Schroders

Schroder AsiaPacific Fund plc

Annual Report and Accounts

For the year ended
30 September 2018

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 in sterling terms (Benchmark Index) over the longer term.

Investment policy

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

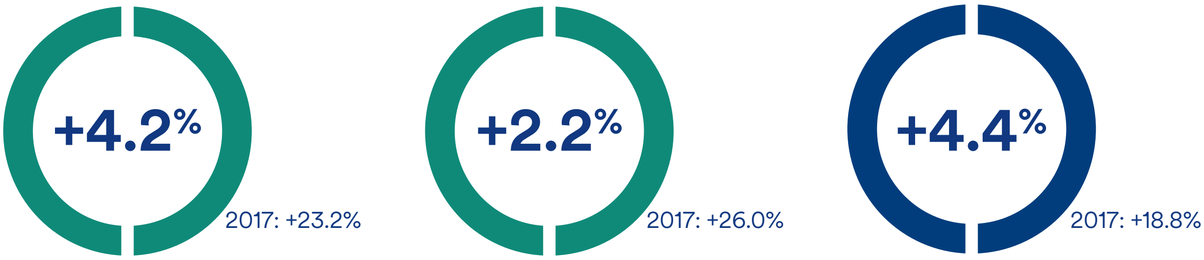
The portfolio is predominantly invested in equities, but may also be invested in other financial instruments such as put options on indices and equities in the region. The Company does not use derivative contracts for speculative purposes. The Company may invest up to 5% of its assets in securities which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

Contents

Financial Highlights

Some of the financial measures below are classified as Alternative Performance Measures as defined by the European Securities and Markets Authority and are identified with an asterisk (*). Definitions of these performance measures, and other terms used in this report, are given on page 52.

Total returns* for the year ended 30 September 2018



Net asset value ("NAV") per share[1]

Share price[1]

Benchmark[2]

[1]Source: Morningstar.
[2]Source: Thomson Reuters.

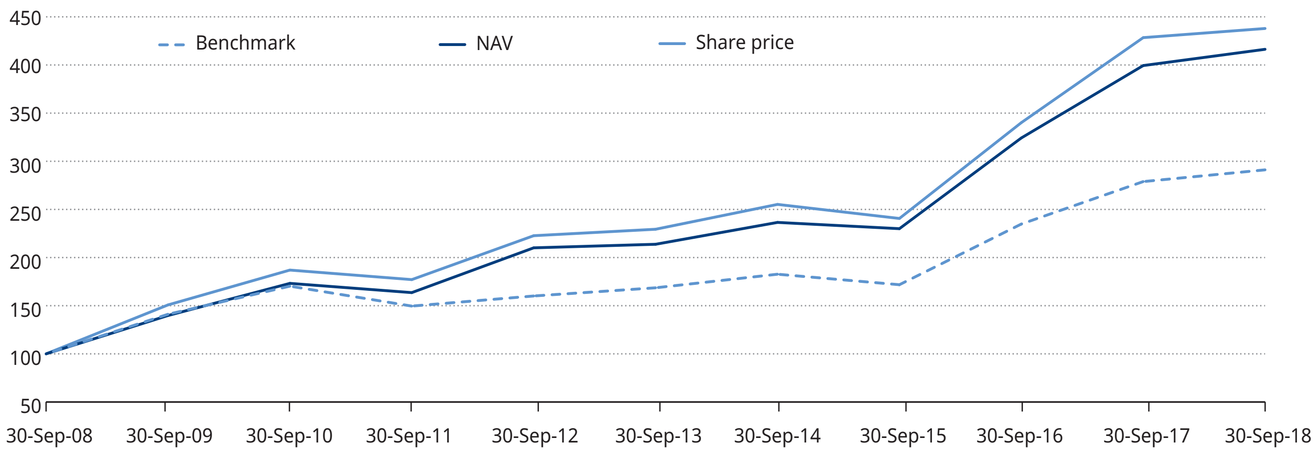
Other financial information

	30 September 2018	30 September 2017	% Change
Shareholders' funds (£'000)	825,042	799,942	+3.1
Shares in issue	167,570,716	167,570,716	–
NAV per share (pence)	492.35	477.38	+3.1
Share price (pence)	430.00	426.00	+0.9
Share price discount to NAV per share* (%)	12.7	10.8	
Gearing* (%)	2.6	4.4	

	Year ended 30 September 2018	Year ended 30 September 2017	% Change
Net revenue return after taxation (£'000)[1]	16,885	9,537	+77.0
Revenue return per share (pence)[1]	10.08	5.69	+77.2
Dividends per share (pence)[1]	9.50	5.60	+69.6
Ongoing Charges* (%)	0.94	0.99	

[1]In order to reflect better the increasing significance of income as part of total return, the board has, with effect from 1 October 2017, adopted an allocation policy whereby a proportion of indirect costs are allocated to the capital account. The effect of this change is to increase net revenue return after taxation by £6,110,000 and revenue return per share by 3.65 pence, for the year ended 30 September 2018. Further details are given in notes 1(e) and 1(f) on pages 35 and 36.

NAV per share, share price and Benchmark total returns for the 10 years ended 30 September 2018



Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2008.

10 Year Financial Record

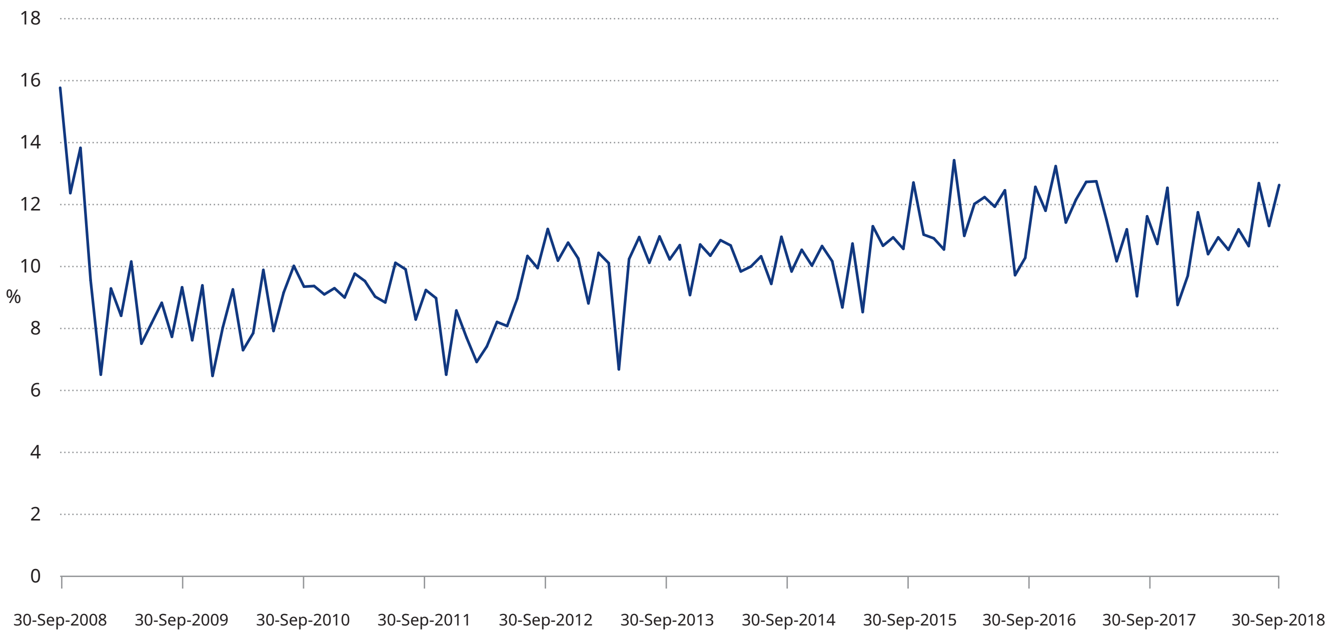
At 30 September	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shareholders' funds (£'000)	307,435	388,113	307,280	395,340	455,024	495,527	477,870	658,321	799,942	825,042
NAV per share, diluted where applicable (pence)	183.88	224.76	210.16	266.64	268.13	292.82	282.39	392.33	477.38	492.35
Share price (pence)	166.75	203.75	190.75	236.75	240.70	264.00	246.50	343.00	426.00	430.00
Share price discount to NAV per share (%)	9.3	9.3	9.2	11.2	10.2	9.8	12.7	12.6	10.8	12.7
(Net cash)/gearing (%)	(0.8)	(3.7)	4.4	5.7	(3.3)	(0.6)	2.3	0.4	4.4	2.6

For the year ended 30 September	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net revenue return after taxation (£'000)	4,469	4,394	4,033	4,916	5,000	4,749	7,151	8,040	9,537	16,885
Revenue return per share (pence)	2.67	2.62	2.59	3.37	3.08	2.80	4.23	4.77	5.69	10.08
Dividends per share (pence)	2.65	2.65	2.75	3.35	3.35	2.75	4.20	4.75	5.60	9.50
Ongoing Charges (%)	1.32	1.22	1.15	1.18	1.10	1.08	1.03	1.10	0.99	0.94

Performance[1]	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
NAV total return (diluted where applicable)	100.0	139.8	173.2	163.6	210.1	213.8	236.5	230.0	324.2	399.4	416.3
Share price total return	100.0	150.8	187.0	177.1	222.7	229.4	255.2	240.6	340.1	428.4	437.9
Benchmark	100.0	141.1	170.3	149.6	160.1	168.6	182.7	171.8	234.8	278.9	291.1

[1]Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2008.

10 year share price discount to NAV per share



Source: Morningstar/Thomson Reuters.

Strategic Report

Chairman's Statement

Performance

"...maintains the Company's excellent record over the longer term..."

During the year to 30 September 2018, the Company retained the gains made in the two prior exceptional years, despite difficult market conditions generally. The NAV produced a positive total return of 4.2%, very slightly trailing the Benchmark. The Company's share price also produced a positive total return of 2.2%, which maintains the Company's excellent record over the longer term.

A more detailed comment on performance and investment policy may be found in the Manager's Review.

Final dividend

The directors recommend the payment of a final dividend of 9.50 pence per share for the year ended 30 September 2018, an increase of 69.6% over the 5.60 pence paid in respect of the previous financial year. Net revenue after taxation has increased by 77.0% from £9,537,000 to £16,885,000, partly due to the increase in investment income receivable of £1,238,000. The remaining increase of £6,110,000 was due to a change in basis of accounting whereby 75% of indirect costs are allocated to capital. In line with the Company's policy of distributing substantially all its revenue after tax, the dividend proposed is significantly higher than in the prior year. It is anticipated any future increases in dividends will progress at a similar rate to previous years. If the resolution proposed at the Annual General Meeting ("AGM") to pay a final dividend is passed, it will be paid on 31 January 2019 to shareholders on the register on 28 December 2018.

Gearing

During the year, gearing has remained relatively modest, starting at 4.4% at the commencement of the year and closing at 2.6%. This level is within pre-agreed limits so that net effective gearing cannot represent more than 20% of shareholders' funds.

Discount management

The board continues to follow a flexible strategy towards discount management. The average level of discount during the year under review was 11%. We view 10% as a maximum discount target over the longer term but believe also that it is not necessarily in the best interests of shareholders as a whole to adopt a rigid discount control mechanism that seeks to target a defined maximum discount level regardless of market conditions.

We did not buy back any shares during the year under review but we regularly reviewed both the discount level and the possible use of buy backs. Our policy takes account of the level of discount at which the Company's peer group trades, prevailing market conditions and activity within our sector.

At the Company's last AGM, the Company was given the authority to purchase up to 14.99% of its issued share capital. We propose that share buyback authorities be renewed at the forthcoming AGM and that any shares so purchased be cancelled or held in treasury for potential reissue.

Board succession

During the past year, Martin Porter joined the board and Anthony Fenn retired at the last AGM. In line with the board's agreed succession plans, I will be retiring at the AGM in January 2021. The nomination committee will shortly be searching for a new board member. The board believes that it is important for appropriate new skills to be brought to the board and will look to refresh one director every two to three years. A director will serve for a period of more than nine years only in exceptional circumstances. All directors will be subject to re-election each year at the AGM.

Outlook

"...the Company's share price is four times the level of 10 years ago..."

The Company's year-end coincided with the 10-year anniversary of the 2008 worldwide market shakeout. Now there are new challenges to growth, notably tariff wars and higher Western interest rates. Equity markets have been very volatile since the year end but it is worth remembering that the Company's share price is four times the level of 10 years ago. Asia, and your Company, has been a major beneficiary of the new world order after 2008-09. Can this continue?

The Manager's Review discusses some of the new issues facing Asia, of which probably the most fundamental is whether China can transition to a lower growth model at a time it is under political and economic pressure from its largest trading partner, the US. China, and the region as a whole, has a great record of achieving its goals and the next few years will test that record. I am conscious too that, at the moment, the state authorities are increasing their involvement with the commercial operating environment, potentially affecting the profitability of leading private sector companies.

I remain optimistic that the region's underlying strengths will turn into further success for the Company. Ultimately, it is the companies in which we invest that need to succeed, and I take comfort from how many of them have become dominant regional and global presences in the last decade.

AGM

The AGM will be held on Wednesday, 23 January 2019 at 12.00 noon. As in previous years, Matthew Dobbs, on behalf of the Manager, will give a presentation on the prospects for Asia and the Company's investment strategy. The Company changed its registered address earlier this year to 1 London Wall Place, London EC2Y 5AU and I hope you will all attend.

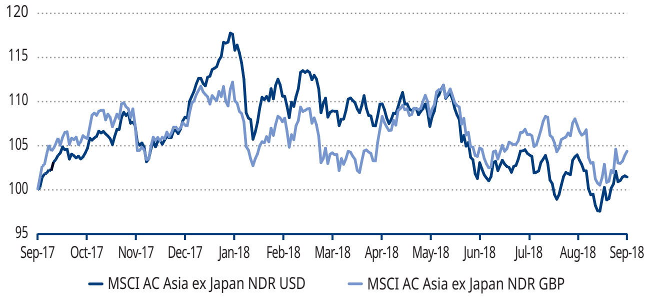
Nicholas Smith
Chairman

10 December 2018

Manager's Review

The NAV per share of the Company recorded a total return of 4.2% over the 12 months to end September 2018. This was broadly in line with the performance of the Benchmark, which was up 4.4% over the same period.

Benchmark performance – 30 September 2017 to 30 September 2018



Source: Thomson Datastream as at 30 September 2018. Net dividends reinvested.

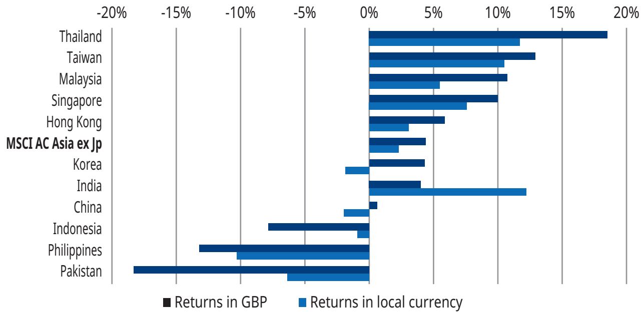
"Echoing the Chinese curse, it has been an interesting time in Asian markets..."

Echoing the Chinese curse, it has been an interesting time in Asian markets over the year. Modest overall progress in both sterling and local currency terms for the Benchmark disguised considerable volatility over the period, not least in the value of sterling. A recovery in the pound on Brexit optimism in late 2017 largely cancelled out local currency strength in regional markets; conversely in the second half of the fiscal year sterling's retracement masked significant weakness in underlying indices in 2018.

The reasons for the second half weakness will be familiar to many shareholders. Foremost was the rapid deterioration in Sino-US relations, with initial assumptions that this represented a mere trade dispute giving way to realisation of much more fundamental differences. Rising US interest rates, a stronger dollar and tightening credit conditions also contributed to downbeat sentiment across the whole region, allied to signs of economic slowdown in developed markets outside the US, emerging market volatility (Turkey, Argentina), and fading momentum in global trade.

The slowing of economic activity in China was a particular focus. To an extent, this is the result of a deliberate policy on the part of the Beijing authorities to rein in credit growth and instil greater investment discipline, partly through a shift towards the private sector and away from government-led infrastructure spending. However, a more hostile global environment has injected an unwelcome degree of uncertainty surrounding a soft landing in the region's most important economy.

Country returns – 30 September 2017 to 30 September 2018



Source: Factset.

Unsurprisingly, amongst the major regional markets, China has underperformed, while other North Asian markets such as Hong Kong and Korea clustered near the average. Emerging ASEAN (Association of South East Asian Nations) markets have been among the more striking outliers. Both the Philippines and Indonesia experienced considerable currency weakness. In Indonesia's case, the chronic current account deficit and heavy selling of bonds by overseas investors were the key factors, while weakness in the Philippine peso and stock market reflected an over-heating economy and insufficient policy tightening from the central bank, the BSP. In contrast, investors welcomed the return of Mahathir Mohammed (aged 93) as prime minister of Malaysia, ending over 60 years of UMNO-led coalition government. Thailand benefited from a strong energy sector and its defensive nature given a sizeable current account surplus. Similarly, solid external finances and attractive dividend yields supported Taiwan.

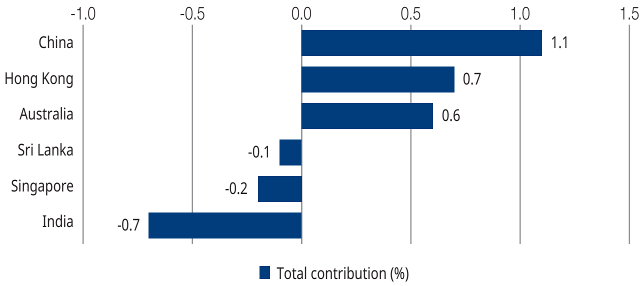
Performance and portfolio activity

As discussed above, it was a mixed year for the Company's relative performance. After a solid first half, there was a reversal in the summer as quality growth stocks sold off, including in the China "A" share market where tight liquidity and US grandstanding undermined investor confidence. For the year as a whole stock selection was positive in Hong Kong, China and Taiwan, offset by shortfalls in India and Thailand. The Australian exposure was helpful, as was the underweighting in China, the Philippines and India.

In terms of portfolio positioning, the Company remained underweight China, exposure to which was reduced over the year. Hong Kong has remained a significant overweight, and we moved to an overweight stance in Korea. Key underweights include Taiwan and most of the ASEAN markets apart from Thailand. Key sector overweights include consumer discretionary, information technology and real estate, offset by underweights in consumer staples and telecoms.

Manager's Review

Top 3 contributors and top 3 detractors, 30 September 2017 to 30 September 2018



Source: Factset PA3.

Outlook and Policy

Arguably all purely financial forecasts and considerations are trumped (pardon the pun) by major, and by their nature unpredictable, political considerations. The most significant is the breakdown in relations between the US and China, which goes far beyond mere trade considerations. However, other imponderables include whether Italy will ever have the political will to do what it takes to create a competitive economy, Brexit, and (in our mind of very fundamental global import) whether the Chinese leadership hold the line accepting lower trend growth as the price for long-term financial sustainability.

Some or all of these issues may be amenable to at least short-term outcomes that are better than the consensus would suggest. However, the global economic and financial fundamentals are troubling, namely, an unbalanced growth picture (US vs the rest), tightening liquidity, and the rising risk of more systemic financial shocks resulting from mis-priced risk eg. loan funds, peer-to-peer lending, ETFs, remarkably low spreads in the high yield market, and multi-layered "risk free" infrastructure funds.

A stronger dollar, rising interest rates, trade tariff pressure from the biggest bilateral trade partner, and related faltering in investor and corporate confidence are not a great combination for the relatively trade-dependent and open economies of Asia. In general, the vulnerability to external financial shocks are lower across the region, certainly when compared with the 1997/98 crisis, and also with 2013 as markets became frightened by the prospect of the end of Western monetary easing.

We have made few changes to the portfolio's positioning based on pure tariff considerations, not least because we have never been keen on low margin labour cost arbitrage business models which will be most disrupted by tariffs. Our focus has, and will remain upon, value-added players in what are complex supply chains that are unlikely to be easily substitutable, particularly in the US where labour constraints and skills shortages are becoming increasingly apparent.

Of greater concern are the prospects or otherwise for a smooth transition to a lower, but more sustainable, growth model for China. Our central view remains that the authorities can manage a soft landing consistent with their desire for a less credit-intensive growth model. Attacks from Washington are certainly not making the process any easier. However, it is also being made more complicated by less favourable country-specific factors including marked erosion in the current account surplus, elevated levels of domestic credit, and increasing vulnerability to capital leaving the country. Combinations of expanding the money supply, a modest rise in government spending and a gradual depreciation of the Renminbi accompanied by discouragement of capital outflows may still do the trick, but in our opinion scope for a more marked stimulus package looks limited.

"...across the companies held in the portfolio... cash flows are robust and balance sheets... in good shape."

Having said all that, regional markets are within a few per cent of the valuation lows seen in late 2015/early 2016, suggesting that investor caution is already elevated. A destabilising event in China remains a possibility rather than an imminent likelihood, and some progress on US/China relations is not out of the question. Consequently, the Company remains very modestly geared, and we also take comfort from the fact that, at least across the companies held in the portfolio, we consider that cash flows are robust and balance sheets generally in good shape.

Country weights – Company vs the Benchmark

	NAV weightings (%) 30-Sep-18	NAV weightings (%) 30-Sep-17	Benchmark weight (%) 30-Sep-18
China	30.4	32.5	35.2
Hong Kong	22.0	21.7	11.2
Korea	18.5	15.2	16.9
Taiwan	10.5	10.7	14.0
India	8.3	9.2	9.7
Thailand	4.1	4.4	2.8
Singapore	2.8	3.4	4.0
Other*	2.8	2.6	–
Australia/New Zealand	2.5	2.7	–
Indonesia	1.1	1.6	2.2
Philippines	0.2	0.4	1.1
Malaysia	–	–	2.8
Pakistan	–	–	0.1
Other net assets	–3.2	–4.4	–
Total	**100.0**	**100.0**	**100.0**

Source: Schroders, MSCI, 30 September 2018.
*Sri Lanka, Vietnam, UK.

Schroder Investment Management Limited
10 December 2018

Investment Portfolio as at 30 September 2018

Investments are classified by the Manager in the country of their main business operations. Stocks in bold are the 20 largest investments, which by value account for 59.6% (30 September 2017: 55.7%).

	£'000	%
China		
Tencent Holdings[1]	**45,135**	**5.3**
Alibaba (ADR)	**37,205**	**4.4**
China Pacific Insurance[1]	**27,782**	**3.3**
China Petroleum & Chemical H[1]	**16,580**	**1.9**
Midea (LEPO)[2]	**14,953**	**1.8**
Hangzhou HIK-Vision (LEPO)	13,985	1.6
China Construction Bank[1]	13,961	1.6
Huazhu (ADR)	13,302	1.6
Meituan Dianping[1]	12,888	1.5
Guangzhou Automobile[1]	10,670	1.3
Qingdao Haier A	9,508	1.1
Sina[2]	9,200	1.1
China International Travel Service A	6,318	0.7
Baozun (ADR)	5,495	0.7
iQiyi (ADR)	4,951	0.6
Huadong Medicine A	4,632	0.5
New Oriental Education (ADR)	4,080	0.5
Total China	**250,645**	**29.5**
Hong Kong		
AIA	**42,062**	**4.9**
Swire Properties	**19,906**	**2.3**
Swire Pacific	**19,492**	**2.3**
Standard Chartered	**18,024**	**2.1**
Jardine Strategic[3]	**17,673**	**2.1**
Techtronic Industries	**16,359**	**1.9**
Galaxy Entertainment	**15,677**	**1.8**
Fortune Real Estate Investment Trust	13,252	1.6
Kerry Properties	12,002	1.4
Johnson Electric	3,136	0.4
Hopewell	2,520	0.3
Chow Sang Sang	1,201	0.1
Total Hong Kong	**181,304**	**21.2**

	£'000	%
Korea		
Samsung Electronics	**42,943**	**5.0**
NCSoft	**18,304**	**2.2**
SK Innovation	**16,059**	**1.9**
Naver	12,941	1.5
Hyundai Motor Company	9,179	1.1
Samsung Electronics (preference shares)	9,017	1.1
SK Holdings	8,013	0.9
Netmarble Games	6,799	0.8
LG Chemical	6,315	0.7
Medy-Tox	5,815	0.7
Hyosung Chemical	4,731	0.6
Hyosung Advanced Materials	4,413	0.5
Amorepacific Group (preference shares)	4,211	0.5
Hyosung TNC	3,734	0.4
Total Korea	**152,474**	**17.9**
Taiwan		
Taiwan Semiconductor	**59,265**	**7.0**
Hon Hai Precision Industries	**14,904**	**1.8**
Largan Precision	6,847	0.8
Asustek Computers	5,654	0.7
Total Taiwan	**86,670**	**10.3**
India		
HDFC Bank	**26,096**	**3.1**
Zee Entertainment Enterprises	13,104	1.5
Petronet LNG	7,261	0.9
Gujarat Pipavav Port	6,721	0.8
Container Corporation of India	4,848	0.6
Apollo Hospitals Enterprise	4,683	0.6
ICICI Bank (ADR)	4,658	0.5
Multi Commodity Exchange of India	1,413	0.2
Total India	**68,784**	**8.2**

Investment Portfolio as at 30 September 2018

	£'000	%
Thailand		
Bangkok Bank (including NVDR)	14,195	1.6
Intouch	10,380	1.2
Kasikornbank (including NVDR)	7,731	0.9
LPN Development	1,857	0.2
Total Thailand	**34,163**	**3.9**
Singapore		
Oversea-Chinese Banking	**17,724**	**2.1**
Keppel	5,470	0.6
Total Singapore	**23,194**	**2.7**
Australia		
BHP Billiton[4]	**20,401**	**2.4**
Total Australia	**20,401**	**2.4**
Vietnam		
Dragon Capital Vietnam Enterprise Investments[4]	10,860	1.3
Total Vietnam	**10,860**	**1.3**
Indonesia		
Bank Mandiri	8,816	1.0
Total Indonesia	**8,816**	**1.0**
Global[5]		
Schroder Small Cap Discovery Fund Z Acc	8,306	1.0
Total United Kingdom	**8,306**	**1.0**
Sri Lanka		
John Keells	3,694	0.4
Total Sri Lanka	**3,694**	**0.4**
Philippines		
Holcim Philippines	1,720	0.2
Total Philippines	**1,720**	**0.2**
Total Investments[6]	**851,031**	**100.0**

[1]Listed in Hong Kong.
[2]Listed in the USA.
[3]Listed in Singapore.
[4]Listed in the United Kingdom.
[5]Predominantly invested in Asia.
[6]Total investments comprises the following:

	£'000	%
Equities, including ADRs, LEPOs and NVDRs	818,637	96.1
Collective investment funds	19,166	2.3
Preference shares	13,228	1.6
Total investments	851,031	100.0

Strategic Review

Business model

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 the Annual General Meeting ("AGM") in 2021 and thereafter at five yearly intervals.

Investment objective and policy

Details of the Company's investment objective and policy may be found on the inside front cover.

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.

Gearing

The Company utilises a £75 million multi-currency revolving credit facility with Scotiabank of which US$55.0 million (£42.1 million) was drawn down at the year end. In addition, the Company has a £30 million multi-currency overdraft facility with HSBC, which was not utilised during the year. The board has set parameters within which the Manager is authorised to use the credit facilities and draw down funds.

While the articles of association limit the amount of gearing the Company may have to a maximum of the Company's adjusted capital and reserves, directors do not anticipate net effective gearing levels in excess of 20% of shareholders' funds.

Investment process

Stock selection is at the heart of the investment approach. A key strength of the Manager is its network of analysts in the region whose focus is on identifying companies able to grow shareholder value in the long term. Although the in-house analysts are the primary source of stock ideas, the portfolio manager also generates stock ideas through his own research and draws on a number of other sources including a proprietary quantitative screen, sell-side analysts, other investment professionals within Schroders and his own contacts in the market. A country allocation process is carried out on a monthly basis, combining the output of a proprietary quantitative model and the qualitative views of the portfolio manager.

Stock research

The majority of analysis is done using internal research and company valuation models. The analysts typically use standard formats to construct models and to forecast company earnings which have been developed by the global research team. This means that outputs from the models are standardised so that differences in accounting regimes are as far as possible eliminated and that comparisons can be made between companies in the same industry across the region or globally.

Stock gradings reflect a balance between analysts' view of the quality of the company and its fair value in the marketplace, and their level of conviction.

Stock selection/portfolio construction

From these inputs the portfolio manager assesses the fundamental characteristics of the stocks with a particular focus on companies with visible earnings growth, sustainable returns and valuation support, and ranks them according to a view of upside/downside potential and the level of conviction he has in the investment view.

Weightings within the portfolio reflect these considerations, with the primary objective being to create a portfolio with an appropriate level of stock-specific risk as the primary driver of returns. While much of the portfolio construction is founded on the portfolio manager's skill and intuition, he also harnesses the Manager's proprietary risk management system, Portfolio Risk Investment Strategy Manager (PRISM), to provide a quantitative view of the characteristics of the portfolio. The portfolio manager also sets, in conjunction with the board, the gearing of the portfolio.

Investment restrictions and spread of risk

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; (b) no more than 10% of the Company's total net assets, at the date of acquisition, may be invested in other listed investment companies unless such companies have a stated investment policy not to invest more than 15% of their gross assets in other listed investment companies; (c) the Company will not invest more than 15% of its gross assets in other listed investment companies or investment trusts; (d) no more than 15% of the Company's total net assets may be invested in open-ended funds; and (e) no more than 25% of the Company's total net assets may be invested in the aggregate of unlisted investments and holdings representing 20% or more of the equity capital of any company. No breaches of these investment restrictions took place during the financial year.

The investment portfolio on pages 7 and 8 demonstrates that, as at 30 September 2018, the Company held 67 investments spread over multiple countries and in a range of industry sectors. The largest investment, Taiwan Semiconductor, represented 7.0% of total investments at 30 September 2018. At the end of the year, the Company did not hold any unlisted investments, open-ended funds or real estate investment trusts, except for the open-ended Schroder Small Cap Discovery Fund Z Acc, which represents 1.0% of total investments at 30 September 2018. The board believes that the objective of spreading risk has been achieved.

Promotion

The Company promotes its shares to a broad range of investors 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.

Promotion is focused via three channels:

- Discretionary fund managers. The Manager promotes the Company via both London and regional teams. This market is the largest channel by a significant margin.
- Execution-only investors. The Company promotes its shares including to retail investors, via engaging with platforms and through its website. Volume is smaller but platforms have experienced strong growth in recent times and are an important focus for the Manager.
- Institutional investors.

These activities consist of investor lunches, one-on-one meetings, regional road shows and attendances 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 professional investors where appropriate.

Details of the board's approach to discount management may be found in the Chairman's Statement on page 4 and in the Explanation of Special Business at the AGM on page 48.

Key performance indicators

The board measures the development and success of the Company's business through achievement of its investment objective which is considered to be the principal key performance indicator for the Company.

The board continues to review the Company's ongoing charges to ensure that the total costs incurred by shareholders in the running of the Company remain competitive when measured against peer group funds. An analysis of the Company's costs, including the management fee, directors' fees and general expenses, is submitted to each board meeting.

Corporate and Social Responsibility

Board gender diversity

As at 30 September 2018, the board comprised four men and one woman. Candidates for board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the overall board taking into account the criteria for the role being offered. Candidates are not specifically selected on the grounds of their gender but this is taken into account when the board examines its overall balance, skill set and experience.

Responsible investment policy

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

A description of the Manager's policy on these matters can be found on the Schroders website at www.schroders.com/ri. The board notes that Schroders believes that companies with good ESG management often perform better and deliver superior returns over time. Engaging with companies to understand how they approach ESG management is an integral part of the investment process. Schroders is compliant with the UK Stewardship Code and its compliance with the principles therein is reported on its website.

Anti-bribery and corruption policy

The Company continues to be committed to carrying out its business fairly, honestly and openly and continues to operate an anti-bribery and corruption policy.

Greenhouse gas emissions

As the Company outsources its operations to third parties, it has no greenhouse gas emissions to report.

Strategic Review

Principal risks and uncertainties

The board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the Audit and Risk Committee on an ongoing basis. This system assists the board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives. Both the principal risks and the monitoring system are also subject to robust review at least annually. The last review took place in November 2018.

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.

The principal risks and uncertainties faced by the Company have remained unchanged throughout the year under review. Cyber risk relating to all of the Company's key service providers is considered an ongoing threat in light of the rising propensity and impact of cyber attacks on businesses and institutions. To address the risk, the board receives reporting on cyber risk mitigation and management from its key service providers to ensure that it is managed and mitigated appropriately.

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
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. Marketing and distribution activity is actively reviewed. Proactive engagement with investors.
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 is undertaken.
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. Regular meetings with major shareholders to seek their views with respect to company matters, including the five-yearly continuation vote.
Financial and currency The Company is exposed to the effect of market fluctuations due to the nature of its business. A significant fall in regional equity markets or a substantial currency fluctuation could have an adverse impact on the market value of the Company's investments.	The risk profile of the portfolio is considered and appropriate strategies to mitigate any negative impact of substantial changes in markets or currency are discussed with the Manager. The Company has no formal policy of hedging currency risk but may use foreign currency borrowings or forward foreign currency contracts to limit exposure.

Risk	Mitigation and management
Custody Safe custody of the Company's assets may be compromised through control failures by the depositary, including cyber hacking.	The depositary reports on the safe custody of the Company's assets, including cash and portfolio holdings which are independently reconciled with the Manager's records. Review of audited internal controls reports covering custodial arrangements is undertaken. 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 are imposed: gearing continues to operate within pre-agreed limits so as not to exceed 20% of shareholders' funds.
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.	Confirmation of compliance with relevant laws and regulations by key service providers is reviewed. Shareholder documents and announcements, including the Company's published Annual Report, are subject to stringent review processes. Procedures are established to safeguard against the disclosure of inside information.
Service provider The Company has no employees and has delegated certain functions to a number of service providers. Failure of controls, including as a result of cyber hacking, 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. Review of annual audited internal controls reports from key service providers, including confirmation of business continuity arrangements and IT controls is undertaken.

Risk assessment and internal controls

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.

A full analysis of the financial risks facing the Company is set out in note 19 on pages 42 to 47.

Viability statement

The directors have assessed the viability of the Company over a five year period, taking into account the Company's position at 30 September 2018 and the potential impacts of the principal risks and uncertainties it faces for the review period.

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

In its assessment of the viability of the Company, the directors have considered each of the Company's principal risks and uncertainties detailed on pages 12 and 13 and in particular the impact of a significant fall in regional equity markets on the value of the Company's investment portfolio. The directors have also considered the Company's income and expenditure projections and the fact that the Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary and on that basis consider that five years is an appropriate time period.

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

Having assessed the principal risks and the other matters discussed in connection with the viability statement set out above, and the "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" published by the Financial Reporting Council in 2014, the directors consider it appropriate to adopt the going concern basis in preparing the accounts.

By order of the board

Schroder Investment Management Limited
Company Secretary

10 December 2018

Board of Directors

Nicholas Smith

Status: independent non-executive Chairman

Length of service: 8 years – appointed a director in May 2010 and Chairman in January 2016
Experience: Mr Smith joined the Jardine Fleming Group in 1986 in Hong Kong serving, from 1993, as Chief Financial Officer and as a member of the Executive Committee. After returning to the UK, Mr Smith became a director of Robert Fleming International Ltd in 1998 and the director of Origination – Investment Banking serving until 2000. Mr Smith currently serves as Chairman of Aberdeen New Thai Investment Trust PLC, and is a non-executive director of JP Morgan European Smaller Companies Trust plc and Polarcus Limited.
Committee membership: Management Engagement and Nomination Committees (Chairman of the Nomination Committee)
Current remuneration: £40,000 per annum
Connections with the Manager: None
Material interests in any contract which is significant to the Company's business: None
Shared directorships with any other directors of the Company: None

Keith Craig

Status: independent non-executive director

Length of service: 3 years – appointed a director in May 2015
Experience: Mr Craig served with the British Army after university and subsequently joined the Swire Group in Hong Kong and Manila in the 1980s and early 1990s. He was then a diplomat with the Foreign & Commonwealth Office for some years before moving back to Asia as a stockbroker, establishing WI Carr's business in the Philippines and subsequently running their global equity sales and trading operation, based in Hong Kong. He returned to London and joined Hakluyt a strategic intelligence company in 2000.
Committee membership: Audit and Risk, Management Engagement and Nomination Committees
Current remuneration: £28,000 per annum
Connections with the Manager: None
Material interests in any contract which is significant to the Company's business: None
Shared directorships with any other directors of the Company: None

Rosemary Morgan

Status: senior independent non-executive director

Length of service: 6 years – appointed a director in July 2012
Experience: Mrs Morgan studied Japanese at university in Australia, Japan and the US and worked as a Japanese equity fund manager for 16 years at John Govett before joining the institutional client team at Fidelity. She was at RBS from mid-2007 where she managed long only and alternative funds of funds specialising in Japan, the Pacific Basin and Emerging Markets. The team moved to Aberdeen Asset Management in February 2010 and she retired in March 2012. She is a non-executive director of JPMorgan Indian Investment Trust plc.
Committee membership: Audit and Risk, Management Engagement and Nomination Committees (Chairman of the Audit and Risk Committee)
Current remuneration: £33,000 per annum
Connections with the Manager: None
Material interests in any contract which is significant to the Company's business: None
Shared directorships with any other directors of the Company: None

Board of Directors

Martin Porter

Status: independent non-executive director

Length of service: 1 year – appointed a director in October 2017
Experience: Martin joined Robert Fleming Asset Management in 1984, and ran equity portfolios in both London and Japan. During his tenure in Japan, he became a holding board director of Jardine Fleming, responsible for the Japanese business. Returning to the UK in 2000, he took up the role of Chief Investment Officer, Equity and Balanced of Fleming Asset Management, before becoming Global Head of Equities of JP Morgan Asset Management, a position he held from 2003 to 2016 when he retired.
Committee membership: Audit and Risk, Management Engagement and Nomination Committees
Current remuneration: £28,000 per annum
Connections with the Manager: None
Material interests in any contract which is significant to the Company's business: None
Shared directorships with any other directors of the Company: None

James Williams

Status: independent non-executive director

Length of service: 4 years – appointed a director in August 2014
Experience: Mr Williams worked for 18 years in the investment banking industry for ING Barings, ABN AMRO and Commerzbank Securities including senior roles in Hong Kong, Bangkok and London. After leaving Commerzbank Securities in 2005 he became a partner at Saginaw Capital LLP until 2008.
Committee membership: Audit and Risk, Management Engagement and Nomination Committees (Chairman of the Management Engagement Committee)
Current remuneration: £28,000 per annum
Connections with the Manager: None
Material interests in any contract which is significant to the Company's business: None
Shared directorships with any other directors of the Company: None

Directors' Report

The directors submit their report and the audited financial statements of the Company for the year ended 30 September 2018.

Revenue and dividend

The net revenue return for the year, after finance costs and taxation, was £16,885,000 (2017: £9,537,000), equivalent to a revenue return per ordinary share of 10.08 pence (2017: 5.69 pence).

The board has recommended the payment of a final dividend for the year ended 30 September 2018 of 9.50 pence per share (2017: 5.60 pence) payable on 31 January 2019 to shareholders on the register on 28 December 2018, subject to approval by shareholders at the AGM on Wednesday, 23 January 2019.

Directors and their interests

The directors of the Company and their biographical details can be found on pages 15 and 16. All directors held office throughout the year under review with the exception of Anthony Fenn who retired on 30 January 2018. Details of directors' share interests in the Company are set out in the Remuneration Report on page 24.

Notwithstanding the provisions of the Company's articles of association and the UK Corporate Governance Code in respect of the periodic re-election of directors, the board considers that shareholders should be given the opportunity to vote on the re-election of all of its members on an annual basis. Accordingly, all directors will retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

Re-appointment as a director is not automatic and follows a formal process of evaluation of each director's performance and directors who have served for more than six years are subject to particularly rigorous assessment of their independence and contribution.

The board does not believe that length of service, by itself, necessarily affects a director's independence of character or judgement. Directors who have served for more than nine years on the board may therefore continue to offer themselves for re-election at the AGM. However, the board's stated policy is that directors will usually retire after nine years. The board has assessed the independence of the directors, all of whom are considered to be independent in character and judgement.

Having reviewed the composition, structure and diversity of the board, succession planning, the independence of the directors and whether each of the directors has sufficient time available to discharge their duties effectively, the Nomination Committee and the board considers that each director is able to discharge their duties effectively.

In particular, the board, having taken all relevant matters into account, considers that all directors continue to demonstrate commitment to their roles, provide valuable contributions to the deliberations of the board, and remain free from conflicts with the Company and its directors. The board also considers the level of external interests of each director being put forward for re-election at the AGM. Notwithstanding that the Chairman is a director or chairman of four listed companies (as set out on page 15), the board has noted that his directorships are solely non-executive and he continues to demonstrate the time commitment to discharge fully and effectively his duties as a director. It therefore recommends that shareholders vote in favour of each director's re-election.

Share capital

As at the date of this report, the Company had 167,570,716 ordinary shares of 10p in issue. No shares were held in treasury. Accordingly, the total number of voting rights in the Company at the date of this report is 167,570,716. Details of changes to the Company's share capital during the year under review are given in note 13 to the accounts on page 40.

Substantial share interests

The Company has received notifications in accordance with the Financial Conduct Authority's ("FCA") Disclosure Guidance and Transparency Rule 5.1.2R of the below interests in 3% or more of the voting rights attaching to the Company's issued share capital.

	Ordinary shares as at 30 September 2018	% of total voting rights
Investec Wealth & Investment Ltd	19,780,775	11.80
City of London Investment Management Ltd	16,699,874	9.97
Standard Life Aberdeen plc	8,626,487	5.15
Schroders plc	8,483,022	5.06
Wells Capital Management, Inc	8,255,649	4.93
Lazard Asset Management LLC	7,387,117	4.41

There have been no notified changes to the above holdings since the year end.

Key service providers

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

Manager

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

Governance

Directors' Report

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, administrative, accounting and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited. The Manager has in place appropriate professional indemnity cover.

The Schroders Group manages £439.1 billion (as at 30 September 2018) 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.

With effect from 1 April 2017 the Manager has been entitled to a fee of 0.90% per annum on the first £300 million of assets, 0.80% per annum on the next £300 million and 0.75% per annum on assets in excess of £600 million. The fee continues to be charged on the value of the Company's assets under management, net of current liabilities other than short-term borrowings.

The management fee payable in respect of the year ended 30 September 2018 amounted to £6,991,000 (2017: £6,320,000).

The Manager is also entitled to receive a fee for providing administrative, accounting and company secretarial services to the Company. For these services, in the year ended 30 September 2018 it received a fee of £103,000 (2017: £99,000). The fee continues to be subject to annual adjustment in line with changes in the Retail Prices Index.

Details of amounts payable to the Manager are set out in note 16 on page 41 of this report.

The board has reviewed the performance of the Manager during the year under review and continues to consider that it has the appropriate depth and quality of resource to deliver superior returns over the longer term. The Manager is supported by significant depth of knowledge and experience in Asia, with regional resources and local analysts. Thus, the board considers that the Manager's appointment under the terms of the AIFM agreement is in the best interests of shareholders as a whole.

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 AIFM Directive including, in relation to the Company, as follows:

- 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.

Registrar

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

Corporate governance statement

The board 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 in order to comply with the principles of the UK Corporate Governance Code (the "Code"). The disclosures in this statement report against the provisions of the Code, as revised in April 2016. The Code is published by the UK Financial Reporting Council and is available to download from www.frc.org.uk.

The board has noted the publication of a further revised UK Corporate Governance Code, in July 2018, which applies to financial years beginning on or after 1 January 2019. The board is considering the Company's governance framework in light of the new provisions.

Compliance statement

The UK Listing Authority requires all companies with a listing on the premium segment of the London Stock Exchange to disclose how they have complied with the provisions of the Code. This corporate governance statement, together with the Statement of Directors' Responsibilities on page 23 and the viability statement and going concern statement set out on page 14, indicate how the Company has applied the Code's principles of good governance and its requirements on internal control.

The board believes that the Company has, throughout the year under review, complied with all provisions set out in the Code except those relating to executive directors, as the Company, in line with most investment companies, has delegated management functions to third-party service providers.

Operation of the board

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 15. He has no conflicting relationships.

Directors' Report

Role and operation of the board

The board is the Company's governing body; it sets the Company's strategy and is collectively responsible to shareholders for its long-term success. The board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to 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 2 to 14 sets out further detail of how the board reviews the Company's strategy risk management and internal controls.

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 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.

The board is satisfied that it is of sufficient size with an appropriate balance of diverse skills and experience, independence and knowledge of the Company, its sector and the wider investment trust industry, to enable it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision making.

Training and development

On appointment, directors receive a full, formal and tailored induction. Directors are also regularly provided with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting directors' responsibilities are advised to the board as they arise. Directors also regularly participate in relevant training and industry seminars. Training and development needs are considered as part of the evaluation process and are agreed with the Chairman.

Conflicts of interest

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.

Board evaluation

In order to review the effectiveness of the board, its committees and the individual directors, a thorough evaluation process is in place. This is implemented by way of a questionnaire and discussions with the Chairman. In respect of the Chairman himself, discussions are held between the directors and the senior independent director. The process is considered by the board to be constructive in terms of identifying areas for improving the functioning and performance of the board and the Committees, the contribution of individual directors and building and developing individual and collective strengths. The last evaluation took place during the year ended 30 September 2018.

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.

Directors' attendance at meetings

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

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	Nomination Committee	Audit and Risk Committee	Management Engagement Committee
Nicholas Smith[1]	4/4	2/2	1/1	2/2
Keith Craig	4/4	2/2	2/2	2/2
Anthony Fenn[2]	2/2	1/1	1/1	1/1
Rosemary Morgan	4/4	2/2	2/2	2/2
Martin Porter[3]	4/4	2/2	2/2	2/2
James Williams	4/4	2/2	2/2	2/2

[1]Retired as a member of the Audit and Risk Committee, in line with the Code, on 30 January 2018.
[2]Retired as a director on 30 January 2018.
[3]Appointed as a director on 2 October 2017.

The board is satisfied that the Chairman and each of the other non-executive directors commits sufficient time to the affairs of the Company to fulfil their duties as directors.

Relations with shareholders

Shareholder relations are given high priority by both the board and the Manager. The Company communicates with shareholders through its webpages and the annual and half

Governance

Directors' Report

year reports which aim to provide shareholders with a clear understanding of the Company's activities and its results.

In addition to the engagement and meetings held during the year described on page 10, the chairs of the board and committees, as well as the senior independent director and the other directors, attend the AGM and are available to respond to queries and concerns from shareholders.

It is the intention of the board that the annual report and notice of the AGM be issued to shareholders so as to provide at least 20 working days' notice of the AGM. 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.

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.

Committees

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

The committees of the board have defined terms of reference which are available on the Company's webpages www.schroders.co.uk/asiapacific. Membership of the committees is set out on pages 15 and 16.

Nomination Committee

The committee is responsible for succession planning bearing in mind the balance of skills, knowledge, experience and diversity existing on the board and will recommend to the board when the further recruitment of non-executive directors is required. The committee aims to maintain a balance of relevant skills, experience and length of service of the directors serving on the board, taking gender and other diversity factors into account.

Before the appointment of a new director, the committee prepares a description of the role and capabilities required for a particular appointment. While the committee is dedicated to selecting the best candidate for the role, the board also recognises the importance of diversity. The board agrees that its members should overall possess a range of experience, knowledge, professional skills and personal qualities as well as the independence necessary to provide effective oversight of the affairs of the Company. These qualities are taken into account in considering the appointment of a new director. The board does not consider it appropriate or to be in the interests of shareholders as a whole to establish prescriptive diversity targets.

Candidates are drawn from suggestions put forward by an external agency and by the Company. Candidates are then interviewed by members of the committee, which makes a recommendation to the board.

To discharge its duties, the committee met twice during the year to consider its terms of reference and board balance, skills and succession planning. As part of its discussions relating to succession planning, the committee agreed to appoint a new director in 2019. The Chairman also advised that he would be retiring at the AGM in 2021. The committee will be meeting after the year end to consider candidates for the new director position.

Management Engagement Committee

The role of the committee is to ensure that the Manager remains suitable to manage the portfolio, that the management contract is competitive and reasonable for the shareholders, and that the Company maintains appropriate administrative and company secretarial support. The committee also reviews the services provided by other service providers. All directors are members of the committee. The board considers each member of the committee to be independent.

The committee met once during the year under review and considered its terms of reference, the performance and ongoing suitability of the Manager, the terms and conditions of the AIFM agreement, the performance and suitability of other service providers, and fees paid to directors.

Audit and Risk Committee

The role and activities of the Audit and Risk Committee are set out overleaf in the Audit and Risk Committee Report which is incorporated into and forms part of the Directors' Report.

By order of the board

Schroder Investment Management Limited
Company Secretary

10 December 2018

Report of the Audit and Risk Committee

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 may be found in the terms of reference which are set out on the Company's webpages, www.schroders.co.uk/asiapacific. Membership of the committee is as set out on pages 15 and 16. The board has satisfied itself that at least one of the committee's members has recent and relevant financial experience.

The committee met twice during the year ended 30 September 2018. The committee discharged its responsibilities by:

- considering its terms of reference;
- reviewing the operational controls maintained by the Manager, depositary and registrar;
- reviewing the half year and annual report and accounts and related audit plan and engagement letter;
- reviewing the need for an internal audit function;
- reviewing the independence of the auditors;
- evaluating the auditors' performance;
- reviewing the principal risks faced by the Company and the system of internal control; and
- agreeing to hold a tender for the provision of audit services to the Company.

Annual report and financial statements

During its review of the Company's financial statements for the year ended 30 September 2018, the committee, having deliberated on the Company's principal risks and uncertainties, considered the following significant issues, including consideration of principal risks and uncertainties in light of the Company's activities, and issues communicated by the auditors during its reporting:

Issue considered	How the issue was addressed
– Valuation and existence of holdings	– Review of portfolio holdings and assurance reports on controls from the Manager and depositary.
– Overall accuracy of the annual report and accounts	– Consideration of the draft annual report and accounts and the letter from the Manager in support of the letter of representation to the auditors.
– Calculation of the investment management fee	– Consideration of methodology used to calculate the fee, matched against the criteria set out in the AIFM agreement.
– 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 on their controls.
– Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010	– Consideration of the Manager's report confirming compliance.

As a result of the work performed, the committee has concluded that the annual report and accounts for the year ended 30 September 2018, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy, and has reported on these findings to the board. The board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 23.

Effectiveness of the independent audit process

The committee evaluated the effectiveness of the independent audit firm and process prior to making a recommendation on its re-appointment at the forthcoming AGM. This evaluation involved an assessment of the effectiveness of the auditors' performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence. As part of the evaluation, the committee considered feedback from the Manager on the audit process and the year end report from the auditors, which details compliance with regulatory requirements, on safeguards that

Report of the Audit and Risk Committee

have been established, and on their own internal quality control procedures. The members of the Committee also met the auditors without representatives of the Manager present.

Representatives of the auditors attend the committee meeting at which the draft annual report and accounts is considered. Having reviewed the performance of the auditors as described above, the committee considered it appropriate to recommend the firm's re-appointment.

The auditor is required to rotate the senior statutory auditor every five years. This is the first year that the senior statutory auditor has conducted the audit of the Company's financial statements.

PricewaterhouseCoopers LLP has provided audit services to the Company from its incorporation in 1995 to date. In line with the provisions of the Statutory Auditors and Third Country Regulations 2016 relating to the mandatory rotation of the auditor, after the year end, the committee held a tender for the provision of audit services to the Company. As at the date of this report, the committee is reviewing the submissions, which do not include PricewaterhouseCoopers LLP, as the firm is excluded from the process due to length of tenure. The result of the audit tender will be announced in the first half of 2019 with the new firm undertaking the 2019 audit.

There are no contractual obligations restricting the choice of external auditors.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. Accordingly, resolutions to re-appoint PricewaterhouseCoopers LLP as auditors to the Company, and to authorise the directors to determine their remuneration will be proposed at the AGM. The new auditor, to be appointed by directors during the financial year ended 30 September 2019, will be proposed for re-appointment by shareholders at the 2020 AGM.

Provision of information to the auditors

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

Provision of non-audit services

The committee has reviewed the FRC's Guidance on Audit Committees and has formulated a policy on the provision of non-audit services by the Company's auditors. The committee has determined that the Company's appointed auditors will not be considered for the provision of certain non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The auditors may, if required, provide other non-audit services however, and this will be judged on a case-by-case basis.

The auditors have not provided any non-audit services to the Company during the year (2017: £2,000 for taxation compliance services).

Internal audit

The Company does not have an internal audit function; it delegates to third parties most of its operations and does not employ any staff. The committee will continue to monitor the system of internal control in order to provide assurance that it operates as intended and the directors will continue to annually review whether an internal audit function is needed.

Rosemary Morgan
Audit and Risk Committee Chairman

10 December 2018

Statement of Directors' Responsibilities in respect of the Annual Report and Accounts

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 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 15 and 16, 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 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

Nicholas Smith
Chairman

10 December 2018

Directors' Remuneration Report

Introduction

This report has been prepared in accordance with the relevant provisions of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The following remuneration policy is currently in force and is subject to a binding vote every three years. The next vote will take place at the AGM in 2020 and the current policy provisions will apply until that date. The below directors' annual report on remuneration is subject to an annual advisory vote. An ordinary resolution to approve this report will be put to shareholders at the forthcoming AGM.

At the AGM held on 25 January 2017, 99.78% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the remuneration policy were in favour, while 0.22% were against. 95,754 votes were withheld.

At the AGM held on 30 January 2018, 99.73% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the report on remuneration for the year ended 30 September 2017 were in favour, while 0.27% were against. 86,402 votes were withheld.

Directors' remuneration policy

The determination of the directors' fees is a matter dealt with by the board and the Management Engagement 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 level of fees set out in the Company's articles of association. This aggregate level of fees is currently set at £200,000 per annum 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 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.

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' annual report on remuneration

This report sets out how the directors' remuneration policy was implemented during the year ended 30 September 2018.

Consideration of matters relating to directors' remuneration

Directors' remuneration was last reviewed by the Management Engagement Committee and the board in November 2018. The members of the board at the time that remuneration levels were considered were as set out on pages 15 and 16 of this annual report. Although no external advice was sought in considering the levels of directors' fees, information on fees paid to directors of other investment trusts managed by Schroders and peer group companies provided by the Manager and corporate broker was taken into consideration.

Following this review, the board agreed that directors' fees should remain unchanged. The directors' fees were last increased with effect from 1 October 2016.

A proposal to increase the aggregate limit of directors' fees from £200,000 to £300,000 per annum is being put forward for approval by shareholders at the forthcoming AGM. Further details can be found in the Explanation of Special Business at the AGM on page 48.

Directors' Remuneration Report

Fees paid to directors

The following amounts were paid by the Company to the directors for services as non-executive directors in respect of the year ended 30 September 2018 and the previous financial year:

	Fees		Taxable benefits[1]		Total	
Director	**2018 £**	**2017 £**	**2018 £**	**2017 £**	**2018 £**	**2017 £**
Nicholas Smith	**40,000**	40,000	**254**	233	**40,254**	40,233
Keith Craig	**28,000**	28,000	**254**	233	**28,254**	28,233
Anthony Fenn[2]	**9,302**	28,000	**254**	233	**9,556**	28,233
Rosemary Morgan	**33,000**	33,000	**190**	203	**33,190**	33,203
Martin Porter[3]	**28,000**	N/A	**277**	N/A	**28,277**	N/A
James Williams	**28,000**	28,000	**1,683**	515	**29,683**	28,515
	166,302	157,000	**2,912**	1,417	**169,214**	158,417

[1]Comprise amounts reimbursed for expenses incurred in carrying out business for the Company, and which have been grossed up to include PAYE and NI contributions.
[2]Retired as a director on 30 January 2018.
[3]Appointed as a director on 2 October 2017.

The information in the above table has been audited.

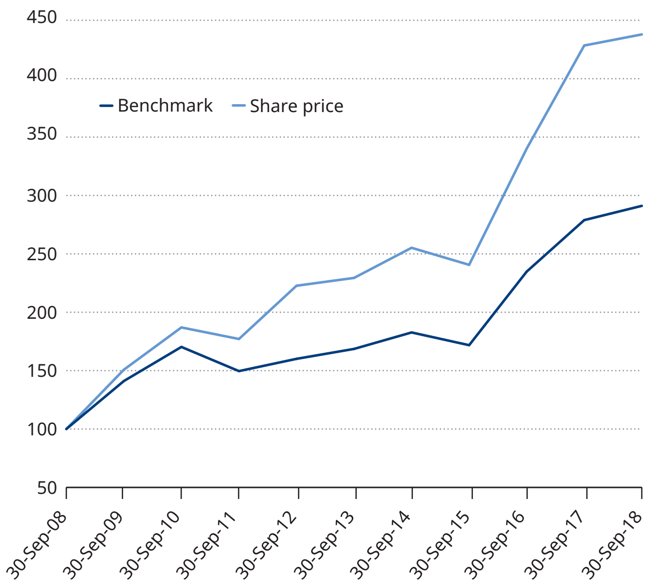
Expenditure by the Company on remuneration and distributions to shareholders

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

	Year ended 30 September 2018 £'000	**Year ended 30 September 2017 £'000**	**% Change**
Remuneration payable to directors	169	158	+7.0
Distributions paid to shareholders			
– Dividends paid during the year	9,384	7,960	+17.9
– Share buy backs	–	821	–
Total distributions paid to shareholders	9,384	8,781	+6.9

The information in the above table has been audited.

Ten year share price and Benchmark total returns



Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2008.

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.

	Ordinary shares of 10p each at 30 September 2018	Ordinary shares of 10p each at 1 October 2017
Nicholas Smith	**20,000**	20,000
Keith Craig	**7,544**	7,544
Anthony Fenn[1]	**N/A**	12,000
Rosemary Morgan	**7,077**	7,098
Martin Porter[2]	**–**	N/A
James Williams	**5,500**	5,500

[1]Retired as a director 30 January 2018.
[2]Appointed as a director 2 October 2017.

The information in the above table has been audited.

Since the year end, Mrs Morgan has sold 21 shares, reducing her holding to 7,056.

On behalf of the board

Nicholas Smith
Chairman

10 December 2018

Independent Auditors' Report to the Members of Schroder AsiaPacific Fund plc

Report on the audit of the financial statements

Opinion

In our opinion, Schroder AsiaPacific Fund plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2018 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the annual report and accounts (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 September 2018; the Income Statement, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

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

Independence

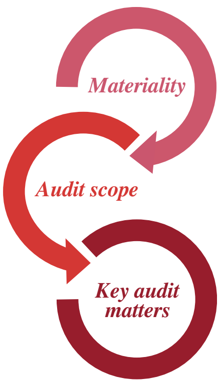
We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the period from 1 October 2017 to 30 September 2018.

Our audit approach

Overview



Materiality

- Overall materiality: £8.25 million (2017: £8.00 million), based on 1% of net assets.

Audit scope

- The Company is a standalone investment trust company and engages Schroder Unit Trusts Limited (the "Manager") to manage its assets.
- We conducted our audit of the financial statements using information from HSBC Securities Services, to whom the Manager has, with the consent of the directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Manager and HSBC Securities Services, and adopted a fully substantive testing approach using reports obtained from HSBC Securities Services.

Key audit matters

- Income from investments.
- Valuation and existence of investments.

Financial

Independent Auditors' Report to the Members of Schroder AsiaPacific Fund plc

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that 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. We focused on laws and regulations that could give rise to a material misstatement in the Company's financial statements, including, but not limited to, the UK Corporate Governance Code, the Companies Act 2006, the Listing Rules and section 1158 of the Corporation Tax Act 2010. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, enquiries with management and testing the Company's compliance with section 1158 in the current year. We also tested the tax disclosures in Note 7. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Income from investments Refer to page 21 (Report of the Audit and Risk Committee), pages 35 and 36 (accounting policies) and pages 37 to 47 (notes to the accounts) ISAs (UK) presume there is a risk of fraud in revenue recognition. For the purpose of clarification, "revenue" refers to all of the Company's income streams, those classified as both revenue and capital (including unrealised/realised gains and losses on investments). We considered this risk to specifically relate to the risk of misstating unrealised/realised gains/losses on investments and the misclassification of dividend income as capital rather than revenue due to the pressure that management may feel to achieve capital growth in line with the objective of the Company. We also focused on the accuracy, occurrence and completeness of income from investments, as incomplete or inaccurate income could have a material impact on the Company's net asset value.	Our main audit procedures over income were as follows: – We read the basis of accounting and accounting policy selected by the directors covering recognition of income and assessed it for compliance with UK Generally Accepted Accounting Practice comprising FRS 102 ("UK GAAP") and the AIC SORP. – To respond to the risk of fraud in revenue recognition we gained an understanding of both automated and manual journals posted to the income account. We tested a sample of manual year end adjusting journals including material journals and those impacting income (revenue and capital). – We understood and assessed the design and implementation of key controls surrounding income recognition. – To test for the occurrence and accuracy of capital gains, we vouched a sample of realised gains to supporting evidence such as bank statements and recalculated unrealised gains and losses through testing the valuation of 100% of the investment portfolio using independent third party prices as described below. – To test completeness of dividend income we agreed that appropriate dividends had been received in the year by reference to independent data of dividends declared for the investment holdings in the portfolio. – To test occurrence and accuracy of dividend income we tested all dividends received by reference to the investment holding in the portfolio and recalculated the amounts using third party data. – We also considered the classification of income between revenue and capital.

Independent Auditors' Report to the Members of Schroder AsiaPacific Fund plc

Key audit matter	How our audit addressed the key audit matter
	– We concluded that income had been accounted for in accordance with the stated accounting policy and the AIC SORP and no material differences were noted.
Valuation and existence of investments Refer to pages 7 and 8 (investment portfolio), page 21 (Report of the Audit and Risk Committee), pages 35 and 36 (accounting policies) and pages 37 to 47 (notes to the accounts). The investment portfolio at 30 September 2018 comprised listed equity investments of £851.0 million. We focused on the valuation and existence of investments because investments represent the principal element of the NAV as disclosed in the Statement of Financial Position in the financial statements.	Our main audit procedures over these investments were as follows: – We agreed 100% of investment prices used in the calculation of the year end valuation of investments to independent third party sources. – We agreed the foreign currency exchange rates used (for investments priced in currencies other than sterling) as at the year end to independent third party sources. – We agreed the holdings of each of the quoted investments at 30 September 2018, to a confirmation provided directly to us by the third party custodian, HSBC Bank Plc. – We re-calculated the carrying value of each of the listed investments by multiplying the price per share by the holding, taking into consideration applicable foreign exchange rates. – We concluded that the valuation of investments held at fair value through profit or loss was consistent with the Company's accounting policies and that the investments existed and were owned by the Company at the year end. No material differences were noted.

How we tailored the audit scope

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

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that 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. We focused on laws and regulations that could give rise to a material misstatement in the Company's financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules and UK tax legislation. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, review of legal expense accounts and enquiries of management. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Materiality

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

Independent Auditors' Report to the Members of Schroder AsiaPacific Fund plc

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

Overall materiality	£8.25 million (2017: £8.00 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £412,000 (2017: £400,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. 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.
We are required to report if the directors' statement relating to going concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

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

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

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (*CA06*)

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (*CA06*)

Independent Auditors' Report to the Members of Schroder AsiaPacific Fund plc

The directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 12 of the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the annual report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 14 of the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. (*Listing Rules*)

Other Code provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 23, that they consider the annual report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the annual report on page 21 describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to that committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (*CA06*)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the annual report and accounts set out on page 23, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Independent Auditors' Report to the Members of Schroder AsiaPacific Fund plc

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

– we have not received all the information and explanations we require for our audit; or

– adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or

– certain disclosures of directors' remuneration specified by law are not made; 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.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit and risk committee, we were appointed by the directors in 1995 to audit the financial statements for the year ended 30 September 1996 and subsequent financial periods. The period of total uninterrupted engagement is 23 years, covering the years ended 30 September 1996 to 30 September 2018.

Jennifer March (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

10 December 2018

Income Statement
for the year ended 30 September 2018

	Note	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Gains on investments held at fair value through profit or loss	2	–	26,589	26,589	–	139,076	139,076
Net foreign currency (losses)/gains		–	(2,644)	(2,644)	–	1,714	1,714
Income from investments	3	21,092	293	21,385	18,464	86	18,550
Other interest receivable and similar income	3	42	–	42	15	–	15
Gross return		21,134	24,238	45,372	18,479	140,876	159,355
Investment management fee	4	(1,748)	(5,243)	(6,991)	(6,320)	–	(6,320)
Administrative expenses	5	(1,022)	–	(1,022)	(878)	–	(878)
Net return before finance costs and taxation		18,364	18,995	37,359	11,281	140,876	152,157
Finance costs	6	(289)	(867)	(1,156)	(545)	–	(545)
Net return on ordinary activities before taxation		18,075	18,128	36,203	10,736	140,876	151,612
Taxation on ordinary activities	7	(1,190)	(529)	(1,719)	(1,199)	(11)	(1,210)
Net return on ordinary activities after taxation		16,885	17,599	34,484	9,537	140,865	150,402
Return per share	9	10.08p	10.50p	20.58p	5.69p	84.06p	89.75p

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 on ordinary activities after taxation is also the total comprehensive income 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 35 to 47 form an integral part of these accounts.

Statement of Changes in Equity
for the year ended 30 September 2018

	Note	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 2016		16,780	100,956	3,364	8,704	32,396	487,957	8,164	658,321
Repurchase and cancellation of the Company's own shares		(23)	–	23	–	(821)	–	–	(821)
Net return on ordinary activities		–	–	–	–	–	140,865	9,537	150,402
Dividend paid in the year	8	–	–	–	–	–	–	(7,960)	(7,960)
At 30 September 2017		16,757	100,956	3,387	8,704	31,575	628,822	9,741	799,942
Net return on ordinary activities		–	–	–	–	–	17,599	16,885	34,484
Dividend paid in the year	8	–	–	–	–	–	–	(9,384)	(9,384)
At 30 September 2018		16,757	100,956	3,387	8,704	31,575	646,421	17,242	825,042

The notes on pages 35 to 47 form an integral part of these accounts.

Statement of Financial Position at 30 September 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	**851,031**	836,358
Current assets	11		
Debtors		**2,128**	1,009
Cash at bank and in hand		**20,439**	7,213
		22,567	8,222
Current liabilities			
Creditors: amounts falling due within one year	12	**(48,556)**	(44,638)
Net current liabilities		**(25,989)**	(36,416)
Total assets less current liabilities		**825,042**	799,942
Net assets		**825,042**	799,942
Capital and reserves			
Called-up share capital	13	**16,757**	16,757
Share premium	14	**100,956**	100,956
Capital redemption reserve	14	**3,387**	3,387
Warrant exercise reserve	14	**8,704**	8,704
Share purchase reserve	14	**31,575**	31,575
Capital reserves	14	**646,421**	628,822
Revenue reserve	14	**17,242**	9,741
Total equity shareholders' funds		**825,042**	799,942
Net asset value per share	15	**492.35p**	477.38p

These accounts were approved and authorised for issue by the board of directors on 10 December 2018 and signed on its behalf by:

Nicholas Smith
Chairman

The notes on pages 35 to 47 form an integral part of these accounts.

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

Company registration number: 3104981

Notes to the Accounts

1. Accounting Policies

(a) Basis of accounting

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 November 2014 and updated in February 2018. All of the Company's operations are of a continuing nature.

The Company has not presented a statement of cash flows as it is not required for an investment trust which meets certain conditions.

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments held at fair value through profit or loss.

The 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 30 September 2017.

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

(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 is managed and its performance evaluated on a fair value basis, in accordance with a documented investment objective and information is provided internally on that basis to the Company's board of directors. Accordingly, upon initial recognition the investments are designated by the Company as "held at fair value through profit or loss". Investments are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets.

Investments that are unlisted or not actively traded are valued using a variety of techniques to determine their fair value; any 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 and deposit balances and unrealised exchange gains and losses on foreign currency loans are included in the Income Statement and in capital reserves.

The cost of repurchasing shares, including the related stamp duty and transactions costs, is charged to "Share repurchase 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.

Overseas dividends are included gross of any withholding tax.

Where the Company has elected to receive scrip 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.

Interest receivable from debt securities, together with any premium or discount on purchase, is recognised using the effective interest method.

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

(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:

- In order to better reflect the increasing significance of income as part of total return, the board has, with effect from 1 October 2017, adopted an allocation policy whereby a proportion of indirect costs are allocated to the capital account. Based on the board's expected long-term split of returns in the form of capital gains and income respectively, from the Company's investment portfolio, it has determined that 75% of the management fee will be allocated to capital and the remaining 25% to revenue. It had previously allocated the management fee wholly to revenue. The effect of this change on the Income Statement for the year ended 30 September 2018, is to increase net revenue return after taxation by £5,243,000 (3.13p per share) and to reduce net capital return by the same amount. Total return after taxation is unaffected by the change. The comparative figures have not been restated.
- 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 39.

(f) Finance costs

Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest method and in accordance with the provisions of FRS 102.

For the reasons detailed in part (e) to this note above, the board has determined that with effect from 1 October 2017, 75% of finance costs will be allocated to capital and the remaining 25% to revenue. It had previously allocated finance costs wholly to revenue. The effect of this change on the Income Statement for the year ended 30 September 2018, is to increase the revenue return after taxation by £867,000 (0.52p per share) and to reduce net capital return by the same amount. Total return after taxation is unaffected by the change. The comparative figures have not been restated.

(g) Financial instruments

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.

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.

Bank loans and overdrafts are classified as loans and receivables and are initially measured at fair value and subsequently at amortised cost. They are recorded at the proceeds received net of direct issue costs.

(h) Taxation

Current tax is provided at the amounts expected to be received or paid.

Deferred tax is accounted for in accordance with FRS 102.

Deferred tax is provided on all timing differences that have originated but not reversed by the accounting 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 nominate 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 held at fair value, denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at 1600 hours on the accounting date.

(k) Dividends payable

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

Notes to the Accounts

(l) Repurchases of shares for cancellation

The cost of repurchasing the Company's own shares including the related stamp duty and transactions costs is charged to "Share purchase reserve" and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of share capital repurchased and cancelled is transferred out of "Called-up share capital" and into "Capital redemption reserve".

2. Gains on investments held at fair value through profit or loss

	2018 £'000	2017 £'000
Gains on sales of investments based on historic cost	76,850	100,981
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	(43,887)	(65,772)
Gains on sales of investments based on the carrying value at the previous balance sheet date	32,963	35,209
Net movement in investment holding gains and losses	(6,374)	103,867
Gains on investments held at fair value through profit or loss	26,589	139,076

3. Income

	2018 £'000	2017 £'000
Income from investments:		
Overseas dividends	19,466	17,347
UK dividends	1,505	769
Interest on government bonds	121	348
	21,092	18,464
Other interest receivable and similar income:		
Deposit interest	42	15
	21,134	18,479
Capital:		
Special dividend allocated to capital	293	86

4. Investment management fee

		2018			2017	
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	1,748	5,243	6,991	6,320	–	6,320

The basis for calculating the investment management fee is set out in the Directors' Report on page 18.

5. Administrative expenses

	2018 £'000	2017 £'000
Administration expenses	731	599
Directors' fees[1]	166	157
Company secretarial fee	103	99
Auditors' remuneration for audit services	22	21
Auditors' remuneration for taxation compliance services	–	2
	1,022	878

[1]Full details are given in the remuneration report on pages 24 to 26.

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Notes to the Accounts

6. Finance costs

	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Interest on bank loans and overdrafts	289	867	1,156	545	–	545

7. Taxation on ordinary activities

(a) Analysis of tax charge for the year

	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Overseas withholding tax	1,492	–	1,492	1,199	–	1,199
Overseas capital gains tax	–	529	529	–	11	11
Taiwanese withholding tax recovered	(302)	–	(302)	–	–	–
Taxation on ordinary activities	1,190	529	1,719	1,199	11	1,210

The Company has no corporation tax liability for the year ended 30 September 2018 (2017: nil).

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2017: lower) than the Company's applicable rate of corporation tax for the year of 19.0% (2017: 19.5%) .

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

	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Net return on ordinary activities before taxation	18,075	18,128	36,203	10,736	140,876	151,612
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 19.0% (2017: 19.5%)	3,434	3,444	6,878	2,094	27,471	29,565
Effects of:						
Capital returns on investments	–	(4,550)	(4,550)	–	(27,454)	(27,454)
Income not chargeable to corporation tax	(3,718)	(55)	(3,773)	(3,289)	(17)	(3,306)
Overseas withholding tax	1,492	–	1,492	1,199	–	1,199
Taiwanese withholding tax recovered	(302)	–	(302)	–	–	–
Overseas capital gains tax	–	529	529	–	11	11
Unrelieved expenses	284	1,161	1,445	1,195	–	1,195
Taxation on ordinary activities	1,190	529	1,719	1,199	11	1,210

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £6,984,000 (2017: £5,691,000) based on a prospective corporation tax rate of 17.0% (2017: 17.0%). The reduction in the standard rate of corporation tax was substantively enacted in September 2016 and is effective from 1 April 2020.

The 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 deferred UK capital gains tax on any capital gains or losses arising on the revaluation or disposal of investments.

Notes to the Accounts

8. Dividends

Dividends paid and proposed

	2018 £'000	2017 £'000
2017 final dividend of 5.60p (2016: 4.75p) paid out of revenue profits	9,384	7,960

	2018 £'000	2017 £'000
2018 final dividend proposed of 9.50p (2017: 5.60p) to be paid out of revenue profits	15,919	9,384

The proposed final dividend amounting to £15,919,000 (2017: £9,384,000) 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 for the year is £16,885,000 (2017: £9,537,000).

9. Return per share

	2018 £'000	2017 £'000
Revenue return	16,885	9,537
Capital return	17,599	140,865
Total return	34,484	150,402
Weighted average number of shares in issue during the year	167,570,716	167,581,798
Revenue return per share	10.08p	5.69p
Capital return per share	10.50p	84.06p
Total return per share	20.58p	89.75p

10. Investments held at fair value through profit or loss

	2018 £'000	2017 £'000
Opening book cost	590,145	453,288
Opening investment holding gains	246,213	208,117
Opening valuation	836,358	661,405
Amortisation of premium on fixed interest securities	(7)	(9)
Purchases at cost	306,855	357,626
Sales proceeds	(318,764)	(321,740)
Gains on sales of investments based on the carrying value at the previous balance sheet date	32,963	35,209
Net movement in investment holding gains and losses	(6,374)	103,867
Closing valuation	851,031	836,358
Closing book cost	655,079	590,145
Closing investment holding gains	195,952	246,213
Total investments held at fair value through profit or loss	851,031	836,358

The following transaction costs, comprising stamp duty and brokerage commission, were incurred in the year:

	2018 £'000	2017 £'000
On acquisitions	347	542
On disposals	471	707
	818	1,249

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Notes to the Accounts

11. Current assets

Debtors

	2018 £'000	2017 £'000
Dividends and interest receivable	1,698	697
Taxation recoverable	203	256
Other debtors	227	56
	2,128	1,009

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

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

12. Current liabilities

Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Bank loan	42,141	42,716
Securities purchased awaiting settlement	4,375	–
Other creditors and accruals	2,040	1,922
	48,556	44,638

The loan comprises US$55.0 million (£42.1 million) drawn down on the Company's £75 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. The loan at the prior year end comprised US$57.3 million (£42.7 million) drawn down on the facility. Further details of the facility are given in note 19(a)(ii) on pages 44 and 45.

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

13. Called-up share capital

	2018 £'000	2017 £'000
Ordinary shares of 10p each allotted, called up and fully paid:		
Opening balance of 167,570,716 (2017: 167,795,716) shares	16,757	16,780
Repurchase and cancellation of nil (2017: 225,000) shares	–	(23)
Closing balance of 167,570,716 (2017: 167,570,716) shares	16,757	16,757

Notes to the Accounts

14. Reserves

	Share premium[1] £'000	Capital redem-ption reserve[2] £'000	Warrant exercise reserve[3] £'000	Share purchase reserve[4] £'000	Capital reserves Gains and losses on sales of investments[5] £'000	Capital reserves Holding gains and losses[6] £'000	Revenue reserve[7] £'000
Opening balance	100,956	3,387	8,704	31,575	381,927	246,895	9,741
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	32,963	–	–
Net movement in investment holding gains and losses	–	–	–	–	–	(6,374)	–
Transfer on disposal of investments	–	–	–	–	43,887	(43,887)	–
Realised exchange losses on cash and short-term deposits	–	–	–	–	(760)	–	–
Exchange losses on the credit facility	–	–	–	–	909	(2,793)	–
Capital gains tax	–	–	–	–	(718)	189	–
Special dividend allocated to capital	–	–	–	–	293	–	–
Management fees and finance costs allocated to capital	–	–	–	–	(6,110)	–	–
Dividend paid	–	–	–	–	–	–	(9,384)
Retained revenue for the year	–	–	–	–	–	–	16,885
Closing balance	**100,956**	**3,387**	**8,704**	**31,575**	**452,391**	**194,030**	**17,242**

The Company's articles of association permit dividend distributions out of realised capital profits.

[1]The share premium is a non distributable reserve and represents the amount by which the fair value of the consideration received from shares issued exceeds the nominal value of shares issued.

[2]The capital redemption reserve represents the accumulated nominal value of shares repurchased for cancellation. This reserve is non-distributable.

[3]The warrant exercise reserve is a non distributable reserve and arose via an apportionment of the premium on the issue of shares with warrants attached.

[4]The share purchase reserve arose following the cancellation of the balance of share premium in 1998 and was created for the purpose of financing share buybacks. This is a realised (distributable) capital reserve which may be used to repurchase the Company's own shares or distributed as dividends.

[5]This is a realised (distributable) capital reserve which may be used to repurchase the Company's own shares or distributed as dividends.

[6]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 distributed as dividends or used to repurchase the Company's own shares) and those that are unrealised.

[7]The revenue reserve may distributed as dividends or used to repurchase the Company's own shares.

15. Net asset value per share

	2018	2017
Net assets attributable to shareholders (£'000)	825,042	799,942
Shares in issue at the year end	167,570,716	167,570,716
Net asset value per share	492.35p	477.38p

16. Transactions with the Manager

Under the terms of the AIFM Agreement, the Manager is entitled to receive a management fee and a company secretarial fee. Details of the basis of the management fee calculation are given in the Directors' Report on page 18. Any investments in funds managed or advised by the Manager or any of its associated companies, are excluded from the assets used for the purpose of the calculation.

The management fee payable in respect of the year ended 30 September 2018 amounted to £6,991,000 (2017: £6,320,000), of which £1,705,000 (2017: £1,696,000) was outstanding at the year end. The company secretarial fee payable in respect of the year ended 30 September 2018 amounted to £103,000 (2017: £99,000), of which £26,000 (2017: £25,000) was outstanding at the year end.

No director of the Company served as a director of any member of the Schroder Group, at any time during the year.

17. Related party transactions

Details of the remuneration payable to directors are given in the Directors' Remuneration Report on page 25 and details of directors' shareholdings are given in the Directors' Remuneration Report on page 26. Details of transactions with the Manager are given in note 16 above. There have been no other transactions with related parties during the year (2017: nil).

18. 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 comprise its investment portfolio. The Company has held derivative financial instruments during the year, but none were held at the year end.

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.

Details of the valuation techniques used by the Company are given in note 1(b) on page 35.

At 30 September 2018, the Company's investments were all categorised in Level 1 (2017: same).

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

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

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

The Company's classes of financial instruments may comprise the following:

- investments in shares, warrants, depositary receipts and government bonds 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 Bank plc, the purpose of which is to assist in financing the Company's operations; and
- a multi-currency revolving credit facility with Scotiabank Europe plc, the purpose of which is to assist in financing the Company's operations.

(a) Market risk

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

(i) Currency risk

Certain 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.

Notes to the Accounts

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the board, which meets on at least four occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. The Company may use foreign currency borrowings or forward foreign currency contracts to limit the exposure to anticipated changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Income denominated in foreign currencies is converted into sterling on receipt.

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 30 September are shown below. The Company's investments (which are not monetary items) have been included separately in the analysis so as to show the overall level of exposure.

	2018									
	Hong Kong Dollars £'000	**US Dollars £'000**	**South Korean Won £'000**	**Taiwan Dollars £'000**	**Singapore Dollars £'000**	**Thai Baht £'000**	**Indian Rupees £'000**	**Chinese Yuan £'000**	**Other £'000**	**Total £'000**
Current assets	**666**	**(2,588)**	**419**	**189**	**3,035**	**117**	**259**	**7,976**	**1,038**	**11,111**
Current liabilities										
Creditors: amounts falling due within one year	**–**	**(42,141)**	**(3,495)**	**(49)**	**(942)**	**(12)**	**–**	**–**	**–**	**(46,639)**
Foreign currency exposure on net monetary items	**666**	**(44,729)**	**(3,076)**	**140**	**2,093**	**105**	**259**	**7,976**	**1,038**	**(35,528)**
Investments held at fair value through profit or loss	**290,647**	**125,502**	**152,474**	**86,670**	**23,194**	**34,163**	**64,126**	**20,458**	**14,230**	**811,464**
Total net foreign currency exposure	**291,313**	**80,773**	**149,398**	**86,810**	**25,287**	**34,268**	**64,385**	**28,434**	**15,268**	**775,936**

	2017									
	Hong Kong Dollars £'000	US Dollars £'000	South Korean Won £'000	Taiwan Dollars £'000	Singapore Dollars £'000	Thai Baht £'000	Indian Rupees £'000	Chinese Yuan £'000	Other £'000	Total £'000
Current assets	265	83	10	477	2	–	171	6,279	10	7,297
Current liabilities										
Creditors: amounts falling due within one year	–	(42,718)	–	(48)	–	–	–	–	–	(42,766)
Foreign currency exposure on net monetary items	265	(42,635)	10	429	2	–	171	6,279	10	(35,469)
Investments held at fair value through profit or loss	269,901	152,807	121,421	85,383	27,501	35,015	73,995	11,722	26,551	804,296
Total net foreign currency exposure	270,166	110,172	121,431	85,812	27,503	35,015	74,166	18,001	26,561	768,827

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

Notes to the Accounts

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 accounting date and assumes a 10% (2017: 10%) appreciation or depreciation in sterling against all 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:

	2018 £'000	2017 £'000
Income Statement – return after taxation		
Revenue return	**1,811**	1,595
Capital return	**(3,663)**	(3,547)
Total return after taxation	**(1,852)**	(1,952)
Net assets	**(1,852)**	(1,952)

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

	2018 £'000	2017 £'000
Income Statement – return after taxation		
Revenue return	**(1,811)**	(1,595)
Capital return	**3,663**	3,547
Total return after taxation	**1,852**	1,952
Net assets	**1,852**	1,952

In the opinion of the directors, the above sensitivity analysis with respect to monetary financial assets and liabilities is broadly representative of the whole of the current and comparative year. The sensitivity with regard to the Company's investments and foreign currency is subsumed into market price risk sensitivity on page 45.

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on variable rate borrowings when interest rates are re-set. The fair value of any government bonds held in the Company's portfolio may be affected by interest rate movements or the expectation of such movements in the future. However, it is not possible to assess the impact of interest rate movements on the value of these investments accurately and therefore the exposure would be included in other price risk in part (iii) to this note.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The board would not expect gearing to exceed 20% where gearing is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

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

Interest rate exposure

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

	2018 £'000	2017 £'000
Exposure to floating interest rates:		
Cash at bank and in hand	**20,439**	7,213
Creditors: amounts falling due within one year – borrowings on the credit facility	**(42,141)**	(42,716)
Net exposure	**(21,702)**	(35,503)

Notes to the Accounts

Interest receivable on cash balances is at a margin below LIBOR (2017: same).

During the year, the Company extended its 364 day, multi-currency credit facility with Scotiabank Europe plc to 26 April 2019, and increased the facility limit from £50 million to £75 million. The limit may be extended to £105 million, subject to credit approval by the lender. Amounts are normally drawn down on the facility for one month periods. Interest is payable at a rate of LIBOR as quoted in the market for the relevant currency and period, plus a margin, plus Mandatory Costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. At 30 September 2018, the Company had drawn down US$ 55.0 million (£42.1 million) at an interest rate of 2.92% per annum.

At the prior year end, the Company had drawn down US$ 57.3 million (£42.7 million) at an interest rate of 1.89% per annum.

The Company also has a £30 million overdraft facility with HSBC Bank plc, secured by a floating charge, but which was not utilised during the current or comparative year.

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 cash/(debt) balances during the year are as follows:

	2018 £'000	2017 £'000
Maximum debit interest rate exposure during the year – net debt	(36,898)	(37,730)
Minimum debit/maximum credit interest rate exposure during the year – net (debt)/cash	(10,321)	2,147

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2017: 0.5%) 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 accounting date with all other variables held constant.

	2018		2017	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Income statement – return after taxation				
Revenue return	49	(49)	(178)	178
Capital return	(158)	158	–	–
Total return after taxation	(109)	109	(178)	178
Net assets	(109)	109	(178)	178

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 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 investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile. The board may authorise the Manager to enter derivative transactions for the purpose of protecting the portfolio against falls in market prices.

Market price risk exposure

The Company's total exposure to changes in market prices at 30 September comprises the following:

	2018 £'000	2017 £'000
Investments held at fair value through profit or loss	**851,031**	836,358

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

Concentration of exposure to market price risk

An analysis of the Company's investments is given on pages 7 and 8. This shows that the portfolio comprises investments trading in Asian countries. Accordingly there is a concentration of exposure to that region.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 20% (2017: 20%) 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 and adjusting for the change in the management fee, but with all other variables held constant.

	2018		2017	
	20% increase in fair value £'000	20% decrease in fair value £'000	20% increase in fair value £'000	20% decrease in fair value £'000
Income statement – return after taxation				
Revenue return	**(319)**	**319**	(1,255)	1,255
Capital return	**169,249**	**(169,249)**	167,272	(167,272)
Total return after taxation and net assets	**168,930**	**(168,930)**	166,017	(166,017)
Percentage change in net asset value	**20.5%**	**(20.5%)**	20.8%	(20.8%)

(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 to meet funding requirements if necessary. Short-term flexibility is achieved through the use of a credit facility and an overdraft facility.

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

Liquidity risk exposure

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

	Three months or less 2018 £'000	Three months or less 2017 £'000
Creditors: amounts falling due within one year		
Bank loan – including interest	**42,148**	42,718
Securities purchased awaiting settlement	**4,375**	–
Other creditors and accruals	**2,033**	1,920
	48,556	44,638

Notes to the Accounts

(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 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.

(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.

20. Capital management policies and procedures

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

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

	2018 £'000	2017 £'000
Debt		
Bank loan	**42,141**	42,716
Equity		
Called-up share capital	**16,757**	16,757
Reserves	**808,285**	783,185
	825,042	799,942
Total debt and equity	**867,183**	842,658

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

The board would not expect gearing to exceed 20%. Gearing for this purpose is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

	2018 £'000	2017 £'000
Borrowings used for investment purposes, less cash	**21,702**	35,503
Net assets	**825,042**	799,942
Gearing	**2.6%**	4.4%

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 opportunity for issue of new shares; and
– the amount of dividends to be paid, in excess of that which is required to be distributed.

Annual General Meeting – Explanation of Special Business

The Annual General Meeting ("AGM") of the Company will be held on Wednesday, 23 January 2019 at 12.00 noon. The formal Notice of Meeting is set out on page 49.

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.

Resolution 11 – increase in aggregate limit of fees payable to Directors (ordinary resolution)

The Company's articles of association currently limit the fees payable to Directors to £200,000 in aggregate per annum. The directors believe that the board should have additional flexibility in setting the level of directors' remuneration, taking into account their increasing responsibilities. In particular, the board is mindful of the fact that it in order to manage succession it may, from time to time, need to temporarily increase the size of the board which would increase the aggregate total director fees for that time period. Accordingly, an ordinary resolution will be proposed at the forthcoming AGM to increase the aggregate limit of fees payable to Directors to £300,000 per annum.

The directors are not recommending an increase in directors' fees this year, as outlined in the Directors' Remuneration Report on page 24, although fees continue to be reviewed each year. The board believes that the proposed increase in the aggregate limit of Directors' fees will be sufficient to meet its requirements for the next few years and allow for any potential increase in the number of directors. The Directors' Remuneration Report will continue to be submitted for approval by shareholders at each AGM.

Resolution 12 – directors' authority to allot shares (ordinary resolution) and resolution 13 – 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 £1,675,707 (being 10% of the issued share capital (excluding any shares held in treasury) as at the date of the Notice of the AGM). A special resolution will also be proposed to give the directors authority to allot securities for cash on a non pre-emptive basis up to a maximum aggregate nominal amount of £1,675,707 (being 10% of the Company's issued share capital (excluding any shares held in treasury) as at the date of the Notice of the AGM). This authority includes shares that the Company sells or transfers that have been held in treasury. The board has established guidelines for treasury shares and will only reissue shares held in treasury at a price equal to or greater than the Company's net asset value (inclusive of current year income) plus any applicable costs.

The directors do not intend to allot shares pursuant to these authorities other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company's existing shareholders to do so and when it would not result in any dilution of NAV per share.

If approved, both of these authorities will expire at the conclusion of the AGM in 2020 unless renewed, varied or revoked earlier.

Resolution 14: Authority to make market purchases of the Company's own shares (special resolution)

At the AGM held on 30 January 2018, the Company was granted authority to make market purchases of up to 25,118,850 ordinary shares of 10p each for cancellation or holding in treasury. No shares have been bought back into treasury under this authority and the Company therefore has remaining authority to purchase up to 25,118,850. 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 net asset value and the purchase of ordinary shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at the date of the Notice of the AGM. The directors will exercise this authority only if the directors consider that any purchase would be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled or held in treasury for potential reissue. If renewed, the authority to be given at the 2019 AGM will lapse at the conclusion of the AGM in 2020 unless renewed, varied or revoked earlier.

Recommendation

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

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Schroder AsiaPacific Fund plc will be held at 1 London Wall Place, London EC2Y 5AU on Wednesday, 23 January 2019 at 12.00 noon to consider the following resolutions of which resolutions 1 to 12 will be proposed as ordinary resolutions and resolutions 13 and 14 will be proposed as special resolutions:

1. To receive the Report of the Directors and the audited accounts for the year ended 30 September 2018.
2. To approve a final dividend of 9.50 pence per share for the financial year ended 30 September 2018.
3. To approve the Directors' Remuneration Report for the year ended 30 September 2018.
4. To re-elect Nicholas Smith as a director of the Company.
5. To re-elect Keith Craig as a director of the Company.
6. To re-elect Rosemary Morgan as a director of the Company.
7. To re-elect Martin Porter as a director of the Company.
8. To re-elect James Williams as a director of the Company.
9. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company.
10. To authorise the directors to determine the remuneration of PricewaterhouseCoopers LLP as auditors to the Company.
11. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

    "That the aggregate limit of all fees payable to directors, as set out in Article 94 of the Company's articles of association, be increased to £300,000 per annum".
12. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

    "THAT 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 £1,675,707 (being 10% of the issued ordinary share capital at the date of this Notice) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company, 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."
13. To consider and, if thought fit, to pass the following resolution as a special resolution:

    "That, subject to the passing of resolution 12 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 12 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 £1,675,707 (representing 10% of the aggregate nominal amount of the share capital in issue at the date of this Notice); 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."
14. 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 Act to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 10p each in the capital of the Company ("Shares") 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 25,118,850, representing 14.99% of the Company's issued ordinary share capital as at the date of this Notice;

    (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 10p, 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 2020 (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 for potential reissue."

By order of the board
For and on behalf of
Schroder Investment Management Limited
Registered Number: 3104981

10 December 2018

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

Explanatory Notes to the Notice of Meeting

1. Ordinary shareholders are entitled to attend 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 or +44(0) 121 415 0207 for overseas callers, 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.

   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 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 and clicking on the link to vote. 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 12.00 noon on 21 January 2019. If you have any difficulties with online voting, you should contact the shareholder helpline on 0800 032 0641 (or +44(0) 121 415 0207 for overseas callers).

   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 January 2019, 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 January 2019 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

Explanatory Notes to the Notice of Meeting

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.

5. Copies of the articles of association, terms of appointment of the non-executive directors and a statement of all transactions of each director and of his 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 re-election are set out on pages 15 and 16 of the Company's annual report and accounts for the year ended 30 September 2018.

7. As at 10 December 2018, 167,570,716 ordinary shares of 10 pence each were in issue (no shares were held in treasury). Therefore the total number of voting rights of the Company as at 10 December 2018 was 167,570,716.

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 webpages dedicated to the Company: www.schroders.co.uk/asiapacific.

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.

Definitions of Terms and Performance Measures

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

Net asset value ("NAV") per share

The NAV per share represents the net assets attributable to equity shareholders divided by the number of shares in issue, excluding any shares held in treasury. The NAV per share is published daily.

Benchmark index ("Benchmark")

The Benchmark measure against which the Company compares its performance, which is deemed to be the most appropriate comparison and which is used for management information purposes. The Company's Benchmark is the MSCI All Countries Asia excluding Japan Index (with net income reinvested), sterling adjusted. The Company has changed its benchmark with effect from 1 October 2016. Prior to that date the benchmark was the MSCI All Countries Asia excluding Japan Index (with gross income reinvested), sterling adjusted, and prior to 31 January 2011 the benchmark was the MSCI All Countries Far East excluding Japan Index, sterling adjusted.

Discount/premium

The discount/premium is the amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. The discount or premium is normally expressed as a percentage of the NAV per share.

Gearing

The gearing amount is the borrowings (i.e. bank loans or overdrafts) the Company has used to invest 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 calculation is included in note 20 on page 47.

Ongoing charges

Ongoing charges represents the management fee and all other operating expenses excluding finance costs and transaction costs, expressed as a percentage of the average daily net asset values during the year of £854,948,000 (2017: £727,262,000). Ongoing charges figures for 2011 and prior years represent the expenses calculated as above, expressed as a percentage of the average month end net asset values during the year.

Leverage

For the purpose of the AIFM Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as the ratio of the Company's exposure to its net asset value and is required to be calculated both on a "Gross" and a "Commitment" method. Under the Gross method, exposure represents the sum of the absolute values of all positions, so as to give an indication of overall exposure. Under the Commitment method, exposure is calculated in a similar way, but after netting off hedges which satisfy certain strict criteria.

Total return

Total return represents 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 30 September 2018 is calculated as follows:

Opening NAV at 30/9/17	477.38p
Closing NAV at 30/9/18	492.17p

Dividend received	XD date	NAV on XD date	Factor
5.6p	28/12/2017	515.41p	1.011

NAV total return, being the closing NAV, multiplied by the factor, expressed as a percentage increase in the opening NAV:	4.2%

The share price total return for the year ended 30 September 2018 is calculated as follows:

Opening share price at 30/9/17	426.00p
Closing share price at 30/9/18	430.00p

Dividend received	XD date	Share price on XD date	Factor
5.6p	28/12/2017	447.50p	1.013

Share price total return, being the closing share price, multiplied by the factor, expressed as a percentage increase in the opening share price:	2.2%

Shareholder Information

Webpages and share price information

The Company has dedicated webpages, which may be found at www.schroders.co.uk/asiapacific. The webpages are the Company's primary method of electronic communication with shareholders. It contains details of the Company's ordinary share price and copies of the report and accounts and other documents published by the Company as well as information on the directors, terms of reference of committees and other governance arrangements. In addition, the webpages contain links to announcements made by the Company to the market, 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 to the market on a daily basis.

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

Association of Investment Companies

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

Individual Savings Account ("ISA") status

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

Non-Mainstream Pooled Investments status

The Company currently conducts its affairs so that its shares can be recommended by 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 General Meeting	January
Final dividend paid	January/February
Half year results announced	June
Financial year end	30 September
Annual results announced	December

Alternative Investment Fund Managers ("AIFM") Directive

The AIFM Directive, as transposed into the FCA Handbook in the UK, requires that certain pre-investment information be made available to investors in Alternative Investment Funds (such as the Company) and also that certain regular and periodic disclosures are made. This information and these disclosures may be found either below, elsewhere in this annual report, or in the Company's AIFM Directive 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 AIFM Directive are published on the Company's webpages and within this report. The Company is also required to publish periodically its actual leverage exposures. As at 31 October 2018 these were:

Leverage exposure	Maximum ratio	Actual ratio
Gross method	2.0	1.2
Commitment method	2.0	1.3

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 AIFM Directive 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.

www.schroders.co.uk/asiapacific

Directors

Nicholas Smith
Keith Craig
Rosemary Morgan
Martin Porter
James Williams

Advisers

Alternative Investment Fund Manager (the "Manager")

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Investment Manager and Company Secretary

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Lending Bank

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Registrars

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Lancing
West Sussex BN99 6DA
Shareholder Helpline: 0800 032 0641*
Website: 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 the above address.

Shareholder enquiries

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

Dealing Codes

ISIN: GB0007918872
SEDOL: 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 webpages.

Schroders