

Schroders

# Schroder AsiaPacific Fund plc

## Half Year Report and Accounts

For the six months ended  
31 March 2023



## Schroder AsiaPacific Fund plc

Provides exposure to Asia's superior long-term growth potential by identifying attractive investment opportunities across the region's equity markets.

### Investment objective

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

### Investment policy

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

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



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**Front cover:** the front and inside front cover show the Taj Mahal, Agra, India.





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# Financial Highlights

## Total returns for the six months ended 31 March 2023<sup>1</sup>



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



**Share price**



**Benchmark<sup>2</sup>**

<sup>1</sup> Total returns measure the combined effect of any dividends paid, together with the rise or fall in the share price or NAV per share. Total return statistics enable the investor to make performance comparisons between investment companies with different dividend policies. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares of the Company at the time the shares were quoted ex-dividend (to calculate the share price total return) or in the assets of the Company at its NAV per share (to calculate the NAV per share total return).

<sup>2</sup> Source: Thomson Reuters. The Company's benchmark is the MSCI All Countries Asia excluding Japan Index (with net income reinvested), sterling adjusted.

## Other financial information

	31 March 2023	30 September 2022	% Change
Shareholders' funds (£'000)	910,943	878,187	+3.7
Ordinary shares in issue	157,560,716	160,800,716	(2.0)
NAV per share (pence)	578.15	546.13	+5.9
Share price (pence)	517.00	487.00	+6.2
Share price discount to NAV per share (%)	10.6	10.8	
Gearing (%) <sup>1</sup>	0.0	0.2	

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

# Chairman's Statement



## Performance

Over the six months ended 31 March 2023, the Company's NAV produced a total return of 8.1%, outperforming the 4.9% total return from the Company's Benchmark Index, the MSCI All Countries Asia (excluding Japan). The Company's share price

produced a total return of 8.7% over the period.

Performance over the period was helped by strong stock selection across a number of markets including India, Hong Kong, Taiwan and China, which more than offset the negative attribution to performance from the underweight to China and allocation to Vietnam.

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

## Investment Management

I am pleased to announce that Abbas Barkhordar, who previously had been Assistant Manager, will co-manage the portfolio alongside Richard Sennitt from 1 June 2023. Richard will remain as lead manager. The team draw upon Schroders' deep resources in Asia and the research team based across the region continue to play an integral role.

## Discount management

The Company continued to be active in buying back its shares during the period and a total of 3,240,000 shares were purchased for cancellation over that time at a cost of £16,050,000. Since the end of the period, the Company has bought back an additional 990,000 shares. The discount narrowed slightly from 10.8% at the start of the period to 10.6% as at 31 March 2023.

The Board continues to monitor the Company's discount levels and regularly reviews the Company's share buy-back policy.

## Gearing

The Company was 0.2% geared at the start of the period and at 31 March 2023 held a net cash position. The Board continues to keep gearing under consideration and the Manager has access to a £75m revolving credit facility, and an overdraft facility, which will be utilised when the Manager believes that the use of borrowing will be accretive to returns.

## Board succession

As part of its succession plans, the Board welcomed Rupert Hogg as an additional independent non-executive Director with effect from 1 May 2023. Rupert has over 30

years international business experience gained through senior executive level positions in various organisations, including a number of large Asian based companies. He joined John Swire & Sons Limited, part of the Swire conglomerate of businesses, in 1986 and worked with the group in Hong Kong, Southeast Asia, India, Korea, Australia and the United Kingdom. Between May 2017 and August 2019, Rupert was Chief Executive Officer of Cathay Pacific Airways Limited and Chairman of Hong Kong Dragon Airlines Limited, Rupert has also served as Chief Operating Officer of Cathay Pacific Airways Limited, a Director of Cathay Pacific and John Swire & Sons (H.K.) Limited, Chairman of AHK Air Hong Kong Limited and a Director and Chairman of the executive committee of Cathay Dragon.

The Board welcomes Rupert's depth of expertise and knowledge and he will be standing for election at our next annual general meeting.

## Outlook

After a difficult period to September 2022 it has been good to see performance, both in relative and absolute terms, rebound over the period.

China's reopening after Zero COVID and a general expectation that inflation and therefore interest rates are peaking has aided markets. However, geopolitical issues remain, not least increased tensions between the USA and China, as does the uncertainty about the medium term consequences of higher interest rates on the global economy and financial system.

However, our Investment Manager believes that overall aggregate valuations in Asia are trading at or below long term averages and that this does potentially set up a constructive backdrop for Asian markets in the coming months.

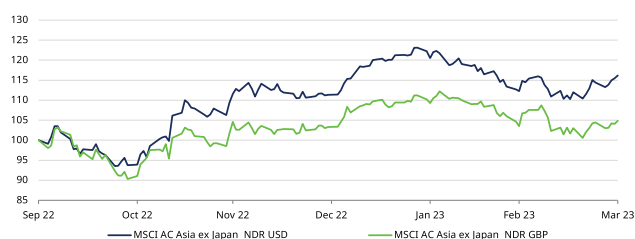
**James Williams**  
Chairman

22 May 2023

# Investment Manager's Review

The NAV per share of the Company recorded a total return of 8.1% over the six months ended 31 March 2023. This was ahead of the performance of the Benchmark, which rose by 4.9% over the same period. (Source: Morningstar, net of fees, cum income NAV return).

## Benchmark performance 30 September 2022 to 31 March 2023



Source: Thomson Datastream as at 31 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. Exchange rate changes may cause the value of any overseas investments to rise or fall.

Asian markets experienced huge swings in sentiment over the six months to the end of March 2023, seeing steep falls in China and Hong Kong during October 2022 in the run up to, and post, the Communist Party Congress before seeing a dramatic recovery driven by the Chinese authorities' move away from Zero COVID. This move took the market, and us, by surprise given the speed and extent of the reversal. We had expected a slower, more staggered, shift given the sizeable cohort of the elderly that were still not fully vaccinated and the political capital that had been invested in the policy.

In addition to this policy reversal, there were a number of positive developments including a stabilisation in US-China relations following the G-20 meeting in Bali, where presidents Xi and Biden met face-to-face. With the party congress and US mid-term elections out of the way, there was hope that we could see increased cooperation between the two countries. In this vein, there was a positive development from the US Public Company Accounting Oversight Board ("PCAOB") inspection of Chinese accounts where, for now at least, the US seem happy with the access they had been given, thus likely deferring any forced de-listings of Chinese companies in the US. Unsurprisingly, Chinese American Depositary Receipts ("ADRs") responded very positively to this. Furthermore, in China, there was a shift in tone around regulation towards the internet companies, together with the approval of a number of games by leading developers and further announcements of government support for the troubled residential property market. All this led to a very rapid rise in the market and the China index outperformed over the period. At one point it was up by nearly 50% from its end-October 2022 lows, before

selling off as some of the re-opening euphoria died back along with renewed geopolitics concerns.

Elsewhere, there was also a change of fortune among a number of the major markets – Korea and Taiwan outperformed, with Indonesia and India the main laggards as investors took profits following their strong performance throughout 2022. In part, this rotation into the North East Asian markets was driven by an expectation that the information technology ("IT") cycle was starting to bottom, after a sell off in the sector due to a slowing demand outlook that had seen valuations start to trade near cyclical lows for a number of names. Leading companies in the sector performed well – semiconductor manufacturer Samsung Electronics and foundry company Taiwan Semiconductor Manufacturing Company ("TSMC") were both up by around 20% over the period for instance. The Indian market had also started to look expensive and was seen as a source of cash for investors looking to fund increased exposure to North Asian markets.

Despite the deteriorating outlook for global growth, inflation pressures remained elevated which disappointed investors, as US interest rates would likely remain a headwind for longer. Towards the end of the period global markets were impacted by the collapse of Silicon Valley Bank and Credit Suisse and the potential wider impacts on the financial system. Although we believe that there are relatively few parallels between these specific cases and the Asian banks, which we discuss later on, this did see financials underperform over the period despite banks' earnings benefitting from rising interest rates. Defensive sectors generally underperformed over the period, with utilities particularly weak following a short seller's report on the Adani group in India which saw those group companies under pressure. As described above, the IT sector performed particularly well as did the communication services sector where some of the more growth-orientated internet platform names, such as Tencent and SEA, performed strongly.

# Investment Manager's Review

## Market returns

30 September 2022 to 31 March 2023



Source: Factset.

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## Performance and portfolio activity

Absolute and relative performance over the period was helped by strong stock selection across a number of markets including India, Hong Kong, Taiwan and China which more than offset the negative contributions to performance from the underweight to China and allocation to Vietnam. Stock selection in Hong Kong and China was boosted by non-bank financials, including insurance names AIA and Ping An Insurance, that were beneficiaries of the end to the Zero COVID policy in China which should see a pick up in policy sales. AIA in particular will benefit from the return of mainland Chinese visitors to Hong Kong, who historically have been significant purchasers of insurance there. Infrastructure spend beneficiaries, such as supplier of construction equipment Sany Heavy Industry, also performed well as did Prada, the luxury consumer goods company, where a recovery in demand has become apparent.

Our stock picks in Taiwan performed well, including IT names such as fabless integrated circuit design houses Novatek and Mediatek and foundry TSMC, as did window shutter manufacturer Nien Made. Vietnam performed poorly due to a combination of a slowing export sector outlook on global growth concerns, as well as uncertainties over banks' exposure to the property sector following a government tightening of regulations and an anti-corruption campaign.

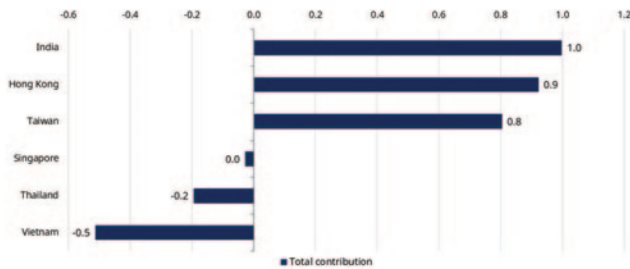
From a sector perspective, our overweight to, and stock selection in, IT was the biggest contributor, due to both our names in Taiwan (as above) and in Korea where Samsung Electronics and electric vehicle ("EV") battery manufacturer Samsung SDI performed particularly strongly. Our overweight to financials was a negative, impacted by the global retracement of banks following the Silicon Valley Bank and Credit Suisse collapses, but this was more than offset by the underweights to some of the more defensive areas including consumer staples and utilities. Our holdings in Hong Kong property names also added value as the move away from Zero COVID was expected to lead to a return of shoppers and workers to the malls and offices.

The geographic exposure in the Company's portfolio continues to be mainly spread between China, Taiwan, Hong Kong, India, Korea and Singapore. Over the period, we added to positions in Hong Kong, including Hong Kong Exchange, insurance company AIA and Bank of China (Hong Kong) and remain overweight there. China remains a substantial underweight but is, in part, offset by this overweight to Hong Kong. The Hong Kong market, in general, looks more attractive from a valuation perspective with a number of names set to benefit from the opening of the border with the mainland. Elsewhere, we reduced our exposure to the Indian market earlier in the period, as valuations, particularly amongst some of the domestic names, looked relatively expensive. Here, sales included auto company Maruti Suzuki and logistics provider Container Corporation of India. Towards the end of the period valuations were starting to look more reasonable and we initiated new positions in Oberoi Realty, a Mumbai based property company, and Mphasis, an IT services name that had been sold down to attractive levels.

Sectorwise, our largest exposure is to the IT sector, where we continue to like the Korean and Taiwanese names, followed by the financials where we have a broad exposure to not only the banks but also the exchanges and insurers. Although near term earnings in the IT sector have been seeing downward revisions, we continue to see some strong long-term drivers for growth around digitisation, the roll-out of 5G and 'Internet of Things' and Artificial Intelligence ("AI"). We added to our exposure to communications services companies, where the internet related names have underperformed, including The Association of Southeast Asian Nations ("ASEAN") focussed e-commerce and mobile gaming company SEA that is executing on a plan to bring forward profitability. Reductions in the consumer discretionary and industrials sectors centred on the Indian sales mentioned above.

# Investment Manager's Review

## Top three contributors and top three detractors at a market level, six months to 31 March 2023 (% points)



Source: Factset PA3. Top contributors and detractors are shown excluding gearing.

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.

## Outlook and policy

We entered the Year of the Rabbit with the hope that China's re-opening and the potential for a softer US dollar and peaking US rate hike cycle should provide a more supportive backdrop for Asian markets, although slowing global growth would inevitably be a headwind given Asia's position as manufacturer to the world. More recently the collapse of several regional banks in the US and the proposed takeover of Credit Suisse have added to concerns over financial sector risk globally, as well as the potential knock-on impact on growth. Geopolitics remains a risk with US-China relations, Taiwan and the Ukraine all areas of tension.

Looking first at the U-turn in China's Zero COVID policy – which unsurprisingly saw the Chinese market rally hard off its lows, rising some 50% before pulling back. Clearly the move away from Zero COVID is a positive from an economic perspective and, when combined with the stimulus measures that have been announced, particularly towards the property sector, this should help remove the tail risk of a hard landing in China centred on the property market. We remain very underweight China and, from a reopening standpoint, it feels as though much of the upside has already been priced in.

Notwithstanding the recent pullback, valuations of many of the 'reopening plays' pre the U-turn on COVID were not particularly attractive, as there was already an expectation that 2023 would see a move away from Zero COVID – albeit very few, including ourselves, expected it to happen as rapidly as it has. Following the rally, valuations in a lot of these names rose well above historic levels, even factoring in a large recovery in profits.

Other areas have in part also benefitted from this change in policy, together with a perceived lowering of risk from

a regulatory perspective. Statements at the Central Economic Work Conference ("CEWC") in December 2022 around equal support for state owned and private owned enterprises, as well as support for the internet platform companies, helped here. This, along with a diminished ADR-delisting risk, saw the likes of Alibaba rally strongly from their lows. Whilst things have improved from a regulatory perspective, we remain sceptical that risks around 'national service' have entirely gone away, as highlighted by the recent use of "golden shares", and thus think that long term returns in a number of areas in the market have likely come down.

Lastly, although the domestic demand outlook has improved in China, the external side is moving in the opposite direction, with net exports likely to continue to be under pressure through 2023. Given its importance in employment (nearly a quarter of the workforce), this slowdown will have obvious ramifications for growth.

All this means we remain meaningfully underweight China, although we are still looking for opportunities to add to stocks that have lagged in areas which are less obvious beneficiaries, but where we think the long term opportunity remains attractive. We are, however, more positive on Hong Kong, where valuations are lower and the special administrative region ("SAR") will see a recovery as the border with the mainland opens and tourists come back. Given this, and as mentioned above, we did add to some of our names there including AIA, Bank of China (Hong Kong) and HK Exchange.

If we look further afield, we think the stabilisation of China's economy and rebound in consumption, albeit most evident in services rather than goods, will also help a number of regional names including some of the IT companies in Korea and Taiwan, resource names in Australia and other companies that will benefit from an increased level of travel by Chinese for example in Thailand and Vietnam. The portfolio holdings in these areas should benefit from any pick up in China and improved mobility.

Elsewhere, as mentioned earlier, India and Indonesia (as well as other ASEAN markets) appear to be being used as a funding source after strong performance last year. Valuations on average in India are still elevated but are now starting to get more interesting following the market's pullback, given the strong longer term growth story there. So whilst we did reduce our exposure at the start of the period, with sales including some of the more expensive domestic names, towards the end of the period we started to add back to names where value had started to emerge.

Markets globally have been more recently impacted by the collapse of several regional banks in the US and Credit Suisse and the potential wider impacts on the financial system. The Asian financial sector has few direct parallels for the problems faced in these cases. In



# Investment Manager's Review

particular, the Asian banks tend to have strong deposit franchises, smaller investment portfolios and different regulatory requirements with regard to adjusting the value of their fixed income positions to reflect current market conditions. They have been seeing improved profitability and are generally well capitalised. Most banks we own are more domestically focussed retail names and in general trade at attractive valuations and decent dividend yields. Still, we are mindful of the global tightening in liquidity that we are seeing and the potential contagion risks, and will continue to monitor our positions carefully. Elsewhere, our preference for IT continues. The IT names remain sensitive to the global slowdown and the Korean names, such as Samsung Electronics, despite a recent rally are still trading at relatively attractive levels from a valuation perspective. Although the demand slowdown has been worse than we expected, there are signs that an adjustment on the supply side is starting to take place as announcements on production and capital expenditure cuts have started to be seen.

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

Near term, it is likely that we will see further downward revisions to earnings as global growth slows and an ongoing period of inventory adjustment amongst companies to reflect this slower growth, which will hopefully put them in a position to start to grow earnings once more. Given overall aggregate valuations for the region are now trading at or below long-term averages, this does set up a more constructive backdrop for Asian markets in the coming year, barring a global hard landing or a more extreme geopolitical risk event.

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

## Market Weights – Company vs. Benchmark Index

	Net Asset Value Weight (%)		Benchmark Index Weight (%)
	31 Mar 2023	30 Sep 2022	31 Mar 2023
Mainland China	18.2	18.7	36.8
Taiwan	16.2	15.0	17.1
India	15.0	17.0	14.6
Hong Kong (SAR)	14.4	12.9	7.2
South Korea	12.6	12.4	13.4
Singapore	8.2	8.4	4.0
Australia	3.7	3.8	-
Vietnam	2.6	3.1	-
Indonesia	2.3	2.6	2.1
Thailand	1.8	2.2	2.4
Philippines	1.1	0.9	0.8
Malaysia	-	-	1.6
Other equities*	3.9	3.2	-
Gearing**	-	(0.2)	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\* UK (including a Unit Trust) and Italy.

\*\* Cash less borrowings used for investment purposes.

Source: Schroders, MSCI, 31 March 2023.

### Schroder Investment Management Limited 22 May 2023

Any references to sectors/countries/stocks/securities are for illustrative purposes only and not a recommendation to buy or sell any financial instrument/securities or adopt any investment strategy.

# Half Year Report

## Principal risks and uncertainties

The principal risks and uncertainties associated with the Company's business fall into the following categories: strategic risk; investment management and performance risk; financial and currency risk; political risk; custody risk; gearing and leverage risk; accounting, legal and regulatory change risk; service provider risk; cyber and climate change risk. A detailed explanation of the risks and uncertainties in each of these categories can be found on pages 21 and 22 of the Company's published annual report and accounts for the year ended 30 September 2022.

These risks and uncertainties have not materially changed during the six months ended 31 March 2023. However, the Board undertook a review of principal and emerging risks for the Company while reviewing these accounts. The Directors noted that geopolitical risk and climate change risk in particular continue to develop. These matters will continue to be monitored and reported on in the next annual report as appropriate.

## Going concern

Having assessed the principal risks and uncertainties, and the other matters discussed in connection with the viability statement as set out on page 23 of the published annual report and accounts for the year ended 30 September 2022, the Directors consider it appropriate to adopt the going concern basis in preparing the accounts.

## Related party transactions

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 31 March 2023.

## Directors' responsibility statement

The Directors confirm that, to the best of their knowledge, this set of condensed financial statements has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, in particular with Financial Reporting Standard 104 "Interim Financial Reporting" and with the Statement of Recommended Practice, "Financial Statements of Investment Companies and Venture Capital Trusts" issued in July 2022, and that this half year report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules.

# Investment Portfolio as at 31 March 2023

Investments are classified by the Manager in the region or country of their main business operations or listing. Stocks in bold are the 20 largest investments, which by value account for 65.1% (30 September 2022: 60.5% and 31 March 2022: 62.5%) of total investments.

	£'000	%		£'000	%
<b>Mainland China</b>			<b>Hong Kong (SAR)</b>		
<b>Tencent Holdings<sup>1</sup></b>	<b>49,606</b>	<b>5.4</b>	<b>AIA</b>	<b>34,667</b>	<b>3.8</b>
<b>Alibaba<sup>1</sup></b>	<b>30,233</b>	<b>3.3</b>	<b>Hong Kong Exchanges and Clearing</b>	<b>22,877</b>	<b>2.5</b>
<b>Midea (including A shares and LEPO)</b>	<b>18,283</b>	<b>2.0</b>	<b>BOC Hong Kong</b>	<b>19,617</b>	<b>2.1</b>
Yum China <sup>1,2</sup>	11,456	1.3	<b>Techtronic Industries</b>	<b>16,303</b>	<b>1.8</b>
Sany Heavy Industry A	11,068	1.2	Kerry Properties	11,836	1.3
Ping An Insurance H <sup>1</sup>	11,066	1.2	Hang Lung Properties	11,451	1.2
JD.com <sup>1</sup>	11,043	1.2	Swire Properties	9,507	1.0
Shenzhou International <sup>1</sup>	9,633	1.1	ASM Pacific Technology	6,437	0.7
Hongfa Technology A	7,768	0.8	<b>Total Hong Kong (SAR)</b>	<b>132,695</b>	<b>14.4</b>
LONGi Green Energy Technology A	4,198	0.5	<b>South Korea</b>		
Meituan <sup>1</sup>	1,844	0.2	<b>Samsung Electronics (including preference shares)</b>	<b>86,648</b>	<b>9.5</b>
<b>Total Mainland China</b>	<b>166,198</b>	<b>18.2</b>	<b>Samsung SDI</b>	<b>21,933</b>	<b>2.4</b>
<b>Taiwan</b>			LG H&H	6,258	0.7
<b>Taiwan Semiconductor Manufacturing</b>	<b>88,298</b>	<b>9.7</b>	<b>Total South Korea</b>	<b>114,839</b>	<b>12.6</b>
<b>MediaTek</b>	<b>19,083</b>	<b>2.1</b>	<b>Singapore</b>		
Delta Electronics	11,462	1.3	<b>Overseas-Chinese Banking</b>	<b>21,324</b>	<b>2.3</b>
Nien Made Enterprise	9,989	1.1	<b>Singapore Telecommunications</b>	<b>15,873</b>	<b>1.7</b>
Giant Manufacturing	8,512	0.9	Singapore Exchange	14,471	1.6
Hon Hai Precision Industries	6,339	0.7	Sea ADR <sup>2</sup>	11,616	1.3
Novatek Microelectronics	3,393	0.4	DBS Bank	11,561	1.3
<b>Total Taiwan</b>	<b>147,076</b>	<b>16.2</b>	<b>Total Singapore</b>	<b>74,845</b>	<b>8.2</b>
<b>India</b>			<b>Australia</b>		
<b>HDFC Bank</b>	<b>34,989</b>	<b>3.8</b>	BHP Group <sup>3</sup>	10,599	1.2
<b>ICICI Bank (including ADR<sup>2</sup>)</b>	<b>28,980</b>	<b>3.2</b>	Rio Tinto <sup>3</sup>	10,417	1.1
<b>Infosys</b>	<b>15,487</b>	<b>1.7</b>	Orica	9,107	1.0
<b>Apollo Hospitals Enterprise</b>	<b>14,810</b>	<b>1.6</b>	Woodside Energy <sup>3</sup>	3,577	0.4
Tata Consultancy Services	11,921	1.3	<b>Total Australia</b>	<b>33,700</b>	<b>3.7</b>
Reliance Industries	9,836	1.1	<b>Vietnam</b>		
Oberoi Realty	9,062	1.0	<b>Dragon Capital Vietnam Enterprise Investments<sup>4</sup></b>	<b>17,016</b>	<b>1.9</b>
Mphasis	7,996	0.9	Vietnam Dairy Products	5,834	0.6
Delhivery	3,337	0.4	Mobile World Investement	1,200	0.1
<b>Total India</b>	<b>136,418</b>	<b>15.0</b>	<b>Total Vietnam</b>	<b>24,050</b>	<b>2.6</b>

# Investment Portfolio as at 31 March 2023

	£'000	%
<b>United Kingdom</b>		
Schroder Asian Discovery Fund Z Acc <sup>4</sup>	17,864	2.0
Standard Chartered	4,683	0.5
<b>Total United Kingdom</b>	<b>22,547</b>	<b>2.5</b>
<b>Indonesia</b>		
Bank Mandiri	20,611	2.3
<b>Total Indonesia</b>	<b>20,611</b>	<b>2.3</b>
<b>Thailand</b>		
Kasikornbank NVDR	11,790	1.3
Bangkok Dusit Medical Services NVDR	4,946	0.5
<b>Total Thailand</b>	<b>16,736</b>	<b>1.8</b>
<b>Italy</b>		
Prada <sup>1</sup>	13,194	1.4
<b>Total Italy</b>	<b>13,194</b>	<b>1.4</b>
<b>Philippines</b>		
International Container Terminal Services	10,057	1.1
<b>Total Philippines</b>	<b>10,057</b>	<b>1.1</b>
<b>Total Investments<sup>5</sup></b>	<b>912,966</b>	<b>100.0</b>

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

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

<sup>3</sup> Listed in the United Kingdom.

<sup>4</sup> Predominantly invested in Asia

<sup>5</sup> Total investments comprises the following:

	£'000	%
Equities, including ADRs, LEPOs and NVDRs	863,028	94.5
Collective investment funds	34,880	3.9
Preference shares	15,058	1.6
<b>Total investments</b>	<b>912,966</b>	<b>100.0</b>

The following abbreviations have been used above:

ADR: American Depositary Receipt

LEPO: Low Exercise Price Option

NVDR: Non Voting Depositary Receipt

# Income Statement

## for the six months ended 31 March 2023 (unaudited)

	(Unaudited) For the six months ended 31 March 2023			(Unaudited) For the six months ended 31 March 2022			(Audited) For the year ended 30 September 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	-	65,764	65,764	-	(44,814)	(44,814)	-	(154,731)	(154,731)
Net foreign currency gains/(losses)	-	858	858	-	(381)	(381)	-	(2,936)	(2,936)
Income from investments	6,017	142	6,159	5,804	-	5,804	24,673	-	24,673
Other interest receivable and similar income	66	-	66	1	-	1	12	-	12
<b>Gross return/(loss)</b>	<b>6,083</b>	<b>66,764</b>	<b>72,847</b>	<b>5,805</b>	<b>(45,195)</b>	<b>(39,390)</b>	<b>24,685</b>	<b>(157,667)</b>	<b>(132,982)</b>
Investment management fee	(807)	(2,420)	(3,227)	(911)	(2,732)	(3,643)	(1,728)	(5,185)	(6,913)
Administrative expenses	(677)	-	(677)	(787)	-	(787)	(1,437)	-	(1,437)
<b>Net return/(loss) before finance costs and taxation</b>	<b>4,599</b>	<b>64,344</b>	<b>68,943</b>	<b>4,107</b>	<b>(47,927)</b>	<b>(43,820)</b>	<b>21,520</b>	<b>(162,852)</b>	<b>(141,332)</b>
Finance costs	(77)	(231)	(308)	(12)	(37)	(49)	(48)	(145)	(193)
<b>Net return/(loss) before taxation</b>	<b>4,522</b>	<b>64,113</b>	<b>68,635</b>	<b>4,095</b>	<b>(47,964)</b>	<b>(43,869)</b>	<b>21,472</b>	<b>(162,997)</b>	<b>(141,525)</b>
Taxation (note 3)	(624)	(175)	(799)	(539)	208	(331)	(1,799)	1,145	(654)
<b>Net return/(loss) after taxation</b>	<b>3,898</b>	<b>63,938</b>	<b>67,836</b>	<b>3,556</b>	<b>(47,756)</b>	<b>(44,200)</b>	<b>19,673</b>	<b>(161,852)</b>	<b>(142,179)</b>
<b>Return/(loss) per share (note 4)</b>	<b>2.45p</b>	<b>40.24p</b>	<b>42.69p</b>	<b>2.17p</b>	<b>(29.08)p</b>	<b>(26.91)p</b>	<b>12.04p</b>	<b>(99.08)p</b>	<b>(87.04)p</b>

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

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

# Statement of Changes in Equity

## For the six months ended 31 March 2023 (unaudited)

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2022	16,080	100,956	4,064	8,704	-	726,968	21,415	878,187
Repurchase and cancellation of the Company's own shares	(324)	-	324	-	-	(16,050)	-	(16,050)
Net return after taxation	-	-	-	-	-	63,938	3,898	67,836
Dividend paid in the period (note 5)	-	-	-	-	-	-	(19,030)	(19,030)
<b>At 31 March 2023</b>	<b>15,756</b>	<b>100,956</b>	<b>4,388</b>	<b>8,704</b>	<b>-</b>	<b>774,856</b>	<b>6,283</b>	<b>910,943</b>

## For the six months ended 31 March 2022 (unaudited)

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2021	16,486	100,956	3,658	8,704	16,110	894,363	17,664	1,057,941
Repurchase and cancellation of the Company's own shares	(132)	-	132	-	(7,433)	-	-	(7,433)
Net (loss)/return after taxation	-	-	-	-	-	(47,756)	3,556	(44,200)
Dividend paid in the period (note 5)	-	-	-	-	-	-	(15,922)	(15,922)
<b>At 31 March 2022</b>	<b>16,354</b>	<b>100,956</b>	<b>3,790</b>	<b>8,704</b>	<b>8,677</b>	<b>846,607</b>	<b>5,298</b>	<b>990,386</b>

## For the year ended 30 September 2022 (audited)

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2021	16,486	100,956	3,658	8,704	16,110	894,363	17,664	1,057,941
Repurchase and cancellation of the Company's own shares	(406)	-	406	-	(16,110)	(5,543)	-	(21,653)
Net (loss)/return after taxation	-	-	-	-	-	(161,852)	19,673	(142,179)
Dividend paid in the year (note 5)	-	-	-	-	-	-	(15,922)	(15,922)
<b>At 30 September 2022</b>	<b>16,080</b>	<b>100,956</b>	<b>4,064</b>	<b>8,704</b>	<b>-</b>	<b>726,968</b>	<b>21,415</b>	<b>878,187</b>

# Statement of Financial Position at 31 March 2023 (unaudited)

	(Unaudited) 31 March 2023 £'000	(Unaudited) 31 March 2022 £'000	(Audited) 30 September 2022 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	912,966	993,162	882,801
<b>Current assets</b>			
Debtors	3,188	5,234	7,920
Cash at bank and in hand	12,317	14,076	11,343
	<b>15,505</b>	19,310	19,263
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	<b>(14,464)</b>	(17,556)	(19,964)
<b>Net current assets/(liabilities)</b>	<b>1,041</b>	1,754	(701)
<b>Total assets less current liabilities</b>	<b>914,007</b>	994,916	882,100
<b>Non current liabilities</b>			
Deferred taxation	<b>(3,064)</b>	(4,530)	(3,913)
<b>Net assets</b>	<b>910,943</b>	990,386	878,187
<b>Capital and reserves</b>			
Called-up share capital (note 6)	15,756	16,354	16,080
Share premium	100,956	100,956	100,956
Capital redemption reserve	4,388	3,790	4,064
Warrant exercise reserve	8,704	8,704	8,704
Share purchase reserve	–	8,677	–
Capital reserves	774,856	846,607	726,968
Revenue reserve	6,283	5,298	21,415
<b>Total equity shareholders' funds</b>	<b>910,943</b>	990,386	878,187
<b>Net asset value per share (note 7)</b>	<b>578.15p</b>	605.59p	546.13p

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

Company registration number: 03104981

# Notes to the Accounts

## 1. Financial Statements

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

The figures and financial information for the year ended 30 September 2022 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

## 2. Accounting policies

### Basis of accounting

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, in particular with Financial Reporting Standard 104 "Interim Financial Reporting" and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies in July 2022.

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

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 30 September 2022.

## 3. Taxation

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

## 4. Return/(loss) per share

	(Unaudited) Six months ended 31 March 2023 £'000	(Unaudited) Six months ended 31 March 2022 £'000	(Audited) Year ended 30 September 2022 £'000
Revenue return	3,898	3,556	19,673
Capital return/(loss)	63,938	(47,756)	(161,852)
<b>Total return/(loss)</b>	<b>67,836</b>	<b>(44,200)</b>	<b>(142,179)</b>
Weighted average number of shares in issue during the period	158,887,090	164,224,700	163,346,606
Revenue return per share	2.45p	2.17p	12.04p
Capital return/ (loss) per share	40.24p	(29.08)p	(99.08)p
<b>Total return/(loss) per share</b>	<b>42.69p</b>	<b>(26.91)p</b>	<b>(87.04)p</b>

## 5. Dividends paid

	(Unaudited) Six months ended 31 March 2023 £'000	(Unaudited) Six months ended 31 March 2022 £'000	(Audited) Year ended 30 September 2022 £'000
2022 final dividend paid of 12.0p (2021: 9.7p)	19,030	15,922	15,922

No interim dividend has been declared in respect of the six months ended 31 March 2023 (2022: nil).



# Notes to the Accounts

## 6. Called-up share capital

	(Unaudited) Six months ended 31 March 2023	(Unaudited) Six months ended 31 March 2022	(Audited) Year ended 30 September 2022
<b>Ordinary shares of 10p each, allotted, called-up and fully paid:</b>			
Opening balance of shares in issue	160,800,716	164,860,716	164,860,716
Shares repurchased and cancelled	(3,240,000)	(1,320,000)	(4,060,000)
<b>Closing balance of shares in issue</b>	<b>157,560,716</b>	163,540,716	160,800,716

## 7. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds by the number of shares in issue at 31 March 2023 of 157,560,716 (31 March 2022: 163,540,716 and 30 September 2022: 160,800,716).

## 8. Financial instruments measured at fair value

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

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

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

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

Level 3 – valued using inputs that are unobservable.

The Company's investment portfolio was categorised as follows:

	(Unaudited) 31 March 2023 £'000	(Unaudited) 31 March 2022 £'000	(Audited) 30 September 2022 £'000
Level 1	912,966	993,162	882,801
Level 2	-	-	-
Level 3	-	-	-
<b>Total</b>	<b>912,966</b>	993,162	882,801

There have been no transfers between Levels 1, 2 or 3 during the period (period ended 31 March 2022 and year ended 30 September 2022: nil).

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

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

## Directors

James Williams (Chairman)  
Keith Craig  
Julia Goh  
Vivien Gould  
Rupert Hogg (appointed 1 May 2023)  
Martin Porter

## Advisers

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

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

### Investment Manager and Company Secretary

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

### Registered Office

1 London Wall Place  
London EC2Y 5AU

### Depositary and Custodian

HSBC Bank plc  
8 Canada Square  
London E14 5HQ

### Lending Bank

The Bank of Nova Scotia, London Branch  
6th Floor  
201 Bishopsgate  
London EC2M 3NS

### Corporate Broker

Numis Securities Limited  
45 Gresham Street  
London EC2V 7BF

## Registrar

Equiniti Limited  
Aspect House  
Spencer Road  
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BN99 6DA  
Shareholder Helpline  
+44 (0)371 032 0641\*  
Website: [www.shareview.co.uk](http://www.shareview.co.uk)

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

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

## Independent Auditor

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

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

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

## Dealing codes

ISIN Number: GB0007918872  
SEDOL Number: 0791887  
Ticker: SDP

## Global Intermediary Identification Number (GIIN)

SWLQRM.99999.SL.826

## Legal Entity Identifier (LEI)

549300A71N7LE35KWU14

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

