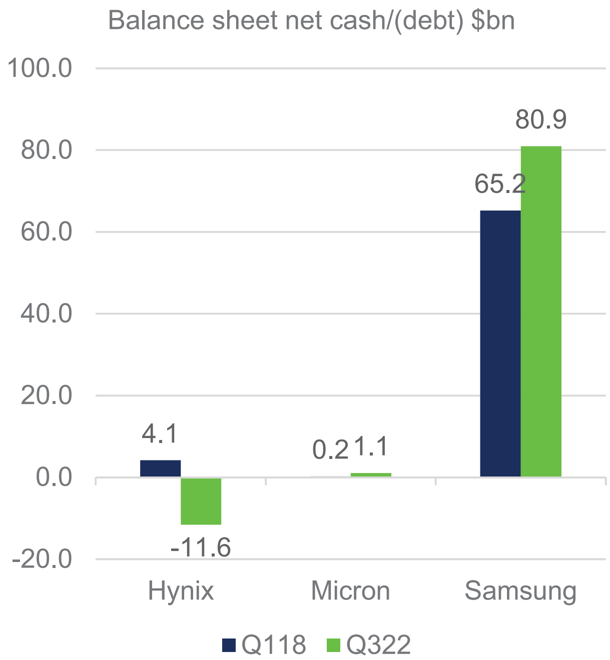
Samsung Electronics – the lowest cash cost producer – could well break its own internal record of never posting more than three consecutive quarters of operating losses.



Source: Citi Research

The difference between this cycle and the last correction in 2018 is that Samsung's key Korean competitor has been on a buying spree, spending c$10bn in M&A and giving investors c$3bn in dividends they with hindsight could ill afford. Micron and Samsung have been better corporate stewards resisting acquisitions at the top of the cycle and returning $4bn and $43bn in capital to shareholders.





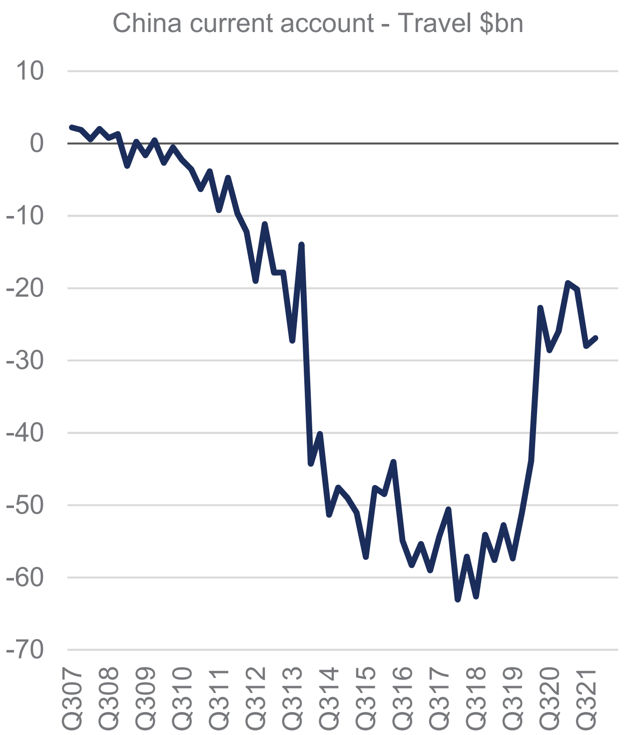
Source: Company accounts

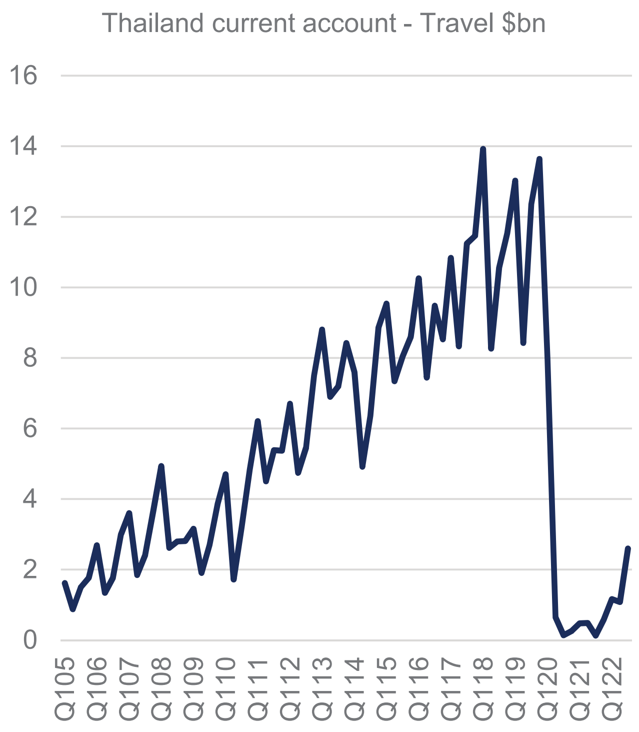
It is no surprise to your Portfolio Managers which company (SK Hynix) has had to cut utilisation rates first. With a very high level of fixed costs the unit economics of memory worsen materially once utilisation rates reduce – this cycle is likely to leave SK Hynix a weaker long-term competitor.

To summarise, we believe at an aggregate level that 2023 will be a year of inventory digestion and we expect continued pockets of weakness in consumer demand (PCs in particular). Your Portfolio Managers' view however is that we are approaching the nadir of bad news, which is why we remain heavily weighted in TSMC and Samsung Electronics which we believe will come out of this cycle in a stronger competitive position. Looking further forward we continue to be bullish on the increase in silicon content and the high returns on capital that a consolidated Asian supply chain can provide, which given reasonable valuation is why the portfolio remains significantly exposed to the sector.

2. ASEAN AND BANKING

On the topic of banking, we thought we would end the report with an update on how we are thinking about our ASEAN and Indian exposure. The Company is positioned in best in-class Indian, Indonesian and Singaporean banks. Your Portfolio Managers continue to be recommended Thai banks by brokers as the natural China re-opening trade and we don't doubt that Chinese consumers will return to Thailand for their holidays.

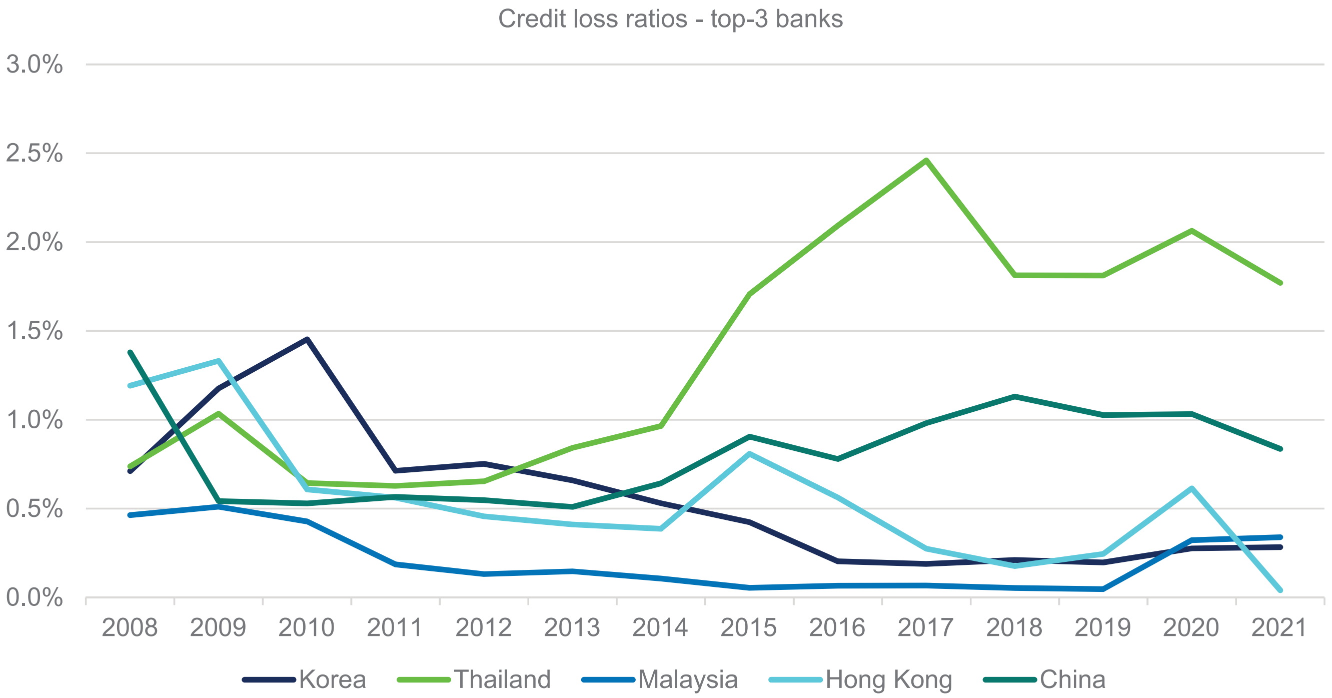




Source: Safe; Bank of Thailand

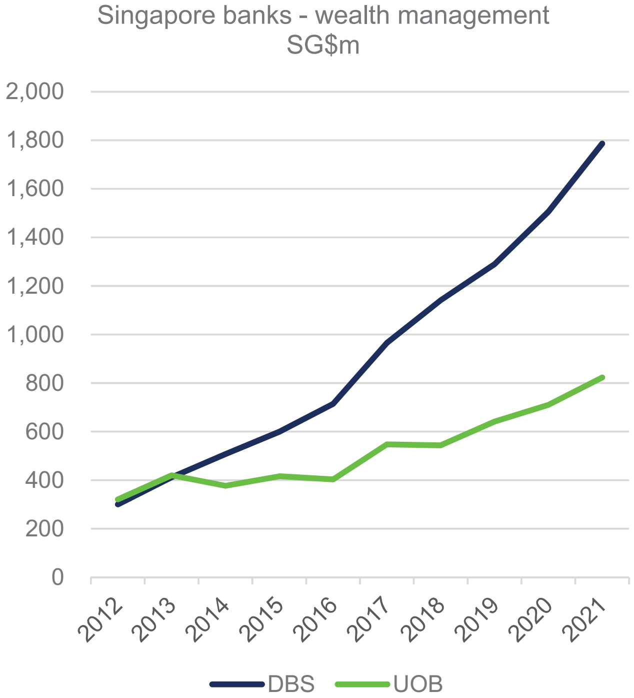
However, Thai banks typically exhibit higher credit losses than peers and naturally find it difficult to lend into an indebted economy (see chart earlier in Section 2). We note that even when tourism was booming from 2016-2019 credit loss ratios were markedly higher than peers.

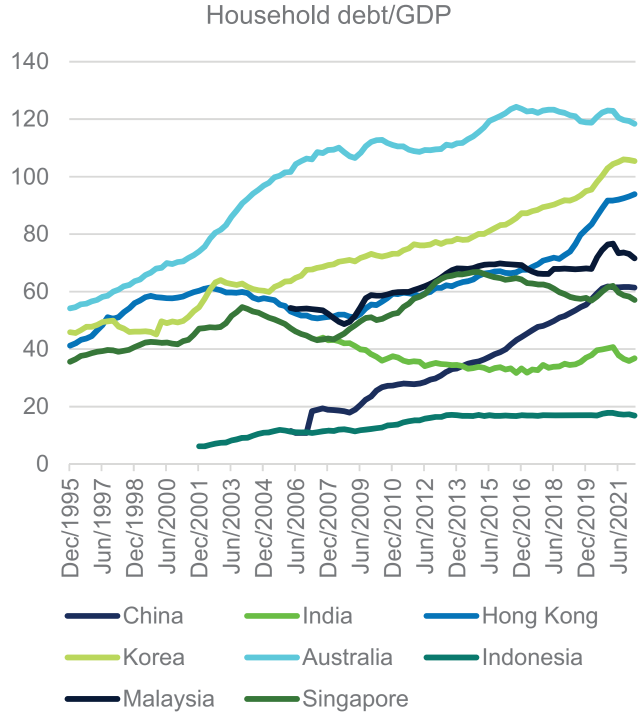
Portfolio Managers' Review



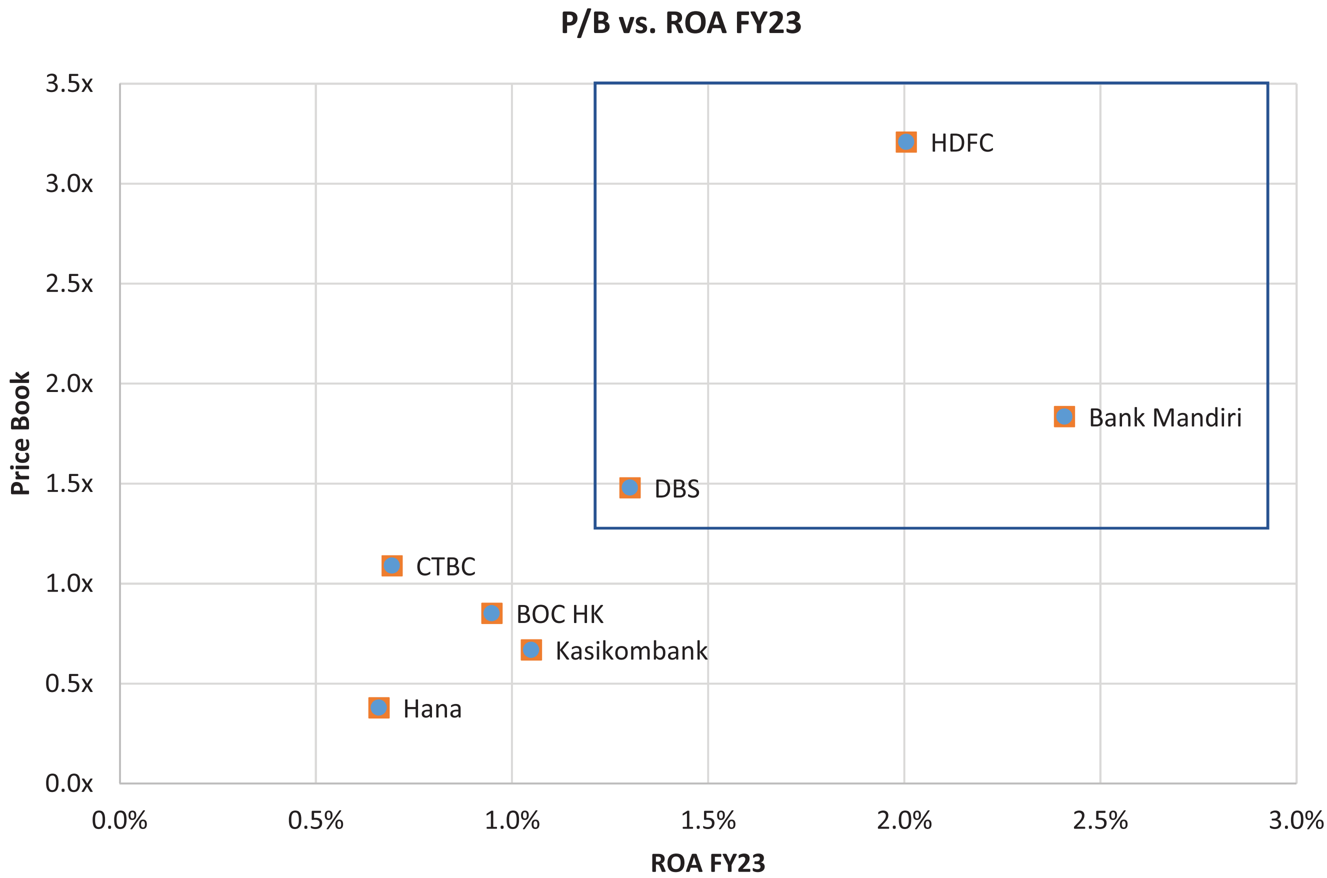
Source: Refinitiv

We prefer to have our banking exposure in countries that generate superior return on assets through their fee and commission income (e.g. Singapore banks) or those where there is a long runway for credit expansion and select banks taking market share whilst underwriting risk better than peers (India and Indonesia). This informs our positioning in Singaporean, Indonesian and Indian banks.





Source: Company financials; BIS stats



Source: Refinitiv

CONCLUDING REMARKS

Well done to any reader who has managed to read the whole report; the perils of having three separate authors (the Portfolio Managers and Tom Clough who has recently joined the Company's investment team) penning their thoughts mean updates tend not to be short. Hopefully the report provides a broad update on our investment views as we enter the Year of the Rabbit. Key messages are we are moderately optimistic on prospective returns, China reopening however looks more than reflected in valuations, we are happy to stick with our technology positions and see selected opportunities in financials and consumer names. Capital allocation, the importance of dividends and long-term return on invested capital are however the key determinants of the Company's holdings.

Robin Parbrook and Lee King Fuei

15 March 2023

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

The securities shown above are for illustrative purposes only and are not to be considered a recommendation to buy or sell.

Investment Portfolio as at 31 December 2022

Investments are classified by the Portfolio Managers in the country of listing, except where noted. Stocks in bold are the 20 largest investments, which by value account for 54.2% (2021: 55.5%) of total investments.

	£'000	%
Taiwan		
Taiwan Semiconductor Manufacturing Company	**38,261**	**7.7**
Voltronic Power Technology	**9,578**	**1.9**
Mediatek	**8,469**	**1.7**
Chroma ATE	6,981	1.4
Advantech	6,220	1.2
ASE Technology	6,137	1.2
Sporton International	6,121	1.2
Nien Made Enterprise	6,091	1.2
Merida Industry	5,831	1.2
Eclat Textile	4,691	0.9
United Micro Electronics	4,169	0.9
Total Taiwan	**102,549**	**20.5**
Australia		
BHP Billiton[1]	**11,880**	**2.4**
CSL	**10,467**	**2.1**
ResMed	**8,737**	**1.7**
Aristocrat Leisure	7,120	1.4
Medibank Private	6,393	1.3
Reliance Worldwide	6,108	1.2
Cochlear	5,945	1.2
Seek	5,719	1.1
Orica	5,176	1.0
Brambles	5,044	1.0
Incitet Pivot	3,197	0.7
James Hardie Industries	2,244	0.4
Total Australia	**78,030**	**15.5**

	£'000	%
India		
Schroder International Selection Fund – Indian Opportunities[2]	**12,219**	**2.4**
Infosys (ADR)[3]	**11,104**	**2.2**
HDFC Bank	**9,799**	**2.0**
Housing Development Finance	7,521	1.5
Apollo Hospitals Enterprise	7,472	1.5
Tech Mahindra	6,118	1.2
Tata Consultancy Services	5,135	1.0
MakeMyTrip	4,350	0.9
Info Edge	3,591	0.8
Kotak Mahindra Bank	3,166	0.6
Mphasis	2,945	0.6
Total India	**73,420**	**14.7**
Hong Kong (SAR)		
AIA	**14,576**	**2.9**
Techtronic Industries	**13,127**	**2.6**
Swire Pacific	**10,548**	**2.1**
Hong Kong Exchanges and Clearing	**8,288**	**1.7**
BOC Hong Kong	6,261	1.3
Hang Lung	5,076	1.0
Total Hong Kong (SAR)	**57,876**	**11.6**
Singapore		
DBS	**16,185**	**3.2**
Singapore Exchange	7,776	1.6
Venture	6,858	1.4
United Overseas Bank	6,634	1.3
Singapore Telecommunications	6,481	1.3
Sheng Siong	3,393	0.7
Total Singapore	**47,327**	**9.5**

Investment Portfolio as at 31 December 2022

	£'000	%
South Korea		
Samsung Electronics	**30,055**	**6.1**
Samsung SDI	8,091	1.6
Total South Korea	**38,146**	**7.7**
Mainland China		
Tencent Holdings[4]	**15,806**	**3.2**
Yum China[4]	7,199	1.4
Contemporary Amperex Technology[4]	4,253	0.9
Total Mainland China	**27,258**	**5.5**
Philippines		
Wilcon	**13,235**	**2.7**
International Container Terminal Services	5,241	1.0
Total Philippines	**18,476**	**3.7**
United Kingdom		
Rio Tinto	**8,692**	**1.8**
Prudential	5,025	1.0
Total United Kingdom	**13,717**	**2.8**
Indonesia		
Bank Mandiri	**10,238**	**2.1**
Mitra Keluarga Karyasehat	2,038	0.4
Total Indonesia	**12,276**	**2.5**
France		
LVMH	**8,403**	**1.7**
Total France	**8,403**	**1.7**
Thailand		
Siam Global House	7,704	1.5
Total Thailand	**7,704**	**1.5**
Vietnam		
Vietnam Dairy Products	5,040	1.0
Mobile World Investment	2,143	0.4
Total Vietnam	**7,183**	**1.4**

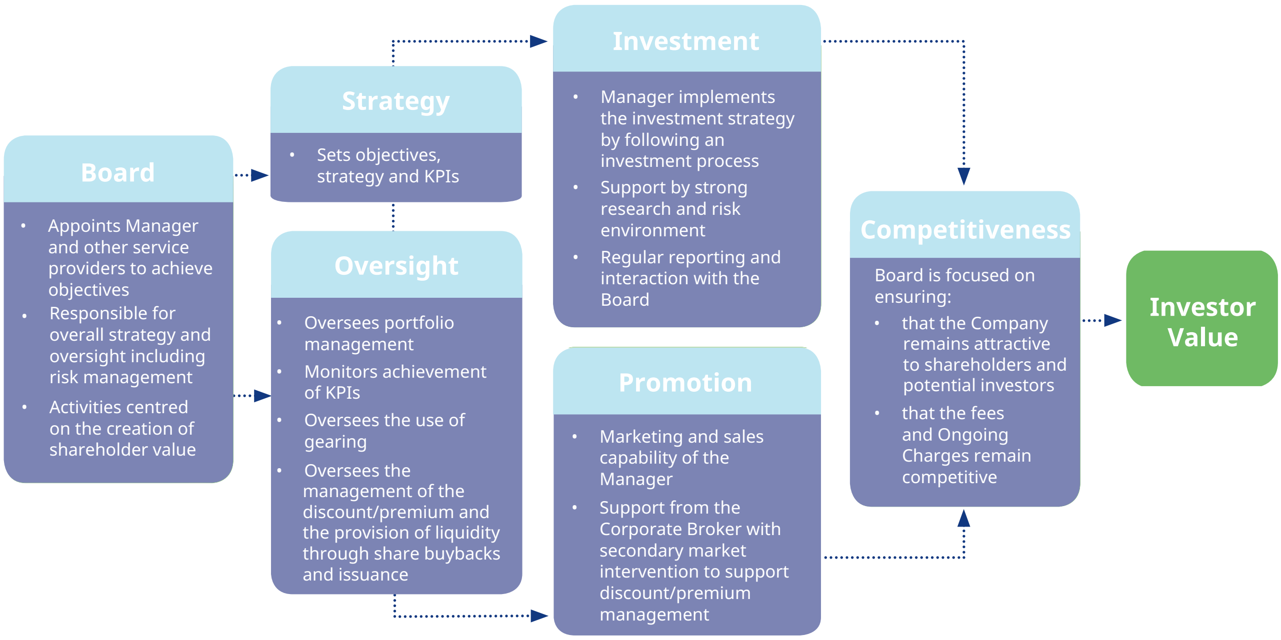
	£'000	%
United States		
Las Vegas Sands	6,940	1.4
Total United States	**6,940**	**1.4**
TOTAL INVESTMENTS[5]	**499,305**	**100.0**

[1]Listed in the UK.
[2]Open-ended collective investment fund.
[3]Listed in the USA.
[4]Listed also in Hong Kong (SAR)
[5]Total investments comprise the following

	£'000
Equities	475,982
Collective investment fund	12,219
American Depositary Receipts (ADR)	11,104
Total investments	499,305

Strategic Report

The Strategic Report sets out the Company's strategy for delivering the investment objective (set out on the inside front cover), the business model, the risks involved and how the Board manages and mitigates those risks. It also details the Company's purpose, values and culture, and how it interacts with stakeholders.



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 sets out the effective management or mitigation of the risks faced by the Company and, to the extent it does not conflict with the investment objective, 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.

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 fulfill the Company's investment objective by encouraging a culture of constructive challenge with all key suppliers and openness with all stakeholders. The Board is responsible for embedding the Company's culture in the Company's operations.

Business model

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. 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. The investment and promotion processes set out in the diagram are described in more detail below.

Investment

Investment approach

The Company's strategy has its foundations in the conviction that while there are many excellent companies in Asia, there is also a large percentage of stocks quoted in Asia that are fundamentally challenged and benchmark conscious investment is therefore flawed. Furthermore, the Asian stock markets have proved to be exceptionally volatile over the past thirty years. The strategy aims to invest in a portfolio of 40-70 well managed companies, chosen without reference to a benchmark and whose success, profitability, shareholder focus and shareholder returns come from the significant potential of North and South East Asia, India and Australasia (the "region"). It aims to add a degree of capital protection over the full market cycle through hedging market exposure.

The Company invests principally in equity and equity-related securities of companies operating primarily in the region, wherever they may be listed, including exposure to small and mid cap companies. Volatility reduction and offering a degree of capital preservation is achieved through the strategic and tactical use of derivatives as described below.

Investment process – an overview

Key attributes of the investment process are as follows:

- Stock selection is unconstrained and driven by proprietary research and investment conviction
- Focus on stocks for absolute return potential, or stocks with significant alpha generation potential
- Decreases overall volatility and risks associated with investing in the Asian region through the use of derivatives for hedging
- A disciplined and repeatable investment process with strong risk controls

The Company's Portfolio Managers, Robin Parbrook in London and King Fuei Lee in Singapore, seek strong fundamentals and value through the bottom-up analysis of companies that look likely to grow shareholder value in the long term. The Portfolio Managers believe that Asian markets are not efficient, are subject to irrational sentiments and many of the best investment ideas are not well researched or understood by investors. This results in the Company having a bias to small and mid cap stocks.

The Manager's investment idea generation process has a strong valuation discipline and uses a combination of quantitative screens (using valuation, momentum and quality ratios), and analyst stock ideas which tend to result in the Company exhibiting a tilt towards quality and value.

The Portfolio Managers are supported by an experienced team of 39 research analysts, based in Asia, with an average of 16 years of experience. They also have access to the management of Asian companies – with over 2,300 meetings taking place throughout the Asia Pacific ex Japan region (in 2022).

The Portfolio Managers have wide scope in stock selection and are not constrained in terms of the portfolio's exposures by geography or sector. The portfolio is constructed by way of bottom-up stock selection without reference to index weightings. Individual stock positions are sized on an absolute basis around the Portfolio Managers' views on which investments offer the best potential risk adjusted returns and their level of conviction for each company they decide to invest in. By being indifferent to market indices and their constituents, the Company's unconstrained portfolio construction allows for significant participation in sectors and parts of the market in the Asian region that offer attractive growth and investment opportunities. Conversely, the Portfolio Managers are also free to move to more defensive holdings if market conditions prove to be challenging. Considerations around diversification and liquidity provide a risk management overlay to this unconstrained approach to portfolio construction.

The Portfolio Managers may at different junctures identify significant stock level opportunities or attractive entry levels as indicated by prevailing market valuations, and may exercise discretion in capitalising on these opportunities by increasing market exposure through bank borrowing or the use of contracts for difference within limits agreed by the Board.

The Company's strategy also aims to reduce volatility and offer a degree of capital preservation, and this is implemented through the strategic and tactical use of derivatives (principally futures and options on market indices and forward foreign currency contracts) to hedge market risks inherent in the Company's underlying equity holdings. Here the Portfolio Managers use quantitative models and a top-down overlay analysing economic and market trends to assess near and medium term market risks and its resultant impact on the Company's equity holdings, and decide on the level of hedging desired.

If the Portfolio Managers judge markets to be significantly overpriced or are facing material risks of a substantial correction, they may also choose to exit selected equity holdings and go into cash or cash equivalents to provide further downside protection.

Integration of ESG into the investment process

Schroders has been considering ESG issues, and sustainability generally, for over 25 years, as detailed in the timeline below.

Schroders has a team of more than 50[1] dedicated ESG professionals 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 internal compliance and legal teams to ensure voting activities comply with the ESG policy.

[1]As at January 2023

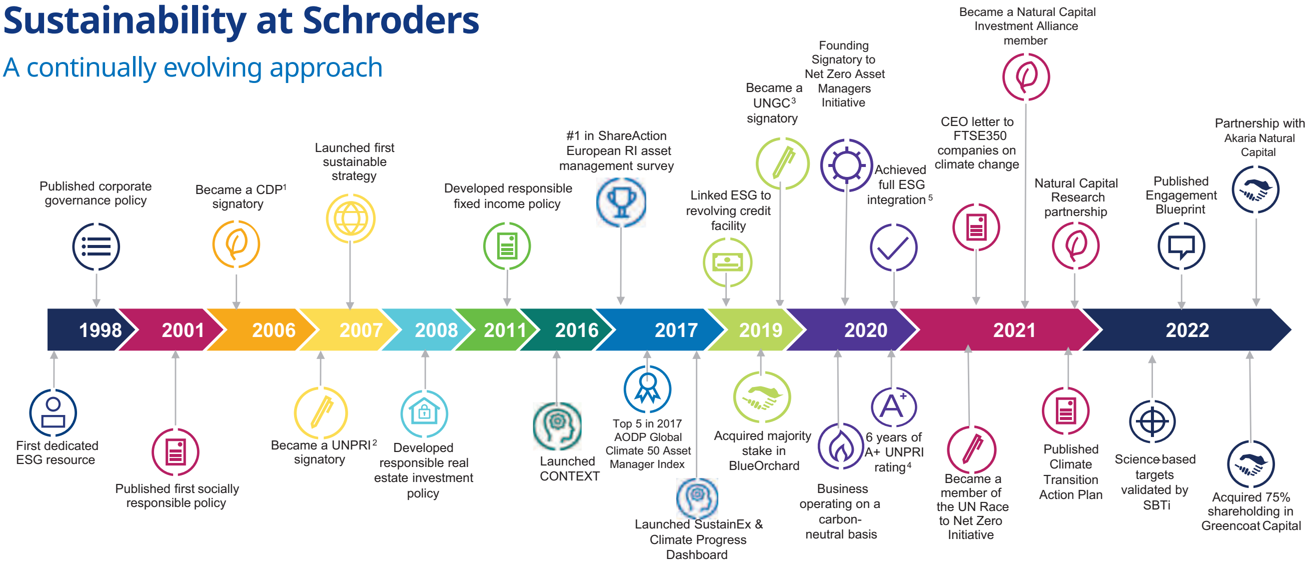
In addition to our global sustainability resources, our Asia-based sustainable investment analysts form a crucial part of our on-the-ground resources to ensure the local investment teams are fully informed of key output from our global sustainable investment team in London. The team is also tasked to bring further insight and perspective to our ESG analysis and engagement alongside the investment team, as well as regular discussion on topical sustainability issues and ESG best practice across the region.

ESG and Sustainability in Asia – the practical reality

Sustainability and ESG analysis in Asia is, in Schroders' view, of greater importance when making investment decisions than perhaps any other region in the world. Firstly, there are risks of poor corporate governance and fraud owing to family and/or state shareholder structures and poor minority investor protection. Secondly, Asia is the biggest greenhouse gas emitter in the world and the region that faces the

Sustainability at Schroders

A continually 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, September 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.

biggest environmental and economic costs of global warming. Finally, environmental degradation and the social costs of industrialisation and malpractice is widespread in Asia.

How does ESG analysis embed itself into the investment process for the Company?

The first section of all Asian research reports covers governance – the management, their background and track record, whether they treated minority shareholders poorly in the past, and if they are credible and professional. The Manager only invests in companies where it is believed management is trustworthy, where interests are aligned and where there is no historic record of misdemeanours. This screens out a significant part of the Asian universe.

In order to capture broader ESG considerations Schroders' Asian Equity analysts are expected to provide additional written ESG analysis for all companies under coverage. For this to be more robust and integrated, our research team has also drawn upon the Schroders CONTEXT framework as outlined in the chart below and adapted it to an Asian version ("Asia Context") using a broader stakeholder-based approach to ESG analysis. The Schroders CONTEXT framework is shown overleaf.

ESG integration – CONTEXT framework

Stakeholder analysis provides insights into managing change

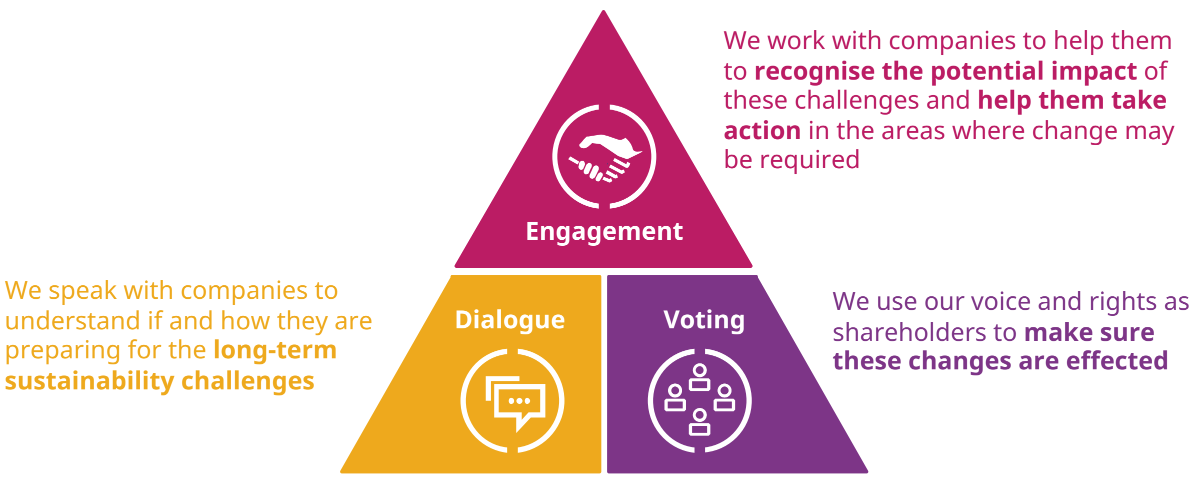
Source: Schroders

Active Ownership at Schroders

Schroders has a long history of engagement and active ownership and we have engaged with companies on ESG related matters for the past two decades. As active investors we have always considered active ownership to be a key channel of influence on management teams so that more sustainable practices are properly considered in managing the companies and assets in which we invest on behalf of our clients. We aim to drive change that we believe should better protect and enhance the value of our clients' investments and we are committed to leveraging our influence as an investor to change how a company operates for the better. These regular engagements form an important aspect of our role as stewards of our clients' capital and allow us to deploy capital in businesses with long-term sustainability of returns and shareholder value creation.

Active ownership

Influencing corporate behaviour and outcomes



Source: Schroders

Schroders

Engagement in practice – Samsung Electronics

The diagram provides an example of our continuous engagement effort on Korea's Samsung Electronics, a core holding in the portfolio for many years. Over the years we have engaged the management team of the company in regular dialogue on a range of sustainability topics including governance, diversity and inclusion and climate change. We are encouraged to see the company taking an increasingly proactive approach in enhancing its shareholder return policies while improving its transparency and disclosure on "E" and "S" related matters.

Coupled with the favourable view that we hold on the structural outlook for the memory/semiconductor sector, we have shifted to an overweight position on Samsung Electronics in recent years. The positive change in corporate governance and increasing transparency around sustainable practices have given us further confidence to hold our positions in the stock even through cyclical downcycles, as we believe the improvements in ESG have set the company on a more sustainable footing and allowed it to remain a key structural beneficiary of the multi-year trends we are seeing in technology in general (cloud, 5G, digitisation, AI, etc.).

Engaging across our priority engagement themes

Samsung Electronics

Date	Themes	Format	Objectives	Outcomes
Aug 2019	Diversity and Inclusion	Email **IR**	Encourage improvement on gender diversity.	Company committed to improving culture and launched initiatives for female employees.
Aug 2020	Corporate Governance	Email **IR**	Improve transparency on political lobbying.	Communicated expectations on transparency and alignment.
Mar 2021		1x1 call **IR**	Re-election of 3 directors in light of adverse ISS recommendations.	Company recognised that investor trust needs to be earned and it is something they will work on.
Oct 2022	Climate Change	1x1 call **IR**	Communicate climate expectations.	Company has set Scope 1 and 2 emission targets and working to develop Scope 3 visibility.
	Diversity and Inclusion	1x1 call **IR**	Improve board diversity.	Company recognised the need for more global presence on the board. That said, the Company also highlighted potential concerns about the local rules on the maximum number of directorships each director can have, which may cause proxy voting agencies (ISS / GL) to oppose to their choice of potential candidates due to possible overboarding.
Nov 2022	Corporate Governance	Email **CEO**	Raise concerns on ROE cash drag.	Communicated our analysis and concerns on valuation.

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

Source: Schroders, as at January 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.

In summary, the Manager looks for companies with sustainable business models that are doing the right thing for broader stakeholders in order to generate the best performance for the Company.

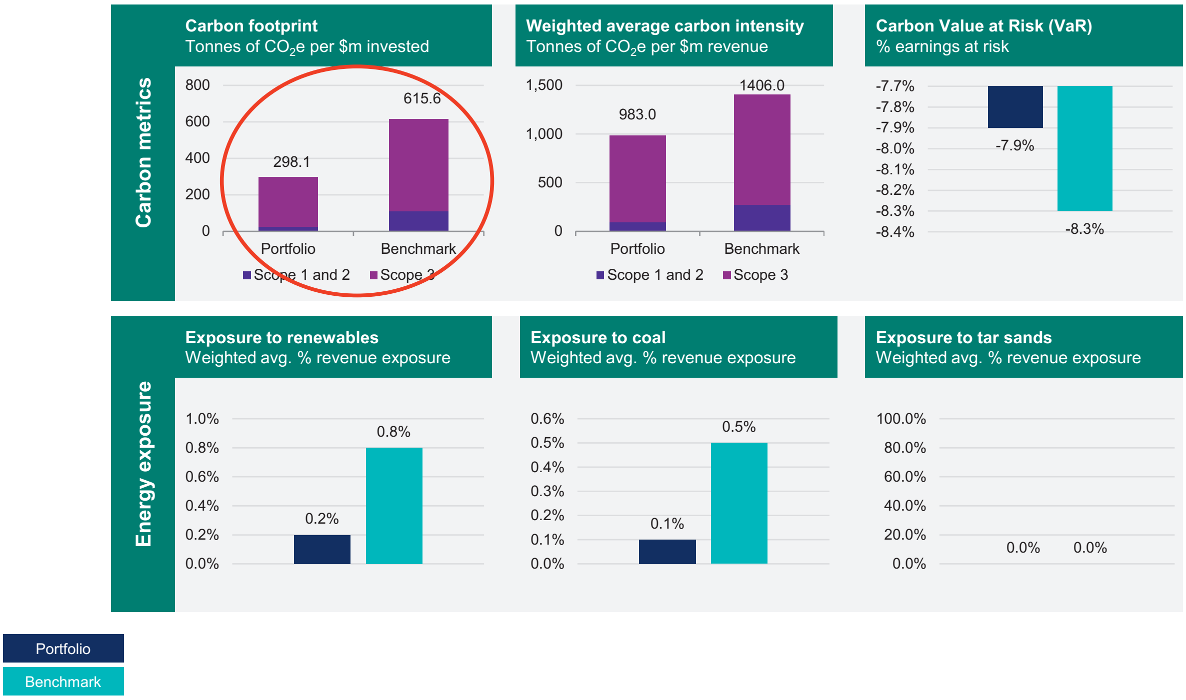
What is the practical reality of all the Manager's ESG work? The table below shows the current positioning of the Company in sectors generally considered "sensitive". The Manager does not invest in companies where their principal activity is tobacco, coal, oil & gas, thermal utilities, or agribusiness. All of these are sectors where we would question the long-term sustainability of the business models due to environmental and social factors. The Company does have exposure to gaming companies and the resource sector, but the exposure is limited to those stocks in well regulated markets where we are confident of best practice. Exposure in both industries is unlikely to exceed 10% of the Company's assets respectively.

ESG and Sustainability in Action – the practical reality for the Company

Sector	Reasons for Caution	Our Approach	Approx. Company Exposure
Agribusiness	Environmental, Social, Governance, (low barriers of entry, widespread questionable practices)	Avoid	0%
Tobacco	Social, Governance	Avoid	0%
Gaming	Social, Governance	Limited exposure to best-in-class players in well-regulated markets (such as Macau and Australia)	3.0% (2 stocks)
Utilities	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 (if such a thing exists?)	0%
Auto	Environmental (regulations against the sector – too much hot money in EVs and multiple players will mean poor returns for all)	Avoid OEMs, minimise exposure to supply chains	0%
Resources	Environmental, Social, Governance (questionable practices such as bribery and poor environmental and safety controls widespread in Asia ex Australia)	Avoid except for Australia blue chips, with minimal coal exposure	4.5% (2 stocks)
Oil and Gas	Environmental, Governance (regulations, unfavourable taxes, mostly state-owned)	Limited exposure to best-in-class companies ideally with an LNG/gas focus	0%
Property	Environmental, Social, Governance (bribery issues, flooding, land clearance compensation)	Exposure principally to Hong Kong and Singapore where there are better practices and cities that "work". Outside HK/SG, only invest in management teams we 100% trust (this is a small number of companies)	3.4% (2 stocks)

Source: Schroders, as at end of December 2022. For illustrative purposes only and should not be viewed as a recommendation to buy or sell.

The last table below has a calculation of the portfolio's investee companies' carbon footprint versus the Reference Index. Whilst data for these calculations can be open to interpretation, given the difficulties of measuring scope 2 emissions, the Company appears to have a very low carbon footprint versus the Reference Index. On current calculations the Company's investee companies' carbon footprint on Scope 1, 2 and 3 emissions is less than half of the Reference Index levels.



Source: MSCI as at 30 December 2022. Total carbon emissions, carbon footprint and Weighted Average Carbon Intensity (WACI) use calculation methodologies in-line with TCFD recommendations and prescribed by SFDR Principle Adverse Impacts. Schroders as at 30 December 2022. Carbon VaR is a proprietary methodology that measures the impact of a carbon price of $100/tonne on companies' earnings, modelling the impacts of higher supply chain and operating costs, assuming higher prices and consequently lower demand in each sector.
Fossil fuel exposures calculated based on company revenue derived from coal extraction, tar sands (oil extraction), and/or renewables activities. Benchmark data MSCI AC Asia Pacific ex JP (GBP).

Investment restrictions and spread of risk

In accordance with its investment objective, the Company invests in a diversified portfolio with the aim of spreading investment risk, which is monitored by the Board and the Manager.

The key restrictions imposed on the Manager are that:

(a) no more than 15% of the Company's total net assets, at the date of acquisition, may be invested in any one single company or group of companies;

(b) subject to the approval of the Board, the Company may invest in collective vehicles. If it was to do so, however, no more than 10% of the Company's total net assets, at the date of acquisition, may be invested in UK listed closed-ended investment companies unless such companies have a stated investment policy not to invest more than 15% of their gross assets in other UK listed closed-ended investment companies;

(c) the Company will not invest more than 15% of its gross assets in UK listed closed-ended investment companies;

(d) no more than 50% of the Company's total net assets may be invested in equities listed on a single stock exchange; and

(e) the Manager will not invest in unlisted equities other than with the approval of the Board or when entitlements are received or immediately prior to a listing.

The Investment Portfolio on pages 40 and 41 demonstrates that, as at 31 December 2022, the Company held 62 investments spread over a range of industry sectors. The largest investment, Taiwan Semiconductor Manufacturing Company, represented 7.7% of total investments. The Board therefore believes that the objective of spreading investment risk has been achieved.

Promotion

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 Company 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, as well as their advisers.

During the restrictions related to the COVID pandemic, the Manager also used virtual meetings, telephone calls and webinars to engage with shareholders. In normal times these activities consist of investor lunches, one-on-one meetings, regional road shows and attendance at conferences for professional investors. 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. The Board also seeks active engagement with investors, and meetings with the Chairman are offered to investors when appropriate.

Shareholders are encouraged to sign up to the Manager's Investment Trusts update, to receive information on the Company directly https://www.schroders.com/en-gb/uk/individual/never-miss-an-update/.

Details of the Board's approach to discount/premium management and share issuance may be found in the Chairman's Statement on page 4 and in the Annual General Meeting – Recommendations on page 96.

Key Performance Indicators

The Board reviews performance, using a number of key measures, to monitor and assess the Company's success in achieving its objective. Further comment on performance can be found in the Chairman's statement. The following KPIs are used:

- NAV performance;
- Share price discount/premium management; and
- Ongoing charges ratio.

Some KPIs are Alternative Performance Measures ("APMs").

Further details can be found on page 2 and definitions of these terms on pages 100 and 101.

Corporate and Social Responsibility

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.

Diversity

As at 31 December 2022, the Board comprised two men and two women. Following the appointment of Mr Judd as a Director on 1 February 2023, the Board comprised three men and two women. The Board has adopted a diversity and inclusion policy which seeks to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Board recognises that its debates and decision-making are greatly enriched by a wider range of perspectives and thinking. The Board will encourage any recruitment agencies it engages to find a range of candidates that meet the objective criteria agreed for each appointment. Appointments will always be based on merit alone. 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 specific criteria of the role.

Financial crime policy

The Company continues to be committed to carrying out its business fairly, honestly and openly and 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.

Modern Slavery Act 2015

As an investment trust, the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Greenhouse Gas Emissions and Streamlined Energy and Carbon Report ("SECR")

All of the Company's activities are outsourced to third parties. Therefore, as an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reason, the Company considers itself to be a low energy user under the SECR regulations and is not required to disclose energy and carbon information.

Responsible investment

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

The Company voted all of its proxy votes in line with the Manager's corporate governance policy. This covered 614 resolutions, of which the Company voted against management recommendations or abstained on 8.14%. Voting instructions are considered on a case by case basis and are a result of continued engagement with the Company's holdings. Where the Manager believes the interests of minority shareholders are not adequately protected, they may look to vote against a variety of issues. These can range from a lack of independence or diversity on boards, pay packages which are not aligned with performance and capital issuance requests which are not in minority shareholder interests.

In addition to the description of the Manager's integration of ESG into the investment process earlier in this Strategic Report and the details in the Portfolio Managers' Review, a description of the Portfolio Managers' policy on these matters can be found on the Schroders website at https://www.schroders.com/en/sustainability/making-an-impact-through-sustainability/.

The Board notes that Schroders believes that companies with good ESG management can deliver superior returns over time. Engaging with companies to understand how they approach ESG management is an integral part of the investment process. Schroders is compliant with the UK Stewardship Code and its compliance with the principles therein is reported on its website. Schroders became a signatory to the UN Principles for Responsible Investment ("PRI") on 29 October 2007, although it has been considering ESG and sustainable investment since 2000. After a delay in the PRI reporting cycle, Schroders has now received its 2021 scores, reflecting its activity during 2020. The 2021 reporting cycle introduced a new reporting and assessment framework. Schroders has received scores of 4 and 5 stars across all of the modules in the new reporting structure; which ranges from 1-5 stars (5 being the top score).

The Board receives reporting from the Portfolio Managers on the application of its policy.

Duty to promote the success of the Company: Section 172 of the Companies Act 2006

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 and the Portfolio Managers, other service providers, investee companies and the Company's lender. The table below explains how the Directors have engaged with all stakeholders during the year and outlines the key activities undertaken. The key decisions made by the Board during the year are set out following the table.

Stakeholder	Why are they important	Board Engagement
Shareholders	The interests of the Company's shareholders and potential investors together with the need to act fairly between shareholders are of paramount importance to the Board. Continued shareholder support is critical to the existence of the Company. The Board is focused on fostering good working relationships with shareholders and on understanding the views of shareholders. Therefore, the Board recognises the importance of engaging with shareholders on a regular basis in order to maintain a high level of transparency and accountability.	The AGM is the key forum for the Board and Portfolio Managers to present to shareholders on the Company's performance, future plans and prospects. It also allows shareholders the opportunity to meet with the Board and Portfolio Managers and raise questions and concerns. The Chairman and Directors are available to meet with shareholders throughout the year via the Company Secretary or Corporate Broker and also independently of the Manager. During the year the Chairman and Directors met with some of the Company's larger shareholders. Shareholders may also communicate with members of the Board at any time by writing to them at the Company's registered office. These communication opportunities help the Board to understand shareholder views and inform the decision making process especially when considering how best to promote the success of the Company for the benefit of all stakeholders over the long term. The Board receives regular reports from the Portfolio Managers and broker on shareholder engagement, and the Portfolio Managers maintain regular and open dialogue with shareholders. The Manager also has a dedicated client services team which maintains regular contact with the Company's shareholders and reports regularly to the Board. The Company maintains a website from which copies of the annual and half year reports along with factsheets and other relevant materials are available.
Manager and Portfolio Managers	The Board's main working relationship is with the Manager, who is responsible for the Company's portfolio management (including asset allocation, stock and sector selection) and risk management, as well as functions such as secretarial, accounting and marketing services. The Manager has subdelegated portfolio management to the Portfolio Managers. The Management Engagement Committee reviews the performance of the Manager and Portfolio Managers, their remuneration and the discharge of their contractual obligations at least annually.	The Board maintains a constructive and collaborative relationship with the Manager and Portfolio Managers, 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 Portfolio Managers' Review on pages 6 to 39.

Stakeholder	Why are they important	Board Engagement
Other service providers, including: – depositary and custodian – registrar – Corporate Broker – legal counsel – third-party research provider	The Board relies on a diverse range of advisors for support in meeting relevant obligations and safeguarding the Company's assets. The need to foster good business relationships with key service providers is central to the Directors' decision-making as the Board of an externally managed investment trust. The Board maintains regular contact with its key service providers, both at the Board and committee meetings, and through ad hoc communication during the year.	During the year, 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. Directors attended a meeting during the year to assess the internal controls of certain service providers including the Company's Depositary and Custodian HSBC, the registrar, EQ 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 to regulation and market practice in the industry.
Investee companies	Portfolio holdings are ultimately shareholders' assets and the Board recognises the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy.	The Portfolio Management team conducts face-to-face and/or virtual meetings with the management teams of all investee companies to understand current trading and prospects for their businesses, and to ensure that their ESG investment principles and approach are understood. The Portfolio Managers have discretionary powers to exercise the Company's voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Portfolio Managers report to the Board on stewardship (including voting) issues and the Board will question the rationale for voting decisions made. By engagement and exercising voting rights, the Portfolio Managers actively work with companies to improve corporate standards, transparency and accountability.
The Company's Lenders	During the year under review, the revolving credit facility agreement with The Bank of Nova Scotia, London Branch was amended and restated pursuant to an agreement dated 5 July 2022. The credit facility provides the option for the Portfolio Managers to leverage the portfolio, with the aim of enhancing long term returns to shareholders as opportunities arise.	The Company's debt is subject to contractual terms and restrictions and the Board is responsible for ensuring that the Company adheres to all such covenants. The Company has procedures in place to report regularly to its lender on compliance with debt terms.

During the year, the Board took a number of key decisions which fall under the Section 172 scope set out above:

- The Board declared a final dividend of 11.00p per Ordinary share (2021: 8.50p) which, if approved by shareholders at the Annual General Meeting, will be paid on 11 May 2023.
- The Board has continued to consider Board succession planning and appointed Jasper Judd as a new non-executive Director on 1 February 2023. Mr Judd will also succeed Mr Holt as Chair of the Audit and Risk Committee when Mr Holt steps down from the Board at the Company's AGM in April 2023.
- To implement the Board's discount control policy to target a discount to NAV of no more than 5% in normal market conditions.
- To maintain the Company's disciplined gearing framework, based on a number of valuation indicators to increase market exposure, which should, over the longer term, enhance returns to shareholders. In addition to borrowing under the revolving credit facility provided by The Bank of Nova Scotia, London Branch, as amended and restated in July 2022, the Company will also use derivative hedging instruments.
- Following the lifting of COVID travel restrictions in some countries during 2022, the Board resumed its annual visit, together with the Portfolio Managers, to the region and visited Singapore and Vietnam to undertake due diligence meetings with key personnel from the Manager, consultants and investee companies.

Principal and emerging risks and uncertainties

The Board, through its delegation to the Audit and Risk Committee, is responsible for the Company's system of risk management and internal controls 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. Both the principal risks and uncertainties and the monitoring system are also subject to regular, robust review. The last review took place in March 2023. Following this review, the Board added geopolitical and political risk and ESG and climate change risk to the list of principal risks.

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 received updates from the Portfolio Managers, Company Secretary and other service providers on emerging risks that could affect the Company. The Board was mindful of the following emerging risks during the year: an escalation or expansion of the conflict in Ukraine; heightened tensions in the US-China relationship, especially relating to Taiwan and to potential further US and European sanctions; and the continuing risk of a global recession.

Risk and Mitigation and management

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.

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.

Risk	Mitigation and management
Geopolitical and political Geopolitical risk results from threats to normal relationships between countries or regions that create uncertainty and disruption to economies and financial markets. This includes regional tensions, trade wars, economic sanctions and conflict. Currency rates and borrowings drawn down by the Company, as well as markets generally, may be affected by geopolitical developments and stockmarket volatility or illiquidity arising from geopolitical developments could adversely affect valuations. Changes to public policy in the US, UK, or in the Asia Pacific region, could also impact the Company in the future.	The Board recognises that the potential for mitigation is likely to be limited. However, geopolitical and political risk is closely monitored and considered by the Board and Manager. At each Board meeting the Manager reports on geopolitical and political challenges including military and diplomatic events and changes to legislation. These factors are also evaluated and assessed as part of stock selection, asset allocation and the regular assessment of the portfolio. The Manager also remains in close communication with investee companies throughout the year in respect of these factors. In conjunction with the Manager, the Board continues to assess the potential consequences of geopolitical and political risk for the Company's future activities.
Strategic 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 remit is periodically reviewed and the success of the Company in meeting its stated objectives is monitored. The share price relative to NAV per share is monitored and the use of buy back authorities is considered on a regular basis. The marketing and distribution activity is actively reviewed. Proactive engagement with shareholders.
The Company's cost base could become uncompetitive, particularly in light of open ended alternatives.	The ongoing competitiveness of all service provider fees is subject to periodic benchmarking against their competitors. Annual consideration of management fee levels.

Risk	Mitigation and management
Investment management The Manager's investment strategy, 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.	Review of: the Manager's compliance with its agreed investment restrictions, investment performance and risk against investment objectives and strategy; relative performance; the portfolio's risk profile; and whether appropriate strategies are employed to mitigate any negative impact of substantial changes in markets. Annual review of the ongoing suitability of the Manager is undertaken.
Financial and currency The Company is exposed to the effect of market and currency fluctuations due to the nature of its business. A significant fall in regional equity markets or substantial currency fluctuation could have an adverse impact on the market value of the Company's underlying investments.	The risk profile of the portfolio and appropriate strategies to mitigate any negative impact of substantial changes in markets are discussed with the Manager. The derivative strategy employed by the Manager is subject to review by the Board. The Board considers the overall hedging policy on a regular basis. The Company's operating expenses comprise predominantly variable costs, which would fall pro-rata in the event of a market downturn.
Custody Safe custody of the Company's assets may be compromised through control failures by the depositary.	The depositary reports on safe custody of the Company's assets, including cash, and portfolio holdings are independently reconciled with the Manager's records. Review of audited internal controls reports covering custodial arrangements. An annual report from the depositary on its activities, including matters arising from custody operations is received.
Gearing and leverage The Company utilises credit facilities. These arrangements increase the funds available for investment through borrowing. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental to performance.	Gearing is monitored and strict restrictions on borrowings imposed: gearing continues to operate within pre-agreed limits so as not to exceed 30% of net asset value. The Board oversees the Manager's use of derivatives.
Accounting, legal and regulatory In order to continue to qualify as an investment trust, the Company must comply with the requirements of Section 1158 of the Corporation Tax Act 2010. Breaches of the UK Listing Rules, the Companies Act or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes.	Service providers give regular confirmation of compliance with relevant laws and regulations. Shareholder documents and announcements, including the Company's published annual report, are subject to stringent review processes. Procedures established to safeguard against disclosure of inside information.

Strategic Report

Risk	Mitigation and management
Service provider The Company has no employees and has delegated certain functions to a number of service providers, principally the Manager, depositary and registrar. Failure of controls, 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 clearly documented contractual arrangements detailing service expectations. Regular reports are provided by key service providers and the quality of their services is monitored. The Directors also receive presentations from the Manager, depositary and custodian, and the registrar on an annual basis. Review of annual audited internal controls reports from key service providers, including confirmation of business continuity arrangements and IT controls, and follow up of remedial actions as required.
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 or disrupt operations.	Service providers report on cyber risk mitigation and management at least annually, which includes confirmation of business continuity capability in the event of a cyber attack. In addition, the Board received presentations from the Manager, depositary and custodian, and the registrar on cyber risk.
ESG and climate change The failure of the Manager to identify ESG issues, including the impact of climate change, could impact shareholder returns due to valuation issues in investee companies and the Company's shares becoming less attractive to investors.	The Manager's strong ESG policies, including those relating to climate change, which have been adopted by the Company, are fully integrated into the investment process, as set out in the Strategic Report. Investments are valued at fair value and reflect market participants' views of ESG and climate change risk on the Company's portfolio investments. The Manager regularly reports to the Board on ESG and climate change matters, including engagement with investee companies. Any investor feedback is also taken into consideration by the Board.

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.

A full analysis of the financial risks facing the Company is set out in note 22 to the accounts on pages 90 to 95.

Viability statement

The Directors have assessed the viability of the Company over the five year period ending 31 December 2027, taking into account the Company's position at 31 December 2022 and the potential impact of the principal and emerging risks and uncertainties it faces for the review period. This is further detailed in the Chairman's Statement, Portfolio Managers' Review and principal and emerging risks and uncertainties sections of this report. 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.

The Board believes that a period of five years 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. In its assessment of the viability of the Company, the Directors have considered each of the Company's principal and emerging risks and uncertainties detailed on pages 52 to 54 and in particular the impact of a significant fall in regional equity markets on the value of the Company's investment portfolio.

In preparing these financial statements the Directors have considered the impact of the Company's emerging risks as set out on page 52, and have concluded that there was no further impact to be taken into account as investments are valued based on market pricing. In line with FRS102 investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the statement of financial position date and therefore reflect market participants' views of emerging risks on the investments held.

The Directors 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.

The Directors reviewed a stress test in which the Company's NAV dropped by 50% and noted that, based on the assumptions in the test, the Company would continue to be viable over a five year period.

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. Based on the Company's processes for monitoring operating costs, the Board's view that the Manager has the appropriate depth and quality of resource to achieve superior returns in the longer term, the portfolio risk profile, limits imposed on gearing, counterparty exposure, liquidity risk and financial controls, 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 and emerging risks and uncertainties (including whether there are any emerging risks) and the matters referred to in the viability statement. The Directors noted the Company's portfolio is comprised of liquid stocks, and the Company's operating expenses are predominantly variable costs, which would fall pro-rata in the event of a severe market downturn. Based on the work the Directors have performed, they 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 31 March 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

15 March 2023

Board of Directors

Sarah MacAulay

Status: Independent non-executive Chairman

Length of service: 5 years – appointed a Director in March 2018 and as Chairman from 19 May 2020
Experience: Ms MacAulay has over twenty years of Asian fund management experience based in both London and Hong Kong, managing unit trusts and institutional assets. She was formerly a Director of Baring Asset Management (Asia) Ltd in Hong Kong, Asian Investment Manager at Kleinwort Benson Investment Management and Eagle Star in London. She is currently Chairman of JPMorgan Multi-Asset Growth and Income plc and a non-executive Director of Fidelity Japan Trust plc and abrdn China Investment Company Ltd.
Committee membership: audit and risk, management engagement (Chairman) and nomination committees (Chairman)
Current remuneration: £45,000 per annum
Number of shares held: 53,975*

Andrew Cainey

Status: Independent non-executive Director

Length of service: 4 years – appointed a Director on 7 March 2019
Experience: Mr Cainey is an experienced business consultant, policy adviser, speaker and writer. He is a Senior Associate Fellow of The Royal United Services Institute, a Director of the UK National Committee on China and a Senior Advisor of Lumen Capital Investors. He previously held roles with the Boston Consulting Group, Booz & Company and Tony Blair Associates. During the course of his career he spent over 15 years in Asia, including China, Korea and Singapore.
Committee membership: audit and risk, management engagement and nomination committees
Current remuneration: £35,000 per annum
Number of shares held: 26,753*

Board of Directors

Caroline Hitch

Status: Senior Independent non-executive Director

Length of service: 8 years – appointed a Director in February 2015 and Senior Independent Director in May 2018
Experience: Ms Hitch has worked in the financial services industry since the early 1980s, mostly with the HSBC group. Her experience includes Head of Wealth Portfolio Management at HSBC Global Asset Management (UK) Ltd. with investment management responsibility for their flagship multi asset retail funds. Prior roles took her to various locations including Hong Kong. Ms Hitch is a non-executive Director of abrdn Equity Income Trust plc and Chair of CQS New City High Yield Fund Ltd.
Committee membership: audit and risk, management engagement and nomination committees
Current remuneration: £35,000 per annum
Number of shares held: 10,000*.

Mike Holt

Status: Independent non-executive Director and Chairman of the audit and risk committee

Length of service: 8 years – appointed a Director in July 2014 and Chair of the audit and risk committee in October 2014. Mr Holt is due to step down from the Board at the AGM.
Experience: Mr Holt was CFO of Low & Bonar PLC, an international performance materials group, from 2010 until 2017 and was Group Finance Director of Vp plc from 2004 to 2010. Prior to 2004, he held a number of senior financial positions with Rolls-Royce Group plc in the UK, the USA and Hong Kong. He is a Fellow of The Institute of Chartered Accountants in England & Wales and an associate member of The Association of Corporate Treasurers. Mr Holt is Executive Chairman of Real Good Food plc, an AIM listed food manufacturer.
Committee membership: audit and risk (Chairman), management engagement and nomination committees
Current remuneration: £40,000 per annum
Number of shares held: 10,000*

Jasper Judd

Status: Independent non-executive Director and Chairman of the audit and risk committee designate

Length of service: appointed a Director in February 2023
Experience: Mr Judd held a number of senior finance and strategy roles, including Global Head of Strategy at Brambles Limited, a listed Australian multi-national. He is an Associate of The Institute of Chartered Accountants in England & Wales. Mr Judd is also the Audit and Risk Committee Chairman of JPMorgan Indian Investment Trust PLC, Audit Committee Chair of Brown Advisory US Smaller Companies PLC and Audit Committee Chairman of Dunedin Income Growth Investment Trust PLC.
Committee membership: audit and risk (Chairman designate), management engagement and nomination committees
Current remuneration: £35,000 per annum, rising to £40,000 per annum on appointment as Chairman of the audit and risk committee.
Number of shares held: Nil*

*Shareholdings are as at 15 March 2023, full details of Directors' shareholdings are set out in the Remuneration Report on page 68.

Directors' Report

The Directors submit their report and the audited financial statements of the Company for the year ended 31 December 2022.

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 56. She has no conflicting relationships.

Senior Independent Director ("SID")

Caroline Hitch is the Board's SID and has held the position since May 2018. She acts as a sounding board for the Chairman, meets with major shareholders as appropriate, provides a channel for any shareholder concerns regarding the Chairman and takes the lead in the annual evaluation of the Chairman by the independent directors.

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, or by email to: amcompanysecretary@schroders.com.

Role and operation of the Board

The Board (of five Directors, listed on pages 56 and 57) is the Company's governing body; it sets the Company's strategy and is collectively responsible to shareholders for the Company's long-term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers 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 Strategic Report on pages 42 to 55 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 premium or discount of the Company's shares to NAV per share and 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.

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 UK Alternative Investment Fund Managers ("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 six 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. 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, accounting, administration and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited ("SIM"). The Company Secretary has an independent reporting line to the Manager and distribution function within Schroders. The Manager has in place appropriate professional indemnity cover.

The Schroders Group managed £737.5 billion (as at 31 December 2022) 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.

Under the terms of the AIFM agreement, the Manager is entitled to a fee at a rate of 0.65% of gross assets less cash and cash equivalents.

A performance fee is payable amounting to 10% of any outperformance of the NAV over an annual hurdle of 7%, provided that the closing NAV per share exceeds the "high water mark" NAV at the date the last performance fee was paid. The sum of the base fee and any performance fee payable is capped at 1.25% of the closing net assets.

In addition, the Manager may only be paid a performance fee when the Company's NAV total return is equal or greater to the total return of the Reference Index.

If the Company invests in funds managed or advised by the Manager, any fees earned by the Manager from those investments are rebated to the Company.

The management fee payable in respect of the year ended 31 December 2022 amounted to £3,236,000 (2021: £3,653,000). No performance fee is payable for the year (2021: £133,000). The Manager is also entitled to a fee for providing administrative, accounting and company secretarial services to the Company. For these services in the year ended 31 December 2022, the Manager received a fee of £75,000 (2021: £75,000).

Details of all amounts payable to the Manager are set out in note 4 to the accounts on page 82.

Depositary

HSBC Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority, carries out certain duties of a depositary specified in the UK AIFM Directive including, in relation to the Company:

- safekeeping of the assets of the Company which are entrusted to it;
- cash monitoring and verifying the Company's cash flows; and
- oversight of the Company and the Manager.

The Company, the Manager and the depositary may terminate the depositary agreement at any time by giving 90 days' notice in writing. The depositary may only be removed from office when a new depositary is appointed by the Company.

Compliance

The Company is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment trust.

The Financial Conduct Authority requires all UK listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 (the "UK Code") issued by the Financial Reporting Council ("FRC"). The UK Code is available on the FRC's website: www.frc.org.uk.

The Company is a member of the AIC, which has published its own Code of Corporate Governance to recognise the special circumstances of investment trusts (www.theaic.co.uk) as endorsed by the FRC. The Board has considered the principles and provisions of the AIC Code of Corporate Governance 2019 (the "AIC Code"), which addresses those set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company as an investment trust.

The AIC Code also includes an explanation of how the principles and provisions set out in the UK Code are adapted to make them relevant for investment companies.

The Board considers that reporting against the principles and provisions of the AIC Code provides more relevant information to shareholders.

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the UK Code and the principles and provisions of the AIC Code except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration;
- the need for an internal audit function;
- the Chairman of the Board not being a member of the audit committee; and
- the requirement to establish a remuneration committee.

The Board considers that these provisions, except for the requirement to establish a remuneration committee, are not relevant to the Company, as an externally managed investment company. Furthermore, all of the Company's day to day management and administrative functions are outsourced to third parties and the Company has no executive directors, employees or internal operations. The Company has not therefore reported further in respect of these provisions.

The Nomination Committee fulfils the function of the Remuneration Committee and considers any change in the Directors' remuneration policy. A separate Committee has not therefore been established. As permitted under the AIC Code, the Chairman is a member of the audit and risk committee. An explanation as to why this is considered appropriate is set out in the Audit and Risk Committee Report on page 61.

Revenue, final dividend and dividend policy

The net revenue return for the year, after finance costs and taxation, was £13,466,000 (2021: £9,809,000), equivalent to a revenue return per ordinary share of 12.47 pence (2021: 9.25 pence).

The Board has recommended the payment of a final dividend for the year ended 31 December 2022 of 11.00 pence per share (2021: 8.50 pence) payable on 11 May 2023 to shareholders on the register on 11 April 2023, subject to approval by shareholders at the AGM on 25 April 2023. The ex-dividend date is 6 April 2023.

The Board's policy is to pay out substantially all the Company's normal revenue.

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, are outlined in the following pages.

The reports of the audit and risk committee, management engagement committee and nomination committee are incorporated into and form part of the Directors' Report.

Directors' Report

Other required Directors' Report disclosures under laws, regulations, and the AIC Code

Status

The Company carries on business as an investment trust. Its shares are listed and admitted to trading on the premium segment of the main market of the London Stock Exchange. It has been approved by HM Revenue & Customs as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010, by way of a one-off application and 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 domiciled in the UK and is an investment company within the meaning of section 833 of the Companies Act 2006. The Company is not a "close" company for taxation purposes.

It is not intended that the Company should have a limited life but the Directors consider it desirable that the shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the articles of association contain provisions requiring the Directors to put a proposal for the continuation of the Company to shareholders at three yearly intervals. The next continuation vote is due to be proposed at the AGM in 2025.

Share capital and substantial share interests

As at 15 March 2023, the Company had 109,114,651 ordinary shares of 5p in issue, of which 4,983,361 ordinary shares were held in treasury. Accordingly, the total number of voting rights in the Company at 15 March 2023 is 104,131,290. Details of changes to the Company's share capital during the year under review are given in note 14 to the accounts on page 87. All shares in issue rank equally with respect to voting, dividends and any distribution on winding up.

The Board noted that the Company's shareholders appreciated the Board's discount and premium management control. The Board agreed to request renewal of the authorities to issue and buyback shares as described on page 96.

As at 31 December 2022, the Company had received notifications in accordance with the FCA's Disclosure Guidance and Transparency Rule 5.1.2R of the below interests in 3% or more of the voting rights attaching to the Company's issued share capital.

	Ordinary shares held as at 31 December 2022	% of total voting rights
Evelyn Partners[1]	10,264,905	10.06
Quilter PLC	9,994,906	9.99
Charles Stanley Group plc	5,857,502	5.85
Rathbone Investment Management Limited	5,237,955	4.97
Investec Wealth & Investment Limited	5,175,555	4.91
F&C Asset Management plc	3,547,705	4.28

[1]Notification made in the previous name of Tilney Smith & Williamson.

Following the year end and at the date of this report, Investec Wealth & Investment Limited notified the Company that its holding of 5,291,724 represented 5.04% of the Company's total voting rights and Rathbone Investment Management Ltd advised that its holding of 5,248,372 shares represented 4.99% of the Company's total voting rights.

Provision of information to the auditor

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 auditor is 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 auditor is 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.

Director	Board	Audit and Risk Committee	Management Engagement Committee	Nomination Committee
Sarah MacAulay	4/4	2/2	1/1	2/2
Andrew Cainey	4/4	2/2	1/1	2/2
Caroline Hitch	4/4	2/2	1/1	2/2
Mike Holt	4/4	2/2	1/1	2/2

Mr Judd has not been included in the above table as he was appointed as a Director on 1 February 2023, after the year end.

Directors' and officers' liability insurance and indemnities

Directors' and officers' liability insurance cover was in place for the Directors throughout the year. The Company's articles of association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the court. This is a qualifying third party indemnity policy and was in place throughout the year under review for each Director and to the date of this report.

By order of the Board

Schroder Investment Management Limited
Company Secretary

15 March 2023

Audit and Risk Committee Report

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 available on the Company's webpages, www.schroders.co.uk/satric.

All Directors are members of the committee. Mike Holt is the Chairman of the committee and will be succeeded by Jasper Judd following the AGM on 25 April 2023 when Mike Holt will step down from the Board. The AIC Code permits the Chairman of the Board to be a member of the audit committee of an investment trust. As the Board consisted, until 1 February 2023, of only four members and will revert to four members following the AGM on 25 April 2023, recognising Sarah MacAulay's significant experience, it is considered appropriate for the Chairman to be a member of the audit and risk 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.

Ongoing risk review

Half year report → Audit planning → Audit → Annual report → Post-audit review

Approach

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

Risks and Internal Controls	Financial Reports and Valuation	Audit
Principal and emerging risks and uncertainties To establish a process for identifying, assessing, managing and monitoring the principal and emerging risks of the Company and to explain how these are managed or mitigated. The committee is responsible for reviewing the adequacy and effectiveness of the Company's internal controls and the whistleblowing procedures operated by the AIFM and other services providers.	**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 also review the half year report. **Going concern and viability** 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 committee is also responsible for reviewing the disclosures made by the Company in the viability statement.	**Audit results** To discuss any matters arising from the audit and recommendations made by the auditor. **Auditor appointment, independence and performance** To make recommendations to the Board, in relation to the appointment, reappointment, effectiveness and removal of the external auditor, to review their independence, and to approve their remuneration and terms of engagement. Reviewing and agreeing the audit plan and engagement letter.

The below table sets out how the committee discharged its duties during the year and up until the approval of this report. The committee met twice during the year.

Further details on attendance can be found on page 60. An evaluation of the committee's effectiveness and a review of its terms of reference was completed during the year. The evaluation found that the committee functioned well, with the right balance of membership, skills and experience.

Application during the year

Risk Management and Internal Controls	Financial Reports and Valuation	Audit
Principal and emerging risks and uncertainties The principal and emerging risks and uncertainties faced by the Company together with the systems, processes and oversight in place to identify, manage and mitigate them were reviewed. **Service provider controls** The operational controls maintained by the Manager, administrator, depositary and registrar were reviewed.	**Recognition of investment income** Considered dividends received against forecast and the allocation of special dividends to income or capital.	**Meetings with the auditor** The auditor attended meetings of the committee to present their audit plan and the findings of the audit. The committee met the auditor without representatives of the Manager present. **Effectiveness of the independent audit process and auditor performance** The effectiveness of the independent audit firm and audit process was evaluated prior to making a recommendation to the Board that the auditor should be re-appointed at the forthcoming AGM. Evaluated the auditor's performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards. Overall competence was also considered, alongside feedback from the Manager on the audit process. The committee noted the auditor had demonstrated its professional scepticism during the audit. The committee was satisfied with the auditor's replies.

Audit and Risk Committee Report

Application during the year		
Risks and Internal Controls	**Financial Reports and Valuation**	**Audit**
Internal controls and risk management Consideration of several key aspects of internal control and risk management operating within the Manager, depositary and registrar, including assurance reports and presentations on these controls.	**Calculation of the investment management and performance fees** Consideration of methodology used to calculate the fees, matched against the criteria set out in the AIFM agreement. **Allocation rate of indirect expenses to capital** Consideration of policy of allocating certain indirect expenses to capital. Further details in Note 1(e).	**Auditor independence** Ernst & Young LLP has provided audit services to the Company, for four years, since appointment on 6 September 2019. The auditors are required to rotate the senior statutory auditor every five years. There are no contractual obligations restricting the choice of external auditors. This is the fourth year that the senior statutory auditor, Caroline Mercer has conducted the audit of the Company's financial statements.
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 auditor.	**Audit results** Met with the auditor and reviewed a comprehensive report detailing the results of the audit, compliance with regulatory requirements, safeguards that have been established, and their own internal quality control procedures.
	Valuation and existence of holdings Quarterly review of portfolio holdings and assurance reports.	
	Fair, balanced and understandable Reviewed the annual report and accounts to ensure that as a whole it was fair, balanced and understandable.	**Provision of non-audit services by the auditor** 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 auditor. The committee has determined that the Company's appointed auditor 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 auditor may, if required, provide other non-audit services which will be judged on a case-by-case basis. The auditor 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.	**Consent to continue as auditor** Ernst & Young LLP indicated to the committee their willingness to continue to act as auditor.

Recommendations made to, and approved by, the Board:

The Committee recommended that the Board approve the half year report and the annual report and accounts.

The Committee recommended the adoption of the going concern basis of accounting in the report and accounts and the explanations set out in the viability statement.

As a result of the work performed, the committee has concluded that the annual report for the year ended 31 December 2022, 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. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 69.

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

Mike Holt
Audit and Risk Committee Chairman

15 March 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, and reviewing their fees. All Directors are members of the committee. Sarah MacAulay is the Chairman of the committee. Its terms of reference are available on the Company's webpages, www.schroders.co.uk/satric.

Approach

Oversight of the Manager

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, taking into consideration input from the Company's broker on the peer group and sector together with details on comparative fee structures.
- reviews the appropriateness of the Manager's contract, including terms such as notice period.
- assesses whether the Company receives appropriate administrative, accounting, company secretarial and marketing support from the Manager.

Oversight of other service providers

The committee reviews the performance and competitiveness of the following service providers on at least an annual basis:

- Depositary and custodian
- Corporate broker
- Registrar
- Lender

The committee also receives a report from the company secretary on ancillary service providers, and considers any recommendations.

The committee notes the audit and risk committee's review of the auditor.

Application during the year

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, including the fee structure, and agreed they remained fit for purpose.

The committee reviewed the other services provided by the Manager and agreed they were satisfactory.

The annual review of each of the service providers was satisfactory.

The committee noted that the audit and risk committee had undertaken a detailed evaluation of the internal controls of the Manager, registrar, depositary and custodian.

Recommendations made to, and approved by, the Board:

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

Nomination Committee Report

The nomination committee is responsible for (1) the recruitment, selection and induction of Directors, (2) their assessment during their tenure, and (3) the Board's succession. All Directors are members of the committee. Sarah MacAulay is the Chairman of the committee. Its terms of reference are available on the Company's webpages, www.schroders.co.uk/satric.

Oversight of Directors

Selection → Induction → Annual evaluation → Annual review of succession policy → Application of succession policy

Approach

Selection and induction	Board evaluation and Directors' fees	Succession
• Committee prepares a job specification for each role, and an independent recruitment firm is appointed. For the Chairman and the Chairmen of committees, the committee considers current Board members too. • Job specification outlines the knowledge, professional skills, personal qualities and experience requirements. • Potential candidates assessed against the Company's diversity policy. • 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.	• Committee assesses each Director annually, and considers if an external evaluation is appropriate. • 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. • All Directors retire at the AGM and their re-election is subject to shareholder approval. • Committee reviews Directors' fees, taking into account comparative data and reports to shareholders. • Any proposed changes to the remuneration policy for Directors discussed and reported to shareholders.	• 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 the AGM. • 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 65.

Nomination Committee Report

Application during the year		
Selection and induction	**Board evaluation and Directors' fees**	**Succession**
• During the prior year, the committee agreed to recruit a new non-executive Director to succeed Mr Holt as Chairman of the audit and risk committee. • A job specification was agreed for the role. • Cornforth Consulting was engaged to undertake the search process. Cornforth Consulting had previously been engaged by the Company as an external search consultant to identify potential candidates for Board appointments. Cornforth Consulting has no other connection with the Company or any of the Directors. • The committee interviewed candidates and recommended Jasper Judd for appointment to the Board on 1 February 2023.	• The Board and committee evaluation process was undertaken in December 2022. • 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. Notwithstanding that the Chairman is a Director or Chairman of four companies listed on the London Stock Exchange (as listed on page 56), the committee has noted the Chairman is a full-time non-executive Director and that the less-complex nature of the companies for which the Chairman acts as a Director means that the level of time commitment required to fulfil her duties is lower than larger trading companies. All Directors were considered to be independent in character and judgement. • 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 56 and 57. • Based on its assessment, the committee provided individual recommendations for each Director's re-election. • The committee reviewed Directors' fees, using external benchmarking, and recommended that Directors' fees, remain unchanged as detailed in the remuneration report.	• The committee reviewed the succession policy and agreed it was still fit for purpose. • The committee noted that Ms Hitch would retire from the Board in 2024 and identified the need to initiate the selection process for her successor during 2023.

Recommendations made to, and approved by, the Board:

- That Jasper Judd be appointed to the Board with effect from 1 February 2023 and that his election as a Director be proposed, and recommended to shareholders for approval at the 2023 Annual General Meeting.
- That all Directors continue to demonstrate commitment to their roles, provide a valuable contribution to the deliberations of the Board and remain free from conflicts with the Company and its Directors, and accordingly, should all be recommended for re-election by shareholders at the AGM.

Directors' Remuneration Report

Introduction

The remuneration policy below 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. An ordinary resolution to approve the Directors' remuneration policy will be put to shareholders at the AGM (no changes are proposed). The Directors' 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 19 May 2020, 99.86% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the remuneration policy were in favour, while 0.14% were against. 31,561 votes were withheld.

At the AGM held on 11 May 2022, 99.89% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the annual report on remuneration for the year ended 31 December 2021 were in favour, while 0.11% were against. 43,641 votes were withheld.

Directors' remuneration policy

The determination of the Directors' fees is a matter dealt with by the Board and the nomination committee.

It is the Board'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 association. This aggregate level of Directors' fees is currently set at £300,000 per financial year and any increase in this level requires approval by the Board and the Company's shareholders.

The Chairman of the Board and the Chairman of the audit and risk committee each receive fees at a higher rate than the other Directors to reflect their additional responsibilities. Directors' fees are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary, and 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; however 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.

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.

Implementation of policy

The Board did not seek the views of shareholders in setting this remuneration policy. Any comments on the 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' report on remuneration

This report sets out how the remuneration policy was implemented during the year ended 31 December 2022.

Consideration of matters relating to Directors' remuneration

Directors' remuneration was last reviewed by the Nomination Committee and the Board in December 2022. The members of the Board at the time that remuneration levels were considered were as set out on pages 56 and 57, although these include Mr Judd who was not appointed as a Director until 1 February 2023, after remuneration levels were considered. No external advice was sought in considering the levels of Directors' fees, although information on fees paid to Directors of other investment companies managed by Schroders and peer group companies provided by the Manager and corporate broker was taken into consideration as was independent third party research.

Following this review, the Board agreed that Directors' fees should not be increased.

Directors' Remuneration Report

Fees paid to Directors

The following amounts were paid by the Company to directors for their services in respect of the year ended 31 December 2022 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 2, under the heading "Other financial information".

	Fees		Taxable benefits[1]		Total		Change in annual fee over years ended 31 December		
	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £	2022 %	2021 %	2020 %
Sarah MacAulay (Chairman)	**45,000**	45,000	**–**	203	**45,000**	45,203	(0.4)	9.7	37.3
Andrew Cainey	**35,000**	35,000	**128**	461	**35,128**	35,461	(0.9)	0.5	N/a
Caroline Hitch	**35,000**	35,000	**170**	366	**35,170**	35,366	(0.6)	0.5	15.1
Mike Holt	**40,000**	40,000	**721**	271	**40,721**	40,271	1.1	(1.2)	11.4
Total	**155,000**	155,000	**1,019**	1,301	**156,019**	156,301			

[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.

Mr Judd has not been included in the above table as he was appointed as a director on 1 February 2023, after the year end.

The information in the above table has been audited.

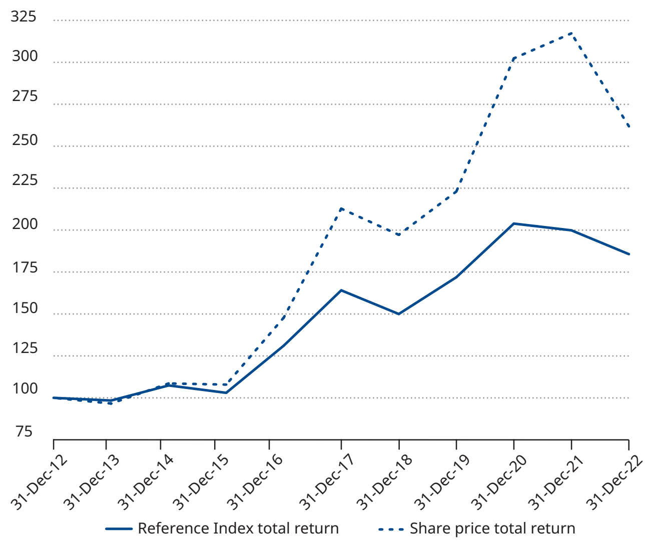
Distributions to shareholders

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000	Change (%)
Remuneration payable to Directors	**156**	156	–
Distributions paid to shareholders			
– dividends paid	**9,275**	7,435	
– share buy backs	**15,742**	–	
Total distributions paid to shareholders	**25,017**	7,435	236.5

Performance graph

A graph showing the Company's share price total return compared with the Reference Index over the last 10 years is set out below. The Reference Index has been selected as an appropriate comparison based on the composition of the Company's investment portfolio.

Ten year share price and Reference Index total returns[1,2]



[1]Source: Morningstar/Thomson Reuters. Rebased to 100 at 31 December 2012.
[2]Definitions of terms and performance measures are given on pages 100 and 101.

Governance

Directors' Remuneration Report

Directors' share interests

The Company's articles of association 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.

	At 31 December 2022[1]	At 31 December 2021[1]
Sarah MacAulay	**53,975**	53,975
Andrew Cainey	**26,753**[2]	28,876[3]
Caroline Hitch	**10,000**	10,000
Mike Holt	**10,000**	10,000

[1]Ordinary shares of 5p each
[2]The decrease in Mr Cainey's shareholding during the year was due to the distribution of shares from the estate of a connected person.
[3]The Annual Report for the year ended 31 December 2021 incorrectly stated Mr Cainey's shareholding to be 28,786 as at 31 December 2021. The correct shareholding is reflected in the table above.

Mr Judd has not been included in the above table as he was appointed as a director on 1 February 2023, after the year end.

There have been no changes notified to the Company since the year end. Mr Judd does not, at the date of this report, hold any shares in the Company.

The information in the above table has been audited.

The Portfolio Managers and their connected persons' interests in the Company were approximately 500,000 ordinary shares as at the date of this report.

On behalf of the Board

Sarah MacAulay
Chairman

15 March 2023

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the return or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions in FRS 102, used in the preparation of the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. 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.

The Manager is responsible for the maintenance and integrity of the webpage dedicated to the Company. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on pages 56 and 57, confirm that to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Strategic Report contained in the report and accounts 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 and emerging risks and uncertainties that it faces; and
- the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Sarah MacAulay
Chairman

15 March 2023

Governance

Independent Auditor's Report to the Members of Schroder Asian Total Return Investment Company plc

Opinion

We have audited the financial statements of Schroder Asian Total Return Investment Company plc (the "Company") for the year ended 31 December 2022 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions relating to going concern

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. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of the Company's going concern assessment process by engaging with the Directors and the Company Secretary to determine if all key factors were considered in their assessment.
- Inspecting the Directors' assessment of going concern, including the forecast, for the period to 31 March 2024 which is at least 12 months from the date these financial statements were authorised for issue. In preparing the forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- Reviewing the factors and assumptions, including the impact of the current economic environment and other significant events that could give rise to the market volatility, as applied to the forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.
- Considering the mitigating factors included in the revenue forecast that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments to cover the working capital requirements should revenue decline significantly.
- In relation to the Company's borrowing arrangements, our inspection of the Directors' assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We recalculated the Company's compliance with debt covenants in the scenarios assessed by the Directors and reviewed the Directors' reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.
- Reviewing the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

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 the period assessed by the Directors, being the period to 31 March 2024, which is at least 12 months from the date these financial statements were authorised for issue.

In relation to the Company's 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.

Independent Auditor’s Report to the Members of Schroder Asian Total Return Investment Company plc

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company’s ability to continue as a going concern.

Overview of our audit approach

Key audit matters	–	Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement
	–	Risk of incorrect valuation or ownership of the investment portfolio.
Materiality	–	Overall materiality of £4.57m which represents 1% of shareholders’ funds.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Company has determined that the impact of climate change could affect the Company’s investments, and potentially shareholder returns. This is explained in the principal and emerging risks and uncertainties section on page 52, which forms part of the “Other information,” rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company’s disclosures in the financial statements as set out in note 1(a) and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by FRS102. We also challenged the Directors’ considerations of climate change in their assessment of viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement (as described on page 61 in the Audit and Risk Committee’s Report and as per the accounting policy set out on page 80). The total revenue for the year to 31 December 2022 was £16.31m (2021: £12.28m), consisting primarily of dividend income from listed investments. The Company received special dividends amounting to £0.79m (2021: £4.35 million), of which £0.73m (2021: £1.01m) was classified as revenue and	**We performed the following procedures:** We obtained an understanding of the processes and controls surrounding revenue recognition and classification of special dividends by performing walkthrough procedures.	The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Income Statement.

Financial

Independent Auditor's Report to the Members of Schroder Asian Total Return Investment Company plc

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
£0.06m (2021: £3.34m) was classified as capital. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. The Directors may be required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.	For all dividends received and accrued, we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed all exchange rates to an external source and, for a sample of dividends received and dividends accrued, we agreed the amounts to bank statements. For all accrued dividends, we reviewed the investee company announcement to assess whether the dividend obligation arose prior to 31 December 2022. To test completeness of recorded income, we tested that expected dividends for each investee company had been recorded as income with reference to investee company announcements obtained from an independent data vendor. For all investments held during the year, we inspected the type of dividends paid with reference to an external data source to identify those which were special dividends. We confirmed eight special dividends were received during the year, consistent with the dividends recognised by the Administrator. For one revenue dividend above our testing threshold and a capital dividend below our testing threshold, we assessed the appropriateness of management's classification as revenue or capital by reviewing the underlying rationale for the distributions.	
Incorrect valuation or ownership of the investment portfolio (as described on page 62 in the Audit and Risk Committee's Report and as per the accounting policy set out on page 80). The valuation of the portfolio at 31 December 2022 was £499.31m (2021: £600.00m) consisting of listed investments. The valuation of the investments held by the Company is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the net asset value and the return generated for shareholders. The fair value of listed investments is determined using quoted market bid prices at close of business on the reporting date.	**We performed the following procedures:** We obtained an understanding of the Administrator's processes surrounding the existence and pricing of listed securities by performing walkthrough procedures. For all listed investments, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the valuations as at the year end. We inspected the security price movement reports produced by the Administrator to identify prices that have not changed and verified whether the listed price is a valid fair value through review of trading activity. No stale prices were identified. We compared the Company's investment holdings at 31 December 2022 to independent confirmations received directly from the Company's Depositary.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.

Independent Auditor's Report to the Members of Schroder Asian Total Return Investment Company plc

There have been no changes to the areas of audit focus raised in the above risk table from prior year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £4.57m (2021: £5.52m), which is 1% (2021: 1%) of shareholders' funds. We believe that shareholders' funds provide us with materiality aligned to the key measurement of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £3.43m (2021: £4.14m). We have set performance materiality at this percentage due to our past experience of working with the key service providers which therefore indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we also applied a separate testing threshold for the revenue column of the Income Statement of £0.72m (2021: £0.52m), being 5% of the revenue return before taxation.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.23m (2021: £0.28m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' reports have been prepared in accordance with applicable legal requirements;

Independent Auditor's Report to the Members of Schroder Asian Total Return Investment Company plc

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement 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 specified for our review by the Listing Rules.

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 or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 55;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 55;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 55;
- Directors' statement on fair, balanced and understandable set out on page 69;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 52;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 52; and
- The section describing the work of the audit and risk committee set out on page 61.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 69, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

Independent Auditor's Report to the Members of Schroder Asian Total Return Investment Company plc

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK GAAP, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Statement of Recommended Practice for the Financial Statements of Investment Trust Companies as issued by the Association of Investment Companies, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit and Risk Committee and Company Secretary, review of board and committee minutes and review of papers provided to the Audit and Risk Committee.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed by the Company on 6 September 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is four years, covering the years ending 31 December 2019 to 31 December 2022.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature
Caroline Mercer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

15 March 2023

Income Statement
for the year ended 31 December 2022

	Note	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
(Losses)/gains on investments held at fair value through profit or loss	2	–	(86,397)	(86,397)	–	35,882	35,882
Net gains/(losses) on derivative contracts		–	9,487	9,487	–	(7,881)	(7,881)
Net foreign currency losses		–	(5,341)	(5,341)	–	(502)	(502)
Income from investments	3	16,278	63	16,341	12,195	3,338	15,533
Other interest receivable and similar income	3	34	–	34	84	–	84
Gross return/(loss)		16,312	(82,188)	(65,876)	12,279	30,837	43,116
Investment management fee	4	(809)	(2,427)	(3,236)	(913)	(2,740)	(3,653)
Performance fee	4	–	–	–	–	(133)	(133)
Administrative expenses	5	(720)	–	(720)	(793)	–	(793)
Net return/(loss) before finance costs and taxation		14,783	(84,615)	(69,832)	10,573	27,964	38,537
Finance costs	6	(300)	(903)	(1,203)	(122)	(352)	(474)
Net return/(loss) before taxation		14,483	(85,518)	(71,035)	10,451	27,612	38,063
Taxation	7	(1,017)	1,129	112	(642)	(1,110)	(1,752)
Net return/(loss) after taxation		13,466	(84,389)	(70,923)	9,809	26,502	36,311
Return/(loss) per share	8	12.47p	(78.13)p	(65.66)p	9.25p	24.99p	34.24p

The "Total" column of this statement is the profit and loss account of the Company. The "Revenue" and "Capital" columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no other items of other comprehensive income, and therefore the net return/(loss) after taxation is also the total comprehensive income/(loss) 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 80 to 95 form an integral part of these accounts.

Statement of Changes in Equity for the year ended 31 December 2022

	Note	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2020		5,047	74,075	11,646	29,182	344,467	19,131	483,548
Issue of shares		392	38,929	–	–	–	–	39,321
Net return after taxation		–	–	–	–	26,502	9,809	36,311
Dividend paid in the year	9	–	–	–	–	–	(7,435)	(7,435)
At 31 December 2021		5,439	113,004	11,646	29,182	370,969	21,505	551,745
Issue of shares		17	1,652	–	–	–	–	1,669
Repurchase of the Company's own shares into treasury		–	–	–	–	(15,742)	–	(15,742)
Net (loss)/return after taxation		–	–	–	–	(84,389)	13,466	(70,923)
Dividend paid in the year	9	–	–	–	–	–	(9,275)	(9,275)
At 31 December 2022		**5,456**	**114,656**	**11,646**	**29,182**	**270,838**	**25,696**	**457,474**

The notes on pages 80 to 95 form an integral part of these accounts.

Financial

Statement of Financial Position at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	**499,305**	600,002
Current assets			
Debtors	11	**517**	667
Cash at bank and in hand	11	**5,161**	2,876
Derivative financial instruments held at fair value through profit or loss	11	**–**	182
		5,678	3,725
Current liabilities			
Creditors: amounts falling due within one year	12	**(47,509)**	(50,142)
Derivative financial instruments held at fair value through profit or loss	12	**–**	(730)
		(47,509)	(50,872)
Net current liabilities		**(41,831)**	(47,147)
Total assets less current liabilities		**457,474**	552,855
Non current liabilities			
Deferred taxation	13	**–**	(1,110)
Net assets		**457,474**	551,745
Capital and reserves			
Called-up share capital	14	**5,456**	5,439
Share premium	15	**114,656**	113,004
Capital redemption reserve	15	**11,646**	11,646
Special reserve	15	**29,182**	29,182
Capital reserves	15	**270,838**	370,969
Revenue reserve	15	**25,696**	21,505
Total equity shareholders' funds		**457,474**	551,745
Net asset value per share	16	**434.60p**	507.24p

The accounts were approved and authorised for issue by the Board of Directors on 15 March 2023 and signed on its behalf by:

Sarah MacAulay
Chairman

The notes on pages 80 to 95 form an integral part of these accounts.

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

Company registration number: 02153093

Cash Flow Statement for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Net cash inflow from operating activities	17	**11,019**	7,996
Investing activities			
Purchases of investments		**(151,044)**	(224,921)
Sales of investments		**165,507**	174,268
Net cash flows on derivative instruments		**8,938**	(6,386)
Net cash inflow/(outflow) from investing activities		**23,401**	(57,039)
Net cash inflow/(outflow) before financing		**34,420**	(49,043)
Financing activities			
Dividends paid		**(9,275)**	(7,435)
Interest paid		**(1,122)**	(451)
Net bank loans drawn down		**18,237**	–
Issue of shares		**1,669**	39,321
Repurchase of the Company's own shares into treasury		**(15,451)**	–
Net cash (outflow)/inflow from financing activities		**(5,942)**	31,435
Net cash inflow/(outflow) in the year	18	**28,478**	(17,608)
Cash at bank and in hand at the beginning of the year		**(23,107)**	(5,205)
Net cash inflow/(outflow) in the year		**28,478**	(17,608)
Exchange movements		**(210)**	(294)
Cash at bank and in hand at the end of the year		**5,161**	(23,107)

Dividends received during the year amounted to £16,365,000 (2021: £16,218,000) and deposit interest receipts amounted to £31,000 (2021: £84,000).

The notes on pages 80 to 95 form an integral part of these accounts.

Financial

Notes to the Accounts

1. Accounting Policies

(a) Basis of accounting

Schroder Asian Total Return Investment Company plc ("the Company") is registered in England and Wales as a public company limited by shares. The Company's registered office is 1 London Wall Place, London EC2Y 5AU.

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), in particular in accordance with Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP") issued by the Association of Investment Companies in July 2022. All of the Company's operations are of a continuing nature.

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments held at fair value through profit or loss. The Directors believe that the Company has adequate resources to continue operating to 31 March 2024, being 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 adverse consequences of the COVID pandemic and climate change on the viability of the Company. Further consideration 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 and Uncertainties heading on page 52.

In preparing these financial statements the Directors have considered the impact of climate change on the value of the listed investments that the company holds. As the portfolio consists of listed equities, which are valued using quoted bid prices for investments in an active market, then fair value reflects market participants view of climate change risk.

The accounts are presented in sterling and amounts have been rounded to the nearest thousand.

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 31 December 2021.

No significant judgements, estimates or assumptions have been required in the preparation of the accounts for the current or preceding financial year.

(b) Valuation of investments

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 and derivative financial instruments is managed, and its performance evaluated, on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are classified by the Company as "held at fair value through profit or loss". Investments are included initially at transaction price, excluding expenses incidental to purchase, which are written off to capital at the time of acquisition. Subsequently, investments are valued at fair value, which are quoted bid prices at the close of each market on the accounting date, 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.

All purchases and sales are accounted for on a trade date basis.

(c) Accounting for reserves

Gains and losses on sales of investments are included in the Income Statement 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 are included in the Income Statement and in capital reserves within "holding gains and losses on investments".

Foreign exchange gains and losses on cash balances and foreign currency loans are included in the Income Statement and in capital reserves.

The cost of repurchasing the Company's own shares for cancellation or to hold in treasury, including the related stamp duty and transactions costs is charged to a distributable capital reserve.

(d) Income

Dividends receivable 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.

Dividends from overseas companies are included gross of any withholding tax.

Where the Company has elected to receive dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

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

(e) Expenses

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

– The management fee is allocated 25% to revenue and 75% 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 an investment 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 85.

(f) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest method in accordance with FRS 102.

Finance costs are allocated 25% to revenue and 75% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

(g) Other financial instruments

Other debtors and creditors do not carry any interest, are short-term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Cash at bank and in hand 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.

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

(h) Taxation

The tax charge for the year includes a provision for all amounts expected to be received or paid.

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date.

Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(i) Value added tax ("VAT")

Expenses are disclosed inclusive of any related irrecoverable VAT.

(j) Foreign currency

In accordance with FRS 102, the Company is required to determine a functional currency, being the currency in which the Company predominantly operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency and the currency in which the accounts are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates as at the date of the transaction. Monetary assets, liabilities and equity investments, denominated in foreign currencies at the year end, are translated at the rates of exchange prevailing at the year end.

(k) Dividends payable

In accordance with FRS 102, the final dividend is included in the accounts in the year in which it is approved by shareholders.

Notes to the Accounts

(l) Repurchases of shares into treasury and subsequent reissues

The cost of repurchasing shares into treasury, including the related stamp duty and transaction costs is dealt with in the Statement of Changes in Equity. The cost of repurchases of shares into treasury is charged to capital reserves. Share repurchase transactions are accounted for on a trade date basis.

The sales proceeds of treasury shares reissued are treated as a realised profit up to the amount of the purchase price of those shares and is transferred to capital reserves. The excess of the sales proceeds over the purchase price is transferred to "share premium".

2. (Losses)/gains on investments held at fair value through profit or loss

	2022 £'000	2021 £'000
(Losses)/gains on sales of investments based on historic cost	**(4,066)**	27,735
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	**(39,534)**	(42,336)
Losses on sales of investments based on the carrying value at the previous balance sheet date	**(43,600)**	(14,601)
Net movement in investment holding gains and losses	**(42,797)**	50,483
(Losses)/gains on investments held at fair value through profit or loss	**(86,397)**	35,882

3. Income

	2022 £'000	2021 £'000
Income from investments:		
Overseas dividends	**15,480**	11,214
Overseas special dividends	**735**	971
Stock dividend	**63**	10
	16,278	12,195
Other interest receivable and similar income		
Interest received from HMRC on corporation tax recovered	**–**	84
Deposit interest	**34**	–
	34	84
	16,312	12,279
Capital:		
Special dividend allocated to capital	**63**	3,338

4. Investment management fee and performance fee

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Investment management fee	**809**	**2,427**	**3,236**	913	2,740	3,653
Performance fee	**–**	**–**	**–**	–	133	133
	809	**2,427**	**3,236**	913	2,873	3,786

The bases for calculating the investment management and performance fees are set out in the Report of the Directors on pages 58 and 59 and details of all amounts payable to the Manager are given in note 19 on page 89.

Notes to the Accounts

5. Administrative expenses

	2022 £'000	2021 £'000
Custody fees	235	238
Administration expenses	212	299
Directors' fees[1]	155	155
Secretarial fee	75	75
Auditor's remuneration for audit services	43	26
	720	793

[1]Details of all amounts payable to Directors are given in the Remuneration Report on page 67.

6. Finance costs

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Interest on bank loans and overdrafts	300	903	1,203	122	352	474

7. Taxation

(a) Analysis of charge in the year:

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Irrecoverable overseas tax	1,017	–	1,017	634	–	634
Corporation tax relating to prior years	–	–	–	8	–	8
Provision for overseas capital gains tax	–	(1,129)	(1,129)	–	1,110	1,110
Taxation for the year	1,017	(1,129)	(112)	642	1,110	1,752

The Company has no corporation tax liability for the year (2021: nil).

The provision for overseas capital gains tax relates to the deferred tax liability on unrealised gains on Indian investments held at the year end.

(b) Factors affecting tax charge for the year

The standard rate of corporation tax in the UK is 19%, effective from 1 April 2017. Accordingly, the Company's profits for this accounting year would be taxed at a rate of 19.0% (2021: 19.0%). However the corporation tax charge for the year is nil (2021: nil), as dividends and capital gains are not subject to corporation tax. The tax charge comprises irrecoverable withholding tax deducted at source from dividends receivable and a provision for overseas capital gains tax.

The table below shows how taxable income is reduced to zero by reconciling the expected corporation tax due on the net return before tax based on current tax rates, to the actual tax charge for the year.

	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Net return/(loss) on ordinary activities before taxation	**14,483**	**(85,518)**	**(71,035)**	10,451	27,612	38,063
Net return/(loss)on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 19.0% (2021: 19.0%)	**2,752**	**(16,248)**	**(13,496)**	1,986	5,246	7,232
Effects of:						
Capital losses/(gains) on investments	**–**	**15,628**	**15,628**	–	(5,225)	(5,225)
Income not subject to taxation	**(3,071)**	**(12)**	**(3,083)**	(2,240)	(635)	(2,875)
Provision for overseas capital gains tax	**–**	**(1,129)**	**(1,129)**	–	1,110	1,110
Irrecoverable overseas tax	**1,017**	**–**	**1,017**	634	–	634
Corporation tax relating to prior years	**–**	**–**	**–**	8	–	8
Relief for overseas tax expensed	**–**	**–**	**–**	(6)	–	(6)
Unrelieved expenses	**319**	**632**	**951**	260	614	874
Taxation on ordinary activities	**1,017**	**(1,129)**	**(112)**	642	1,110	1,752

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £16,139,000 (2021: £14,888,000) based on a prospective corporation tax rate of 25% (2021: 25%). In its 2021 budget, the government announced that the main rate of corporation tax would increase to 25% for the fiscal year beginning on 1 April 2023. This deferred tax asset has arisen due to the cumulative 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.

Given the Company's intention to meet the conditions required to retain its status as an Investment Trust Company, no provision has been made for UK capital gains tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. (Loss)/return per share

	2022 £'000	2021 £'000
Revenue return	**13,466**	9,809
Capital (loss)/return	**(84,389)**	26,502
Total (loss)/return	**(70,923)**	36,311
Weighted average number of shares in issue during the year	**108,005,903**	106,058,048
Revenue return per share	**12.47p**	9.25p
Capital (loss)/return per share	**(78.13)p**	24.99p
Total (loss)/return per share	**(65.66)p**	34.24p

9. Dividends

	2022 £'000	2021 £'000
Dividends paid and declared		
2021 final dividend of 8.5p (2020: 7.1p), paid out of revenue profits[1]	9,275	7,435

	2022 £'000	2021 £'000
2022 final dividend proposed of 11.0p (2021: 8.5p), to be paid out of revenue profits[2]	11,579	9,246

[1] The 2021 final dividend amounted to £9,246,000. However the amount actually paid was £9,275,000 due to share issues after the accounting date but prior to the dividend Record Date.
[2] The proposed final dividend amounting to £11,579,000 (2021: £9,246,000) is the amount used for the basis of determining whether the Company has satisfied the distribution requirements of Section 1158 of the Corporation Tax Act 2010. The revenue available for distribution by way of dividend for the year is £13,466,000 (2021: £9,809,000).

10. Investments held at fair value through profit or loss

	2022 £'000	2021 £'000
Opening book cost	409,406	331,222
Opening investment holding gains	190,596	182,449
Opening fair value	600,002	513,671
Analysis of transactions made during the year		
Purchases at cost	151,107	224,817
Sales proceeds	(165,407)	(174,368)
(Losses)/gains on investments held at fair value	(86,397)	35,882
Closing fair value	499,305	600,002
Closing book cost	391,040	409,406
Closing investment holding gains	108,265	190,596
Closing fair value	499,305	600,002

Sales proceeds amounting to £165,407,000 (2021: £174,368,000) were receivable from disposals of investments in the year. The book cost of these investments when they were purchased was £169,473,000 (2021: £146,633,000). These investments have been revalued over time and until they were sold any unrealised gains and losses were included in the fair value of the investments.

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

	2022 £'000	2021 £'000
On acquisitions	197	344
On disposals	337	229
	534	573

Notes to the Accounts

11. Current assets

	2022 £'000	2021 £'000
Debtors		
Dividends and interest receivable	484	526
Securities sold awaiting settlement	–	100
Taxation recoverable	10	9
Other debtors	23	32
	517	667

The Directors consider that the carrying amount of debtors approximates to their fair value.

Cash at bank and in hand

The carrying amount of cash, amounting to £5,161,000 (2021: £2,876,000), represents its fair value.

	2022 £'000	2021 £'000
Derivative financial instruments held at fair value through profit or loss		
Index put options	–	182

There were no derivatives held at the year end.

12. Current liabilities

	2022 £'000	2021 £'000
Creditors: amounts falling due within one year		
Bank loan	46,148	22,780
Bank overdraft	–	25,983
Repurchase of ordinary shares into treasury awaiting settlement	285	–
Other creditors and accruals	1,076	1,379
	47,509	50,142

The Directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

The bank loan comprises US$55.5 million (2021: US$30.9 million) drawn down on the Company's £50 million (2021: £25 million), 364 day multi-currency credit facility with Scotiabank Europe plc. The facility is unsecured but is subject to covenants and restrictions which are customary for a facility of this nature, all of which have been complied with during the year. Further details of this facility are given in note 22(a)(ii) on page 92.

	2022 £'000	2021 £'000
Derivative financial instruments held at fair value through profit or loss		
Index futures	–	730

There were no derivatives held at the year end.

13. Deferred taxation

Deferred taxation comprises the deferred tax liability on the unrealised gains on Indian investments. Indian capital gains tax crystallises on disposal of the underlying asset. It is not expected that significant amounts of tax would become payable in the next financial year. No provision for deferred taxation was required at the year end (2021: £1,110,000).

14. Called-up share capital

	2022 £'000	2021 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 5p each:		
Opening balance of 108,774,651 (2021: 100,934,651) shares	5,439	5,047
Issue of 340,000 (2021: 7,840,000) new shares	17	392
Repurchase of 3,851,448 (2021: nil) shares into treasury	(193)	–
Subtotal of 105,263,203 (2021: 108,774,651) shares	5,263	5,439
3,851,448 (2021: nil) shares held in treasury	193	–
Closing balance[1]	5,456	5,439

[1] Represents 109,114,651 (2021: 108,774,651) shares of 5p each, including 3,851,448 (2021: nil) held in treasury.

During the year, a total of 340,000 new shares were issued to the market to satisfy demand, at an average price of 490.9p per share, for a total consideration of £1,669,000.

During the year, the Company repurchased 3,851,448 of its own shares, nominal value £193,000, to hold in treasury, representing 3.5% of the shares outstanding at the beginning of the year. The total consideration paid for these shares amounted to £15,742,000. The reason for these purchases was to seek to manage the volatility of the share price discount to NAV per share.

15. Reserves

Year ended 31 December 2022

			Capital reserves			
	Share premium[1] £'000	Capital redemption reserve[1] £'000	Special reserve[2] £'000	Gains and losses on sales of investments[2] £'000	Investment holding gains and losses[3] £'000	Revenue reserve[4] £'000
Opening balance	113,004	11,646	29,182	182,021	188,948	21,505
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	(43,600)	–	–
Net movement in investment holding gains and losses	–	–	–	–	(42,797)	–
Transfer on disposal of investments	–	–	–	39,534	(39,534)	–
Gains on derivatives	–	–	–	8,613	874	–
Realised exchange losses on cash and short-term deposits	–	–	–	(210)	–	–
Exchange losses on foreign currency loans	–	–	–	(145)	(4,986)	–
Special dividend allocated to capital	–	–	–	63	–	–
Issue of new shares	1,652	–	–	–	–	–
Purchase of shares into treasury	–	–	–	(15,742)	–	–
Management fee and finance costs allocated to capital	–	–	–	(3,330)	–	–
Capital gains tax provision	–	–	–	–	1,129	–
Dividend paid	–	–	–	–	–	(9,275)
Retained revenue for the year	–	–	–	–	–	13,466
Closing balance	114,656	11,646	29,182	167,204	103,634	25,696

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Notes to the Accounts

Year ended 31 December 2021

	Share premium[1] £'000	Capital redemption reserve[1] £'000	Special reserve[2] £'000	Capital reserves Gains and losses on sales of investments[2] £'000	Capital reserves Investment holding gains and losses[3] £'000	Revenue reserve[4] £'000
Opening balance	74,075	11,646	29,182	162,367	182,100	19,131
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	(14,601)	–	–
Net movement in investment holding gains and losses	–	–	–	–	50,483	–
Transfer on disposal of investments	–	–	–	42,336	(42,336)	–
(Losses)/gains on derivatives	–	–	–	(7,900)	19	–
Realised exchange losses on cash and short-term deposits	–	–	–	(294)	–	–
Exchange losses on foreign currency loans	–	–	–	–	(208)	–
Special dividend allocated to capital	–	–	–	3,338	–	–
Issue of new shares	38,929	–	–	–	–	–
Performance fee allocated to capital	–	–	–	(133)	–	–
Management fee and finance costs allocated to capital	–	–	–	(3,092)	–	–
Capital gains tax provision	–	–	–	–	(1,110)	–
Dividend paid	–	–	–	–	–	(7,435)
Retained revenue for the year	–	–	–	–	–	9,809
Closing balance	113,004	11,646	29,182	182,021	188,948	21,505

[1] These reserves are not distributable.
[2] These are realised (distributable) capital reserves which may be used for the payment of dividends or to repurchase the Company's own shares.
[3] This reserve comprises holding gains on liquid investments (which may be deemed to be realised) and other amounts which are unrealised. An analysis has not been made between those amounts that are realised (and may be used for the payment of dividends or to repurchase the Company's own shares) and those that are unrealised.
[4] The revenue reserve may be used for the payment of dividends or to repurchase the Company's own shares.

16. Net asset value per share

	2022	2021
Total equity shareholders' funds (£'000)	457,474	551,745
Shares in issue at the year end	105,263,203	108,774,651
Net asset value per share	434.60p	507.24p

Notes to the Accounts

17. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	2022 £'000	2021 £'000
Total (loss)/return on ordinary activities before finance costs and taxation	**(69,832)**	38,537
Less capital loss/(return) on ordinary activities before finance costs and taxation	**84,615**	(27,964)
Decrease in prepayments and accrued income	**83**	698
Increase in other debtors	**(1)**	(2)
Decrease in other creditors	**(388)**	(4,233)
Special dividend allocated to capital	**63**	3,338
Less stock and accumulation dividends	**(63)**	(10)
Management fee allocated to capital	**(2,427)**	(2,740)
Performance fee allocated to capital	**–**	(133)
Corporation tax recovered, relating to prior years	**–**	1,312
Overseas withholding tax deducted at source	**(1,031)**	(807)
Net cash inflow from operating activities	**11,019**	7,996

18. Analysis of changes in net debt

	2021 £'000	Cash flow £'000	Exchange movements £'000	2022 £'000
Cash at bank and in hand	(23,107)	28,478	(210)	5,161
Bank loan	(22,780)	(18,237)	(5,131)	(46,148)
Net debt	(45,887)	10,241	(5,341)	(40,987)

19. Transactions with the Manager

Under the terms of the Alternative Investment Fund Manager Agreement, the Manager is entitled to receive management, secretarial and performance fees. Details of the basis of these calculations are given in the Directors' Report on pages 58 and 59. If the Company invests in funds managed or advised by the Manager, any fees earned by the Manager are rebated to the Company. The management fee payable in respect of the year ended 31 December 2022 amounted to £3,236,000 (2021: £3,653,000) of which £799,000 (2021: £966,000) was outstanding at the year end.

No performance fee (2021: £133,000) is payable in respect of the year, and nil (2021: 133,000) was outstanding at the year end.

The secretarial fee payable for the year amounted to £75,000 (2021: £75,000) of which £19,000 (2021: £19,000) was outstanding at the year end.

No Director of the Company served as a Director of any company within the Schroder Group at any time during the year.

20. Related party transactions

Details of the remuneration payable to Directors are given in the Directors' Remuneration Report on page 67 and details of Directors' shareholdings are given in the Directors' Remuneration Report on page 68. Details of transactions with the Manager are given in note 19 above. There have been no other transactions with related parties during the year (2021: nil).

21. Disclosures regarding financial instruments measured at fair value

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

FRS 102 requires financial instruments to be categorised into a hierarchy consisting of the three levels below.

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

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

Level 3 – valued using inputs that are unobservable.

Details of the Company's policy for valuing investments and derivative instruments are given in note 1(b) on page 80.

The following table sets out the fair value measurements using the FRS 102 hierarchy at 31 December:

	2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments	499,305	–	–	499,305
Total	499,305	–	–	499,305

	2021			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments	600,002	–	–	600,002
Derivative financial instruments – index put options and index futures	(548)	–	–	(548)
Total	599,454	–	–	599,454

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

In pursuing its objective, the Company is exposed to a variety of financial risks including 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 process for managing risk is unchanged from the previous year. The Company's financial instruments may comprise:

- investments in equities and equity related securities which are held in accordance with the Company's investment objective;
- short-term debtors, creditors and cash arising directly from its operations;
- a multi-currency overdraft facility with HSBC, the purpose of which is to assist in financing the Company's operations;
- a multi-currency credit facility with Scotiabank, the purpose of which is to assist in financing the Company's operations; and
- index put options and index futures, which are used to protect the capital value of the portfolio.

(a) Market risk

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 analyses where appropriate.

(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 on a daily basis and reports to the Board. The Board has authorised the use of derivative instruments to hedge currency exposure as part of the investment strategy to protect the capital value of the portfolio, or for efficient portfolio management.

Foreign currency exposure

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

	2022										
	Hong Kong dollars £'000	US dollars £'000	Taiwanese dollars £'000	South Korean won £'000	Indian rupees £'000	Singaporean dollars £'000	Chinese yuan £'000	Australian dollars £'000	Vietnamese dong £'000	Other £'000	Total £'000
Current assets	**12**	**275**	**291**	**178**	**–**	**1**	**–**	**221**	**1,843**	**–**	**2,821**
Current liabilities	**–**	**(46,270)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(46,270)**
Foreign currency exposure on net monetary items	**12**	**(45,995)**	**291**	**178**	**–**	**1**	**–**	**221**	**1,843**	**–**	**(43,449)**
Investments held at fair value through profit or loss	**80,881**	**22,394**	**102,549**	**38,146**	**45,747**	**47,327**	**4,253**	**78,030**	**7,183**	**46,859**	**473,369**
Total net foreign currency exposure	**80,893**	**(23,601)**	**102,840**	**38,324**	**45,747**	**47,328**	**4,253**	**78,251**	**9,026**	**46,859**	**429,920**

	2021										
	Hong Kong dollars £'000	US dollars £'000	Taiwanese dollars £'000	South Korean won £'000	Indian rupees £'000	Singaporean dollars £'000	Chinese yuan £'000	Australian dollars £'000	Vietnamese dong £'000	Other £'000	Total £'000
Current assets	45	2,450	281	228	–	75	–	55	52	225	3,411
Current liabilities	–	(22,794)	–	–	–	–	–	–	–	–	(22,794)
Non current liabilities	–	–	–	–	(1,110)	–	–	–	–	–	(1,110)
Foreign currency exposure on net monetary items	45	(20,344)	281	228	(1,110)	75	–	55	52	225	(20,493)
Investments held at fair value through profit or loss	113,214	23,031	160,188	64,613	43,999	37,758	21,779	58,194	4,684	37,551	565,011
Derivative instruments held at fair value through profit or loss – index put options and index futures	–	71	(619)	–	–	–	–	–	–	–	(548)
Total net foreign currency exposure	113,259	2,758	159,850	64,841	42,889	37,833	21,779	58,249	4,736	37,776	543,970

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% (2021: 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:

	2022 £'000	2021 £'000
Income Statement – return after taxation		
Revenue return	**1,500**	1,152
Capital return	**(4,316)**	(1,862)
Total return after taxation	**(2,816)**	(710)
Net assets	**(2,816)**	(710)

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

	2022 £'000	2021 £'000
Income Statement – return after taxation		
Revenue return	(1,500)	(1,152)
Capital return	4,316	1,862
Total return after taxation	2,816	710
Net assets	2,816	710

In the opinion of the Directors, the above sensitivity analyses with respect to monetary financial assets and liabilities is broadly representative of the whole of the current and comparative year. The sensitivity with regard to the Company's investments, and any derivative instruments held, to changes in foreign currency exchange rates is subsumed into market price risk sensitivity below.

(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 rates are re-set.

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Board would not expect gearing to exceed 30% 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 its overdraft facility or its credit facility. However, amounts drawings on these facilities are for short-term periods and therefore exposure to interest rate risk is not significant.

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:

	2022 £'000	2021 £'000
Exposure to floating interest rates:		
Cash at bank and in hand	5,161	2,876
Creditors: amounts falling due within one year:		
Bank loan	(46,148)	(22,780)
Bank overdraft	–	(25,983)
Total exposure	(40,987)	(45,887)

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above the applicable Risk Free Reference Rates, respectively (2021: same).

During the year, the Company amended and restated its multi-currency credit facility with The Bank of Nova Scotia, London Branch, extended it to 4 July 2023 and increased the limit from £25 million to £50 million. Amounts are normally drawn down on the facility for one month periods. Interest is payable at a rate based on the Secured Overnight Financing Rate, plus a margin, plus the Credit Adjustment Spread. At 31 December 2022, the Company had drawn down US$55.5 million (£46.1 million) at an interest rate of 3.95%, repayable on 9 January 2023.

At 31 December 2021, the Company had drawn down US$30.9 million (£22.8 million) at an interest rate of 0.9145%.

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 debt balances during the year are as follows:

	2022 £'000	2021 £'000
Maximum debit interest rate exposure during the year – net debt	(55,987)	(45,887)
Minimum debit interest rate exposure during the year – net debt	(34,641)	(22,514)

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1.0% (2021: 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.

	2022		2021	
	1.0% increase in rate £'000	1.0% decrease in rate £'000	1.0% increase in rate £'000	1.0% decrease in rate £'000
Income statement – return after taxation				
Revenue return	**(64)**	**64**	(94)	94
Capital return	**(346)**	**346**	(366)	366
Total return after taxation	**(410)**	**410**	(460)	460
Net assets	**(410)**	**410**	(460)	460

Given the increase in UK interest rates, the interest rate sensitivity has been updated to 1.0%. The prior year disclosure has been updated to 1.0% to show a direct comparison in the sensitivity. In the prior year report, the sensitivity was calculated using 0.5%, which was representative of the market at 31 December 2021. As disclosed in the prior year annual report, an increase of 0.5% reduced total return after taxation by £230,000 (a decrease of 0.5% had an equal and opposite effect).

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.

(iii) Market price risk

Market price risk includes changes in market prices, other than those arising from interest rate risk, which may affect the value of equity 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 countries and industry sectors. The board has authorised the Manager to enter derivative transactions as a means of seeking capital preservation, subject to limits on the percentage of the portfolio hedged and the duration of derivatives used.

Market price risk exposure

The Company's total exposure to changes in market prices at 31 December comprises the following investments:

	2022 £'000	2021 £'000
Investments held at fair value through profit or loss	**499,305**	600,002
Derivative financial instruments held at fair value through profit or loss:		
Index put options	**–**	182
Index futures	**–**	(730)
	499,305	599,454

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

An analysis of the Company's investments is given on pages 40 and 41. This shows that the portfolio mainly 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 classification.

Market price risk sensitivity

The following table illustrates the sensitivity of net return after taxation for the year and net assets to an increase or decrease of 10% (2021: 10%) in the fair values of the Company's investments. 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 investments, adjusting for the hedging effect of the index put options and including the resulting effect on the management fee, but with all other variables held constant. The sensitivity analysis also takes account of the "beta coefficient" of the

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portfolio. This is a measure of the volatility of the portfolio compared with the systemic risk of the entire market. As a result, the percentages in the table below represent a 8.43% (2021: 6.59%) increase in fair value and a 8.43% (2021: 6.32%) decrease in fair value.

	2022 10% increase in fair value £'000	2022 10% decrease in fair value £'000	2021 10% increase in fair value £'000	2021 10% decrease in fair value £'000
Income statement – return after taxation				
Revenue return	**(68)**	**68**	(64)	62
Capital return	**41,887**	**(41,887)**	39,348	(37,734)
	41,819	**(41,819)**	39,284	(37,672)
Percentage change in net asset value	**9.1%**	**(9.1%)**	7.1%	(6.8%)

(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 overdraft and credit facilities.

Liquidity risk exposure

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

	2022 Three months or less £'000	2021 Three months or less £'000
Creditors: amounts falling due within one year		
Bank loan – including interest	**46,359**	22,799
Bank overdraft – including interest	**–**	26,016
Other creditors and accruals	**954**	1,333
	47,313	50,148

(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 not significant and 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.

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 Aa3 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. Accordingly, in accordance with usual banking practice, the Company will rank as a general creditor to the custodian in respect of cash balances.

Credit risk exposure

The amounts shown in the balance sheet under debtors and cash at bank and in hand represent the maximum exposure to credit risk at the current and comparative year ends. No debtors are past their due date and none have been provided for. There has been no stock lending during the year, or prior year.

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either carried in the balance sheet at fair value, or the balance sheet amount is a reasonable approximation of fair value.

23. Capital management policies and procedures

The Company's capital is represented by its net assets and borrowings, which are managed to achieve the Company's investment objective, as set out on the inside front cover of this annual report.

The Company has overdraft and credit facilities in place which may be used to maximise the return to shareholders through an appropriate level of gearing. The Board would not expect the level of gearing to exceed 30%, where gearing is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

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 out of treasury; and

– the amount of dividend to be paid, in excess of that which is required to be distributed.

Annual General Meeting – Recommendations

The Annual General Meeting ("AGM") of the Company will be held on Tuesday, 25 April 2023 at 1.00 p.m. The formal Notice of Meeting is set out on page 97.

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 10 are all ordinary resolutions. Resolution 1 is a required resolution. Resolution 2 invites shareholders to approve the final dividend. Resolution 3 relates to the Directors' Remuneration Policy. Resolution 4 concerns the Directors' Remuneration Report, on pages 66 to 68. Resolutions 5 to 7 invite shareholders to re-elect each of the Directors for another year, whilst resolution 8 invites shareholders to elect Mr Judd as a Director following the recommendations of the nomination committee, set out on pages 64 and 65 (their biographies are set out on pages 56 and 57). Resolutions 9 and 10 concern the re-appointment and remuneration of the Company's auditor, discussed in the Audit and Risk Committee Report on pages 61 and 62.

Special business

Resolution 11: Directors' authority to allot shares (ordinary resolution) and resolution 12 – power to disapply pre-emption rights (special 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.

Appropriate resolutions will be proposed at the forthcoming AGM and are set out in full in the Notice of AGM. An ordinary resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £520,650 (being 10% of the issued share capital (excluding any shares held in treasury) as at 15 March 2023).

A special resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £520,650 (being 10% of the issued share capital as at 15 March 2023) on a non pre-emptive basis. This authority includes shares that the Company sells or transfers that have been held in treasury. The Directors do not intend to allot ordinary shares or sell treasury shares, on a non pre-emptive basis, pursuant to this authority 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 as a whole. Shares issued or treasury shares reissued, under this authority, will be at a price that is equal to or greater than the Company's NAV per share, plus any applicable costs, as at the latest practicable date before the allotment of such shares.

If approved, both of these authorities will expire at the conclusion of the AGM in 2024 unless renewed, varied or revoked earlier.

Resolution 13: authority to make market purchases of the Company's own shares (special resolution)

At the AGM held on 11 May 2022, the Company was granted authority to make market purchases of up to 16,356,286 ordinary shares of 5p each for cancellation or holding in treasury. 4,908,361 shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 11,447,925 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. 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 15 March 2023 (excluding treasury shares). The Directors will exercise this authority to buy back shares only when the share price is at a discount to the Company's NAV and 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, this authority will lapse 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 resolutions to be proposed at the forthcoming AGM, as they intend to do in respect of their own beneficial holdings.

Notice of Annual General Meeting

Notice is hereby given that the thirty-fifth Annual General Meeting of Schroder Asian Total Return Investment Company plc will be held on Tuesday, 25 April 2023 at 1.00 p.m. at 1 London Wall Place, London EC2Y 5AU to consider the following resolutions, of which resolutions 1 to 11 will be proposed as ordinary resolutions, and resolutions 12 and 13 will be proposed as special resolutions:

1. To receive the Directors' Report and the audited accounts for the year ended 31 December 2022.
2. To approve a final dividend of 11.0 pence per share for the year ended 31 December 2022.
3. To approve the Directors' Remuneration Policy.
4. To approve the Directors' Remuneration Report for the year ended 31 December 2022.
5. To approve the re-election of Andrew Cainey as a Director of the Company.
6. To approve the re-election of Caroline Hitch as a Director of the Company.
7. To approve the re-election of Sarah MacAulay as a Director of the Company.
8. To elect Jasper Judd as a Director of the Company.
9. To re-appoint Ernst & Young LLP as auditor to the Company.
10. To authorise the Directors to determine the remuneration of Ernst & Young LLP as auditor to the Company.
11. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

    "THAT in substitution for all existing authorities the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to an aggregate nominal amount of £520,650 (being 10% of the issued ordinary share capital at 15 March 2023) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2024, but that the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Board may allot relevant securities in pursuance of that offer or agreement."
12. To consider and, if thought fit, to pass the following resolution as a special resolution:

    "That, subject to the passing of Resolution 11 set out above, the Directors be and are hereby empowered, pursuant to Section 571 of the Act, to allot equity securities (including any shares held in treasury) (as defined in section 560(1) of the Act) pursuant to the authority given in accordance with section 551 of the Act by the said Resolution 11 and/or where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £520,650 (representing 10% of the aggregate nominal amount of the share capital in issue at 15 March 2023); and where equity securities are issued pursuant to this power they will only be issued at a price which is equal or greater than the Company's NAV per share as at the latest practicable date before the allotment; and provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry."
13. 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 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 5p 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 which may be purchased is 15,609,275, representing 14.99% of the Company's issued ordinary share capital as at 15 March 2023 (excluding treasury shares);

    (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 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 (exclusive of expenses) which may be paid for a Share shall be 5p, being the nominal value per Share;

    (d) this 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 by the Company 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 cancelled or held in treasury."

By order of the Board

Schroder Investment Management Limited
Company Secretary

15 March 2023

Registered Office:
1 London Wall Place,
London EC2Y 5AU

Registered Number: 02153093

Explanatory Notes to the Notice of Meeting

1. Ordinary shareholders are entitled to attend, ask questions and vote at the meeting and to appoint one or more proxies, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting.

   A proxy form is attached. If you wish to appoint a person other than the Chairman as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on 0800-032-0641. If calling from outside the UK, please ensure the country code is used, or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

   On a vote by show of hands, every ordinary shareholder who is present in person has one vote and every duly appointed proxy who is present has one vote. On a poll vote, every ordinary shareholder who is present in person or by way of a proxy has one vote for every share of which he/she is a holder. Voting will be by poll.

   The "Vote Withheld" option on the proxy form 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.

   A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 hours before the time fixed for the meeting, or an adjourned meeting. Shareholders may also appoint a proxy to vote on the resolutions being put to the meeting electronically at www.sharevote.co.uk. Shareholders who are not registered to vote electronically, will need to enter the Voting ID, Task ID and Shareholder Reference ID set out in their personalised proxy form.

   Alternatively, shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at www.shareview.co.uk using their user ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on-screen instructions. The on-screen instructions give details on how to complete the appointment process. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 1.00 p.m. on 21 April 2023. If you have any difficulties with online voting, you should contact the shareholder helpline on 0800-032-0641. If calling from outside the UK, please ensure the country code is used.

   If an ordinary shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.

   Shareholders may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than expressly stated.

   Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the Annual General Meeting.

2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

   The statement of the rights of ordinary shareholders in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by ordinary shareholders of the Company.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of members of the Company at 6.30 p.m. on 21 April 2023, or 6.30 p.m. two days prior to the date of an adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.30 p.m. on 21 April 2023 shall be disregarded in determining the right of any person to attend and vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com. A CREST message appointing a proxy (a "CREST proxy instruction") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments.

Explanatory Notes to the Notice of Meeting

5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of their family interests in the shares of the Company, will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.

6. The biographies of the Directors offering themselves for election and re-election are set out on pages 56 and 57 of the Company's annual report and accounts for the year ended 31 December 2022.

7. As at 15 March 2023, 109,114,651 ordinary shares of 5 pence each were in issue (of which 4,983,361 ordinary shares were held in treasury). Therefore the total number of voting rights of the Company as at 15 March 2023 was 104,131,290.

8. A copy of this Notice of meeting, which includes details of shareholder voting rights, together with any other information as required under Section 311A of the Companies Act 2006, is available from the Company's webpage, www.schroders.co.uk/satric.

9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

10. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to:

    (a) the audit of the Company's Accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting; or

    (b) any circumstance connected with an auditor of the Company ceasing to hold office since the last AGM, that the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

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

Definitions of Terms and Alternative Performance Measures

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

Net asset value ("NAV") per share

The NAV per share of 434.60p (2021: 507.24p) represents the net assets attributable to equity shareholders of £457,474,000 (2021: £551,745,000) divided by the number of shares in issue, excluding any shares held in treasury, of 105,263,203 (2021: 108,774,651).

The change in the NAV amounted to -14.3% (2021: +5.9%) over the year. However this performance measure excludes the positive impact of the dividend paid out by the Company during the year. When the dividend is factored into the calculation, the resulting performance measure is termed the "total return". Total return calculations and definitions are given below.

Total return*

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

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

Opening NAV at 31/12/21				507.24p
Closing NAV at 31/12/22				434.60p
Dividend received	XD date	NAV on XD date	Factor	
8.50p	28/4/22	444.64p	1.0191	
NAV total return, being the closing NAV, multiplied by the factor, expressed as a percentage change in the opening NAV:				-12.7%

The NAV total return for the year ended 31 December 2021 is calculated as follows:

Opening NAV at 31/12/20				479.07p
Closing NAV at 31/12/21				507.24p
Dividend received	XD date	NAV on XD date	Factor	
7.10p	15/4/21	501.09p	1.0142	
NAV total return, being the closing NAV, multiplied by the factor, expressed as a percentage change in the opening NAV:				+7.4%

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

Opening share price at 31/12/21				506.00p
Closing share price at 31/12/22				409.50p
Dividend received	XD date	Share price on XD date	Factor	
8.50p	28/4/22	424.00p	1.0200	
Share price total return, being the closing share price, multiplied by the factor, expressed as a percentage change in the opening share price:				-17.4%

The share price total return for the year ended 31 December 2021 is calculated as follows

Opening share price at 31/12/20				489.00p
Closing share price at 31/12/21				506.00p
Dividend received	XD date	Share price on XD date	Factor	
7.10p	15/4/21	508.00p	1.0140	
Share price total return, being the closing share price, multiplied by the factor, expressed as a percentage change in the opening share price:				+4.9%

Reference Index

The measure against which the Company compares its performance. With effect from 15 March 2013, the Reference Index has been the MSCI AC Asia Pacific ex-Japan Index (with net income reinvested), sterling adjusted. Prior to that date it was the MSCI AC Asia Pacific ex-Japan Index (with gross income reinvested), sterling adjusted.

Definitions of Terms and Alternative Performance Measures

Discount/premium*

The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. If shares are trading at a discount, investors would be paying less than the value attributable to the shares by reference to the underlying assets. A premium or discount is generally the consequence of supply and demand for the shares on the stock market. The discount or premium is expressed as a percentage of the NAV per share. The discount at the year end amounted to 5.8% (2021: 0.2%), as the closing share price at 409.50p (2021: 506.00p) was 5.8% (2021: 0.2%) lower than the closing NAV of 434.60p (2021: 507.24p).

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. This figure is indicative of the extra amount by which shareholders' funds would move if the Company's investments were to rise or fall. This represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets. If the figure so calculated is negative, this is shown as a "Net cash" position. The gearing figure at the year end is calculated as follows:

	2022 £'000	2021 £'000
Borrowings used for investment purposes, less cash	40,987	45,887
Net assets	457,474	551,745
Gearing	9.0%	8.3%

Ongoing Charges*

Ongoing Charges is a measure of the ongoing operating costs of the Company. It 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, expressed as a percentage of the average daily net assets values during the year, as follows:

	2022 £'000	2021 £'000
Management fee and all other operating expenses excluding finance costs, transaction costs and any performance fee payable	3,956	4,446
Average daily net asset values during the year	481,468	530,595
Ongoing charges	0.82%	0.84%

Leverage*

For the purpose of the UK AIFM Directive, leverage is any method which increases the Company's exposure to financial risk, 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.

*Alternative Performance Measures

Shareholder Information

Webpages and share price information

The Company has dedicated webpages, which may be found at www.schroders.co.uk/satric. The webpages have been designed to be used as the Company's primary method of electronic communication with shareholders. They contain details of the Company's share price and copies of annual report 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, Equiniti's shareview service 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, diluted where applicable, to the market on a daily basis.

Share price information may also be found in the Financial Times and at 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.

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 IFAs 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

Annual results announced	March
Annual General Meeting	April
Final dividend paid	May
Half year results announced	September
Financial year end	31 December

Alternative Investment Fund Managers Directive ("AIFMD") disclosures

The AIFMD UK regulation, transposed AIFMD into the FCA Handbook in the UK and 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 December 2022 these were:

Leverage exposure	Maximum ratio	Actual ratio
Gross method	2.50	1.20
Commitment method	2.00	1.19

*Further details can be found on pages 100 and 101.

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 also 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 Products ("PRIIPs") 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.

Complaints

The Company has adopted a policy on complaints and other shareholder communications which ensures that shareholder complaints and communications addressed to the Company Secretary, the Chairman or the Board are, in each case, considered by the Chairman and the Board.

www.schroders.co.uk/satric

Directors

Sarah MacAulay (Chairman)
Andrew Cainey
Caroline Hitch
Mike Holt
Jasper Judd (appointed 1 February 2023)

Advisers

Alternative Investment Fund Manager (the "Manager")

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

Portfolio Manager and Company Secretary

Schroder Investment Management Limited
1 London Wall Place
London EC2Y 5AU
Telephone: 020 7658 3847
amcompanysecretary@schroders.com

Registered Office

1 London Wall Place
London EC2Y 5AU

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Lending Bank

Scotiabank Europe PLC
201 Bishopsgate
6th Floor
London EC2M 3NS

Corporate Broker

Winterflood Investment Trusts
The Atrium Building
Canon Bridge House
Dowgate Hill
London EC4R 2GA

Independent Auditors

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

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Shareholder helpline: 0800 032 0641[1]
Website: www.shareview.co.uk

[1]Calls to this number are free of charge from UK landlines.

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at the above address and telephone number above.

Shareholder enquiries

General enquiries about the Company should be addressed to the Company Secretary at the Company's Registered Office.

Dealing Codes

ISIN:	GB0008710799
SEDOL:	0871079
Ticker:	ATR

Global Intermediary Identification Number (GIIN)

TRPJG6.99999.SL.826

Legal Entity Identifier (LEI)

549300TQNNGZ0JHO2L78

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

Schroders