RNS Number : 5121O
Schroder AsiaPacific Fund PLC
03 December 2024

3 December 2024

**LONDON STOCK EXCHANGE ANNOUNCEMENT**

**SCHRODER ASIAPACIFIC FUND PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2024**

**Information disclosed in accordance with DTR 4.2.2**

The Company's Annual Report and Financial Statements for the year ended 30 September 2024 is being published in hard copy format and an electronic copy will shortly be available to view and download from the Company's web pages: www.schroders.co.uk/asiapacific.

**Key Highlights**

- The Company made a positive return over the period, with a NAV total return of 16.5% though this lagged the benchmark return of 17.3%.
- The share price produced a total return of 15.6% over the year.
- The Company continues its commendable long term record of NAV total return outperformance of the benchmark which sits at an annualised 2.2% over ten years.
- The biggest driver of relative performance was stock selection, which was significantly positive in Taiwan, the Philippines, Indonesia and Hong Kong, but negative in China, Korea and India.
- The Directors are recommending a final dividend of 12.50 pence per share for the year ended 30 September 2024, representing an increase of 4.2% over the amount paid in respect of the previous financial year.
- A total of 8,209,500 shares were bought back for cancellation at a cost of £41.5 million (2023: 6,000,000 shares were bought back and cancelled at a cost of £29.8 million), adding 0.6% to the NAV.

**Investor presentation**
Our Portfolio Managers, Richard Sennitt and Abbas Barkhordar, will be presenting at a webinar on Thursday, 16 January 2025 at 2.00 pm (which can be signed up to via the following link: https://www.schroders.events/SDP24).

**James Williams, Chairman, Schroder AsiaPacific Fund plc commented:**
*"Asia Pacific remains an engine of global growth, with robust domestic consumption, technological innovation, and an increasingly affluent population. Our focus remains on identifying high-quality companies that can navigate this evolving landscape, while positioning the portfolio to manage risk through prudent diversification and active engagement with companies."*

The Company has submitted a copy of its Annual Report and Financial Statements to the National Storage Mechanism and it will shortly be available for inspection at: National Storage Mechanism | FCA.

**Enquiries:**

Schroder Investment Management Limited

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**Chairman's Statement**

**"Your Board remains focused on managing discount volatility and helping to provide liquidity in the Company's shares."**

**Performance**

For the year ended 30 September 2024, the Company generated a NAV total return of 16.5%, slightly behind the benchmark, which produced a total return of 17.3% over the same period. The share price produced a total return of 15.6% over the year. This builds on the Company's commendable long term record of NAV total return outperformance of the benchmark which sits at an annualised 2.2% over ten years.

Performance during the year was strong in absolute terms and Asian markets performed well, although lagging behind global markets. Taiwan, with its information technology focus, and India produced the strongest returns for the year.

More detailed comment on performance and investment policy may be found in the Portfolio Managers' Review.

**Revenue and dividend**

The Company's principal investment objective is to achieve capital growth, and the Directors continue to distribute substantially all the revenue received each year. This year the Company's revenue return increased to 12.79 pence per share (2023: 12.06p).

The Directors are recommending a final dividend of 12.50 pence per share for the year ended 30 September 2024, representing an increase of 4.2% over the amount paid in respect of the previous financial year. This dividend will be paid on 7 February 2025 to shareholders on the register on 27 December 2024, subject to approval by shareholders at the Annual General Meeting (AGM) on 29 January 2025.

**Gearing**

During the year, the Company amended and renewed its £75 million one-year multicurrency revolving credit facility with The Bank of Nova Scotia, London Branch, on a secured basis. At 30 September 2024, the Company's net gearing position was 2.6% taking into account cash balances, compared to 2.1% at 30 September 2023.

The Company also has access to an overdraft facility with HSBC.

**Discount management**

The Company continued to be active in buying back its shares during the year. A total of 8,209,500 shares were bought back for cancellation at a cost of £41.5 million (2023: 6,000,000 shares were bought back and cancelled at a cost of £29.8 million), adding 0.6% to the NAV. Since the year end, a further 3,375,000 shares have been bought back for cancellation at a cost of £18.4 million.

The discount at the end of September 2024 was 12.4% compared to 11.5% at the previous financial year end. The average discount during the year under review was 11.6%.

Your Board remains focused on managing discount volatility and helping to provide liquidity in the Company's shares. As such, we believe that adopting a rigid discount control mechanism that seeks to target a defined maximum discount level regardless of market conditions is not in the best interests of shareholders. Our policy on share buy backs 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, authority was given to purchase up to 14.99% of the issued share capital. We propose that the share buy back authority be renewed at the forthcoming AGM and that any shares so purchased be cancelled or held in treasury for potential reissue.

**Board succession**

Following the retirement of Keith Craig at the last AGM in January 2024, the Board was pleased to announce the appointment of Vivien Gould to succeed Keith as Chair of the Nomination Committee.

I have now served on the Board for just over ten years and, at the time of my appointment as Chairman in 2021, it was announced that I would serve a maximum of five years in the role. Therefore, it is my intention to retire following the AGM in 2026. As part of its succession planning the Board will carefully consider my successor.

Board succession has been considered carefully during the year to ensure that we effectively plan for Board changes in the coming years. Consequently, in accordance with the Board's succession planning the Board, through its Nomination Committee, is undertaking a search process to identify a new non-executive Director using a third-party recruitment firm.

**Board performance evaluation**

The Company undertook an externally facilitated, Board performance evaluation during the year under review. The evaluation was conducted by an independent third party, Lintstock. A separate evaluation of my performance as Chairman was also carried out and the results considered by the Senior Independent Director.

The Board has discussed the findings and recommendations of the performance evaluation, and the overall conclusion was very positive in respect of the effectiveness of the Board, its composition, the skills, expertise and commitment of the individual Directors.

Further information on the evaluation of the Board can be found in the Nomination Committee Report in the Annual Report and Financial Statements. Details of the Directors experience and background are provided in their biographies in the Annual Report and Financial Statements.

**Webinar**

On Thursday, 16 January 2025, the Company's Portfolio Managers will be presenting to shareholders at a webinar at 2.00 pm on the results for the year and prospects for Asian markets. To register your interest to attend this webinar please visit www.schroders.events/SDP24, where the facility to watch the recorded webinar afterwards will also be available.

**AGM**

The AGM will be held on Wednesday, 29 January 2025 at 12.00 noon at the offices of Schroders at 1 London Wall Place, London EC2Y 5AU. A presentation from our Portfolio Managers will be given at the AGM, and attendees will also be able to ask questions in person and meet the Directors. Details of the formal business of the meeting are set out in the Notice of Meeting in the Annual Report and Financial Statements.

All shareholders are recommended to vote by proxy in advance of the AGM and to appoint the Chairman of the meeting as their proxy. This will ensure that shareholders' votes will be counted even if they (or any appointed proxy) are not able to attend.

If shareholders have any questions for the Board, please write, or email using the details below. The questions and answers will be published on the Company's web pages before the AGM. To email, please use: amcompanysecretary@schroders.com or write to us at the Company's registered office address: Company Secretary, Schroder AsiaPacific Fund plc, 1 London Wall Place, London, EC2Y 5AU.

**Shareholder communication and engagement**

The Board understands the significance of having regular access to information for our shareholders. In addition to our Company web pages, we provide shareholders with the opportunity to subscribe to Company email updates. These emails feature updates about the Company, along with news, opinion pieces, and market insights. Details on how to subscribe can be found on the inside front cover of the Annual Report and Financial Statements.

In advance of the AGM, on 29 January 2025, I will again take the opportunity to engage with shareholders who hold their shares through a retail platform, as permitted by section 793 of the Companies Act 2006. The Board encourages all shareholders to either attend the AGM or exercise their voting rights by proxy. The Board acknowledges that certain execution-only investment platforms are now enabling shareholders to vote electronically. We encourage shareholders to utilise this feature when it is available.

The Board is committed to exercising the highest standard of corporate governance and accordingly, regularly considers the views of its shareholders, offering to meet with major shareholders annually. We also seek to engage with all shareholders where possible and should you wish to contact me, you can do so via the Company Secretary whose details are set out in the Annual Report and Financial Statements.

**Outlook**

As we look to the future, it is impossible to ignore the evolving geopolitical landscape and its potential impact on investing in the Asia Pacific region. China, the world's second-largest economy, remains central to the region's growth story, yet it also presents unique challenges. There has been recent positive momentum in the Chinese markets and for this to be maintained the government's ongoing stimulus measures will need to be allocated effectively to address underlying consumer malaise and demand-side challenges to have a lasting impact. Rising tensions between China and the United States, particularly around technology, trade, and Taiwan, continue to generate uncertainty. The ongoing situation surrounding Taiwan is of particular concern, given its geopolitical significance and its critical role in global semiconductor supply chains. Any escalation in tensions could have far-reaching consequences, not only for the region but for the global economy.

In addition, the re-election of President Trump adds another layer of complexity to the investment environment. Shifts in US foreign and trade policy, particularly in relation to China, may influence market sentiment and the regulatory framework in which companies operate.

On the positive side, several regional elections over the past year in Taiwan, Korea, Indonesia and India have been relatively smooth, which may help alleviate some immediate political risks and foster a more stable environment. Additionally, if the USA can avoid a hard landing and, despite recent commentary, a decline in US rates leads to a weaker dollar this could lead to a reversal of recent trends such as the relative underperformance of growth stocks and the weakness in the Hong Kong market.

As these developments unfold, the Board and our Portfolio Managers remain vigilant in monitoring the potential impacts on our portfolio.

While uncertainties remain significant, we believe they are balanced by the region's long-term structural growth drivers. Asia Pacific remains an engine of global growth, with robust domestic consumption, technological innovation, and an increasingly affluent population. Our focus remains on identifying high-quality companies that can navigate this evolving landscape, while positioning the portfolio to manage risk through prudent diversification and active engagement with companies.

In closing, I would like to express my sincere gratitude to our shareholders for their continued support. Despite the geopolitical headwinds, we believe that the Company is well-positioned to capitalise on the region's growth opportunities, while managing risks carefully. The Board remains committed to delivering sustainable, long-term value, and I look forward to the coming year with cautious optimism.

**James Williams**
Chairman
2 December 2024

**Investment Manager's Review**

**"The strongest major sector in Asia over the period was Information Technology, where stocks benefitted from optimism over the increasing adoption of Artificial Intelligence."**

The NAV per share of the Company recorded a total return of 16.5% over the twelve months to end September 2024. This was behind the performance of the benchmark, the MSCI All Country Asia ex Japan Index, which rose by 17.3% over the same period.

Source: Schroders, Morningstar, in GBP, Cum-income fair NAV.

The strongest major sector in Asia over the period was Information Technology (IT). Here, stocks benefitted from optimism over the increasing adoption of Artificial Intelligence (AI); the knock-on demand for technology products being sold by the likes of NVIDIA; and a recovery in the supply-demand cycle across the wider sector.

From a cyclical perspective, the excess inventory which had built up in the post-Covid period and which had been a major overhang on IT stocks (as well as other exporters of manufactured goods) throughout much of the last two years, finally fell to more typical levels as companies have cut prices and production to clear inventories.

In addition to the more positive view on the inventory outlook, continued strong demand for AI chips has driven additional gains in Asian technology stocks with any exposure to that theme. This particularly helped Taiwan, the Asian market most exposed to the advanced semiconductor sector. A single Taiwanese company, **Taiwan Semiconductor Manufacturing Corporation (TSMC)**, manufactures all of NVIDIA's cutting-edge AI chips.

It is, of course, still very early days when it comes to the adoption of AI applications, so it remains uncertain to what extent the vast investment being made in AI by leading technology companies can be monetised. But, for now, their demand for these highly complex products continues unabated, benefitting the Asia companies which are at the heart of the global manufacturing supply chain for advanced logic and memory semiconductors.

After Taiwan, India was the best performing market over the period.

India has been a beneficiary of domestic investor flows into the stock market, a trend which has particularly benefitted the small and mid-cap segments of the market. These have markedly outperformed (and now trade at a significant premium to) large caps.

While these inflows reflect, in part, the confidence around the growth outlook for the economy over the medium-term, some areas of the market now look very stretched, in our view. The positive performance of the Indian stock market has, in recent periods, been driven more by an increase in price-to-earnings multiples than by growth in company earnings themselves, suggesting that share prices are now reflecting very optimistic assumptions about future growth and profitability. This has been accompanied by a pickup in equity issuance and placements by companies using the favourable conditions to sell stock.

In Singapore, the market saw broad-based strength with the financials sector doing well as banks benefitted from expectations of a more moderate pace of US interest rate cuts as the year progressed. Conversely, this "higher for longer" scenario was somewhat of a headwind for the smaller Association of Southeast Asian Nations (ASEAN) markets such as Indonesia, Philippines and Thailand, which have historically tended to perform better during periods of easier US dollar liquidity.

Korea was another relative laggard over the year. The market was initially supported by investor optimism around a programme of corporate governance reforms proposed by the government, modelled on the high-profile recent campaign in Japan. Investors hoped that improvements in capital allocation, shareholder returns and fairer treatment of minority investors would help boost valuations and close the persistent "Korea discount".

While some encouraging steps have been announced by a few companies, overall the results have thus far been quite disappointing, with structural barriers to improved returns proving difficult to overcome - not least a preponderance of family ownership, which is much less present in Japan. An electoral setback for the ruling party earlier in the year further dented the ownership, which is much less present in Japan. An electoral setback for the ruling party earlier in the year further dented the prospects of giving legislative backing to the moral suasion of the government.

The market which saw the most extreme swings in sentiment over the year was China (and, to a lesser extent, Hong Kong). The macroeconomic environment in China remained weak throughout the period, with slow domestic growth and depressed consumer confidence weighing on stock prices for much of the year. However, towards the end of September 2024, announcements from various state and party institutions led investor sentiment to turn sharply positive on the expectation of a large, co-ordinated stimulus package involving monetary, fiscal and regulatory loosening - including some measures to directly boost purchases of domestic stocks by Chinese institutional investors.

Although details were scarce (not least over the size and nature of the fiscal stimulus), these announcements led to a very strong stock market rally in both on-shore and off-shore Chinese stocks, driven by relief that the government no longer seemed to be willing to accept the economy might sink into a deflationary spiral.

The market subsequently saw a great deal of volatility (after the end of this reporting period) as each subsequent statement by authorities was pored over by investors for clues as to what these policy changes would entail in reality.

On the more positive side in China, exports have been an important support for the economy and there was also some relief around geopolitical tensions, with the meeting of Presidents Xi and Biden at last year's November APEC (Asia-Pacific Economic Cooperation) summit in California, and the Taiwanese election that passed off largely uneventfully. Nevertheless, there is little sign of any easing of US policies towards China, which is perhaps not unexpected in a US presidential election year.

**Performance and Portfolio Activity**

The Company made a positive return over the period, with a NAV total return of 16.5% though this lagged the benchmark return of 17.3%.

From an asset allocation perspective, being overweight to Hong Kong was a significant drag to relative performance (only partially offset by our underweight to China) and our off-benchmark exposure to Vietnam detracted from relative performance. Our underweight to Korea, however, was a positive contributor.

The biggest driver of relative performance was stock selection, which was significantly positive in Taiwan, the Philippines, Indonesia and Hong Kong, but negative in China, Korea and India.

In Taiwan, our exposure to technology names drove this positive stock selection, with leading-edge logic foundry **TSMC**, 'fabless' chip design company **MediaTek** and contract manufacturer **Hon Hai** all contributing positively from the tech sector, benefitting to lesser and greater degrees from their exposure to demand for AI hardware. Electronic paper supplier **E Ink** also performed strongly on signs of increased adoption of electronic shelf labels in retailers such as Walmart. Outside of tech, window coverings supplier **Nien Made** also performed well, as lower interest rates were expected to lead to a demand recovery in the US.

In the Philippines, port operator **ICTSI** performed well on good operational execution and recovering global trade, and property developer **Ayala Land** did well on a more supportive interest rate outlook. **Bank Mandiri** was a strong performer in Indonesia, benefitting from a benign macro environment there and solid growth backed by their successful digital banking initiatives.

Hong Kong stock selection benefitted from our holding in global battery-powered tools manufacturer **Techtronic Industries**, which continues to see good demand for its leading professional power tools brand, Milwaukee. **Prada**, a luxury goods company, and **ASM Pacific Technologies**, which specialises in manufacturing semiconductor fabrication equipment, also contributed to positive selection in Hong Kong. Notably, these companies serve global, not just domestic Hong Kong or mainland Chinese customers.

Negative stock selection in China was partly driven by our underweight positioning in the large e-commerce segment, which saw an intense rally in the final week of the period on the back of the stimulus expectations mentioned above.

However, some individual holdings also detracted for more stock-specific reasons, such as apparel manufacturer **Shenzhou International**, which suffered from the poor Chinese sales of key customers such as Nike. Another negative contributor was our holding in **WuXi Biologics**, a Chinese healthcare services company that specialises in the outsourced research, development and manufacturing of biological drugs, which suffered from concerns over the impact of proposed legislation in the US which may impose restrictions on its ability to work with US entities.

Korean stock selection faced a significant headwind from our relative position in the two memory semiconductor names, **Samsung Electronics** and **SK Hynix**. Our preference for Samsung (due to a stronger balance sheet and a history of cost and technology leadership in the industry) proved costly, as SK Hynix took a significant lead in the production of High-Bandwidth Memory (HBM), a previously niche product which has become critical, given its necessity for the efficient functioning of the leading AI chips from NVIDIA. Samsung has struggled to close the gap with SK Hynix, and these struggles have raised investor concerns about the broader leadership and strategy of the group.

Stock selection was also negative in India - as explained above, much of the outperformance of that market was driven by the small and mid-cap segments of the market, where the Company has limited exposure as we see better value in the larger cap small and mid-cap segments of the market, where the Company has limited exposure as we see better value in the larger-cap names in sectors such as financials and IT services. **HDFC Bank** was a notable laggard in our holdings there, as it has struggled to integrate its non-bank affiliate while also growing the overall business in line with peers.

The geographic exposure in the Company's portfolio continues to be mainly spread between Taiwan, China, India, Hong Kong, Singapore, Korea and several smaller ASEAN markets. China remains a substantial underweight though is, in part, offset by the overweight to the Hong Kong market which, in general, looks more attractive from a valuation and governance perspective. We have however reduced our China underweight during the year, by adding to several high-quality stocks which had been sold down to attractive levels during the period, including videogame developer **NetEase**, dominant music streaming service **Tencent Music Entertainment**, automation equipment supplier **Shenzhen Inovance** and leading battery manufacturer **Contemporary Amperex Technology (CATL)**. We sold out of **Ping An Insurance, Hongfa, Yum China** and **WuXi Biologics**, as well as reducing our weight in e-commerce giant **Alibaba**. In Hong Kong, we exited **Kerry Properties** and reduced **Prada**, both on a weaker consumption outlook for China.

Elsewhere, we continue to be overweight to Singapore, with positions in banks **DBS** and **Oversea-Chinese Banking Corp (OCBC)**, and **Singapore Telecom**, though we exited our holding in **Sea Ltd** and reduced our **Singapore Exchange** holding on strong performance. We are also overweight some of the smaller ASEAN markets such as Thailand (where we added to healthcare names **Bumrungrad Hospital** and **Bangkok Dusit Medical Services (BDMS)** on strong long-term growth prospects), the Philippines (where we added **Ayala Land** and to **Bank of the Philippine Islands)** and Indonesia, where we added **Bank Negara** while reducing **Bank Mandiri** on relative valuation. We also have an off-benchmark position in Vietnam, where we added IT services name **FPT Corp** due to its long-term competitive advantages and attractive valuation.

We are underweight in India and Korea. In Korea, we exited our holding in battery name **Samsung SDI** as competition in the sector intensified, and cosmetics producer **LG H&H** which had seen a disappointing recovery in sales to Chinese customers post-pandemic, though added to car manufacturer **Kia** which has the potential to increase shareholder returns meaningfully. In India, we sold out of IT services name **Mphasis** which had performed very strongly and added to conglomerate **Reliance Industries**.

From a sectoral perspective, financials and IT remain the Company's two largest exposures and overweights, with significant underweights being consumer staples and discretionary. Over the period, we did reduce some financials holdings, selling names including insurers **Ping An** and **Prudential**, as well as trimming **Bank Mandiri**. The IT exposure predominantly is due to positions in Taiwan, Korea and India; during the year we added Taiwanese names **E Ink**, semiconductor packaging company **ASE Technology** and foundry **UMC**, while trimming some **TSMC** on strong performance. Elsewhere we trimmed materials companies **BHP Group** and **Orica**, also following strong performance.

**Outlook and Policy**

Although Asian markets lagged global equities through the end of last year and start of this year, over the last six months they have done better, producing strong absolute gains exceeding global market returns, despite several ongoing but well-known headwinds.

Amongst these, geopolitics has continued to be a concern in the region, with tensions around US-China relations, Taiwan, Ukraine and the Middle East all contributing to investor caution. Although regional elections (Taiwan, Korea, Indonesia and India) have all passed reasonably smoothly this year, the re-election of President Trump in the US election in early November 2024 is likely to result in considerable uncertainty in the trade and geopolitical background for the region in coming years.

President Trump's policy proposals, on the face of it, appear quite inflationary (tariffs raising import prices, fiscal loosening) and could therefore end up with a 'higher for longer' interest rate outlook. This would likely be a tailwind for many Asian financial stocks, but a headwind for those countries with weaker external balances, including some of the ASEAN markets. Although stronger US growth is a positive for exports from Asia, any increase in tariffs could be an offset to that, particularly if the suggested 60% tariff on Chinese exports is implemented. This could ultimately end up benefiting other exporting countries across Asia who will become more competitive. Given this, China is likely to be more aggressive on domestic stimulus to try and counter any potential impact from weaker exports. Although there are clear differences between President Trump's first term and now (particularly around the starting level of interest rates, as well as the geopolitical backdrop), it is worth remembering that under President Trump 1.0 similar stimulus measures were introduced together with increased tariffs and protectionist measures and, despite that, Asia performed well as a region, albeit after an initial wobble.

Within the region, the Chinese economy remains weak as consumer confidence is still extremely low, with this increasingly being reflected in poor retail sales and greater evidence of downtrading. This weak confidence in part reflects a weaker job market together with falling property prices. All this has meant the consumer has become more risk averse which has resulted in a meaningful increase in savings versus consumption.

With China's domestic and external sectors both facing uncertainty, we have been cautious in adding to our exposure to the market, despite the emergence of seemingly better value in a number of stocks there during the period. Consensus expectations had clearly been lowered versus a year ago (at least until the recent optimism about stimulus), and valuations had become more attractive, but several companies which disappointed on earnings still sold-off sharply, suggesting not all the weakness had yet been discounted.

The key domestic overhang remains the property market, where activity and prices are yet to recover from earlier significant falls. Although the government has made some announcements to try to put a floor under the property market, in reality the fiscal sums backing these interventions are (so far) very small compared to the scale of the problem, and unlikely to make more than a marginal difference. Given this, and the structural challenges facing stock-pickers in China (poor capital allocation, structurally lower nominal growth, unpredictable regulatory and policy shifts, high debt levels), we remain significantly underweight the market, albeit less so than where we were 12 months ago.

It is noteworthy that the most recently announced stimulus measures, at the time of writing, appear more substantive and coordinated and have provoked a meaningful rally in the stock market. Whilst we also view the stimulus as positive, in our view, the rally has already started to discount further easing and, therefore, whatever is eventually announced risks disappointing investors' expectations.

Aside from the size of any further spending, it is also how it is allocated that is key, with a need, in our view, to have more of a focus on the demand side of the economy if the consumer is to get out of its malaise, rather than continuing to drive up capital investment.

The Hong Kong market continues to suffer not only from the spillover impacts of a weak China, but also the high level of interest rates, which are inappropriate for the weak domestic economy. Whilst we have reduced our overweight to real estate held via the Hong Kong market, we have also taken advantage of weak stock prices to add to other areas, such as non-bank financials. US interest rates have now started to be cut, which should help to ease monetary conditions in Hong Kong and be supportive for the economy and market, although the pace of such cuts is more uncertain in the wake of the US election results.

India remains a bright spot in the region in terms of growth and optimism among investors, but this has been increasingly reflected in share prices, with the market now looking outright expensive on most metrics.

In the South-East Asian region, we are most exposed to Singapore, which is benefitting from its increasing status as a regional wealth management hub, as well as the growth of its ASEAN neighbours. We have also increased direct exposure to some of the smaller ASEAN markets, such as Thailand and the Philippines.

From a sector perspective, we remain overweight IT, given our positive view on the structural growth drivers behind global demand for technology, particularly advanced semiconductors. Valuations have moved higher on cyclical improvements as well as the surge in demand for AI-related hardware. However, we remain comfortable with the valuations of what we hold in the portfolio, at present but are mindful we do not want to overstay our welcome here.

We also remain overweight to financials - a diverse sector spanning not only banks, but also insurers and exchange companies. The banks we own are generally well-capitalised with strong deposit franchises. Many of our holdings are in the more mature markets, such as Singapore, which in general trade at attractive valuations and decent dividend yields, but we also have exposure to their faster growing hinterland. Direct exposure to faster growing markets, where credit penetration is relatively low, includes ASEAN markets and India. Should interest rates continue to come down from recent levels, there may be some concern over the impact that this could have on bank margins. Though any further cuts are expected to have an impact on margins, this may also, in part, be offset by lower credit costs, potentially higher loan growth and an increase in wealth management revenues.

Historically, a weaker US dollar has been positive for Asia, rather than interest rate cuts per se, although the latter are clearly supportive of greater liquidity.

The other historically positive driver of Asian markets is the export cycle, as this tends to be correlated with underlying earnings per share growth and here we believe there has been an improvement. Inventory excesses from the post-Covid period have been run down and many industries have become more disciplined around production and supply additions. This has seen exports recover for many Asian countries and we believe a soft landing in the US would be supportive of that trend continuing, albeit at a slower rate. Here, we believe cuts in interest rates are key to avoid a sharper slowdown in US demand. Potentially higher tariffs and other barriers to trade under the incoming US administration could derail the export recovery, however, with winners and losers hard to predict at this early stage.

We believe aggregate valuations for the region are no longer particularly cheap and are now trading at slightly above long-term averages. However, this masks a large variation across individual markets where Singapore, Hong Kong, Korea, Indonesia and the Philippines, look relatively cheap versus history, whilst India and Taiwan look relatively expensive. Following its rally, China is no longer at the lower end of its valuation range having moved into the middle of its historic range.

In the short-term at least, shifting views on the likely policies of the incoming Trump administration and ongoing announcements around Chinese stimulus are likely to lead to heightened volatility in regional markets. While the outlook for interest rates is more uncertain following the US election, should they continue to fall, and the US dollar weaken, that could be a potentially positive catalyst for Asian markets, if history is any guide to go by. The outlook for exports has also been complicated by the likely policy changes to come under the incoming US administration. Stimulative policy leading to higher growth is likely to increase the demand for imported goods, but tariffs (particularly on China) could offset this to an extent. It is unlikely, however, that manufacturing of most goods currently being exported from China would shift onshore to the US - rather, other Asian countries are likely to be the main beneficiaries of any supply chain re-alignment.

Richard Sennitt and Abbas Barkhordar
**Portfolio Managers**

**Schroder Investment Management Limited**
2 December 2024

**Risk Report**

The Board itself, and, through its delegation to its Audit and Risk Committee, 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 and, where applicable, emerging risks affecting the Company's business as an investment trust. The Company 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.

**Risk assessment and internal controls review by the Board**

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

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

Both the principal and emerging risks and the monitoring system are also subject to robust review at least annually. The last assessment took place in November 2024.

During the year, the Board discussed and monitored a number of risks which could potentially impact the Company's ability to meet its strategic objectives. The Board receives updates from the Investment Manager, Company Secretary and other service providers on emerging risks that could affect the Company. The Board was mindful during the year of the ongoing conflicts in Israel, which were not seen as new principal or emerging risks but those that exacerbate existing risks. These have been incorporated in the geopolitical and market sections in the table below.

Geopolitical risk includes the impact of regional tensions, trade wars and sanctions against companies. The Board continued to monitor events in the Middle East, Ukraine, ongoing pressure in the Asia-pacific region, slowing economic growth in China and supply chains. The Board is also mindful that changes to financial and public policy could impact the Company in the future in part driven by the results of several significant elections in 2024, notably in the US.

ESG risk includes climate change risk and how it could affect the Company's investments, and potentially shareholder returns. ESG considerations, including climate change are embedded in the investment process and greater transparency continues to be provided in Board reporting and the Annual Report. The Board will continue to monitor this closely. Further details are provided in respect of geopolitical and ESG risks in the table below.

No significant control failings or weaknesses were identified from the Audit and Risk Committee's ongoing risk assessment which has been in place throughout the financial year and up to the date of this report. The Board is satisfied that it has undertaken a detailed review of the risks facing the Company. A full analysis of the financial risks facing the Company is set out in note 20 to the financial statements in the Annual Report and Financial Statements.

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.

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

| Risk | Mitigation and management | Change |
|---|---|---|
| **Strategy and competitiveness** | | ←→ |
| The requirements of investors change or develop in such a way as to diverge from the Company's investment objectives, resulting in | The appropriateness of the Company's investment remit is periodically reviewed and the success of the Company in meeting its | |

| | |
|---|---|
| a wide discount of the share price to NAV per share.<br><br>The Company's cost base could become uncompetitive, including fees, against the peer group and against open-ended alternatives. | stated objectives is monitored. The share price relative to NAV per share is monitored and the use of buy back authorities is considered on a regular basis. The marketing and distribution activity is regularly reviewed. The Company engages proactively with investors.<br><br>The Management Engagement Committee reviews fees paid to the Manager at least annually.<br><br>The ongoing competitiveness of all service provider fees is subject to periodic benchmarking against their competitors.<br><br>The monitoring of fees charged by other service providers takes place alongside an annual review of the Company's ongoing charges figure.<br><br>The Board approves significant non-routine expenses. |
| **Investment management** | ↔ |
| The Manager's investment strategy and levels of resourcing, if inappropriate, may result in the Company underperforming the market and/or peer group companies, leading to the Company becoming unattractive to investors. | Regular review of:<br>• investment performance;<br>• NAV and share price performance including discount against the peer group; and<br>• whether appropriate strategies are employed to mitigate any negative impact of substantial changes in markets.<br><br>The Manager reports on macro-economic events, including regional policies, quarterly and more frequently in response to events, if considered necessary.<br><br>The Management Engagement Committee reviews annually the ongoing suitability of the Manager.<br><br>Regular meetings with major shareholders are undertaken to seek their views with respect to Company matters. |
| **Market** | ↔ |
| A significant fall in regional equity markets and/or currency could have an adverse impact on the market value of the Company's underlying investments. | The Board continues to monitor the market volatility caused by current geopolitical issues and will continue to do so on an ongoing basis.<br><br>The Board recognises that there continues to be a currency/exchange rate risk relating to the region and monitored it carefully during the period. The Board also monitors macroeconomic and market factors, including the impact of inflation.<br><br>Those risks, including market risk, associated with the economic environment that might impact the Company are also mitigated to some extent by the Investment Manager. Note 20 to the financial statements provides further details of the steps taken to mitigate those risks associated with the portfolio.<br><br>The Company has no formal policy of hedging currency risk but may use foreign currency borrowings or forward foreign currency contracts to limit exposure. The Company does not hedge against sterling.<br><br>The risk profile of the portfolio is considered and appropriate strategies to mitigate any negative impact of substantial changes in markets are discussed with the Portfolio Managers.<br><br>The Investment Manager seeks to invest in companies with strong balance sheets and sustainable business models. |
| **Geopolitical** | ↕ |
| Political developments globally might materially affect the ability of the Company to achieve its investment objective. The region also has its own specific risks which could impact market volatility and sentiment.<br><br>Risks include regional tensions, trade wars and sanctions against companies, in areas which the Company invests or may invest, that might have consequences for the Company including an adverse effect on the value of the Company's assets. | The Board continued to monitor key political developments in the Asia Pacific region, in addition to the Ukraine war and the Middle East.<br><br>It was recognised that there continues to be an elevated geopolitical risk relating to the region.<br><br>Subject to shareholder consent, the Board can amend the investment policy and objective of the Company to mitigate these risks. |
| **Custody and depositary** | ↔ |
| Safe custody of the Company's assets may be compromised through control failures by the depositary. | 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. The 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 restrictions on borrowings are imposed: gearing continues to operate within pre-agreed limits so as not to exceed 20% of the Company's net assets. Generally, gearing is maintained at relatively low levels. |
| **Accounting, legal and regulatory change** | ←→ |
| 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. | The Board intends to continue to operate the Company in full compliance with the requirements of Section 1158 of the Corporation Tax Act 2010, compliance is confirmed by the external auditor.<br><br>The confirmation of compliance with relevant laws and regulations by key service providers is reviewed.<br><br>Shareholder documents and announcements, including the Annual Report, are subject to stringent review processes. Procedures are established to safeguard against the disclosure of inside information. |
| **Climate change** | ←→ |
| ESG requirements including climate change and climate-related risks could impact the Company's business and affect revenue, expenses, asset values or the cost or availability of capital. | The consideration of climate change risks and ESG factors is integrated into the investment process and reported at regular Board meetings.<br><br>The Investment Manager considers and evaluates the approach investee companies take to recognise and mitigate climate change risks.<br><br>The Manager has implemented a comprehensive ESG policy which is outlined in detail in the Annual Report and Financial Statements. |
| **Third party services** | ←→ |
| The Company has no employees and has delegated certain functions to a number of service providers.<br><br>Failure of controls, including as a result of fraud, and poor performance of any service provider, could lead to disruption, reputational damage or loss of shareholders' assets. | Service provider appointments are subject to due diligence processes and with clearly documented contractual arrangements detailing service expectations.<br><br>Regular reports are provided by key service providers and the quality of their services is monitored.<br><br>Monitoring includes an annual presentation to the Chair of the Audit and Risk Committee and other Directors from Schroders' key risk and internal controls personnel, the Company's depositary and custodian, HSBC, and the Company's registrar, Equiniti.<br><br>Review of annual audited internal controls reports from key service providers, including confirmation of business continuity arrangements and IT controls. |
| **Cyber** | ←→ |
| The Company's service providers are all exposed to the risk of cyber-attacks. Cyber-attacks could lead to loss of personal or confidential information, unauthorised payments or inability to carry out operations in a timely manner. | The Company's service providers report on cyber risk mitigation and management at least annually, which includes confirmation of business continuity capability in the event of a cyber-attack. |

**Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements**

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

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 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, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors 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 web pages dedicated to the Company. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Directors' statement**

Each of the Directors, whose names and functions are listed in the Annual Report and Financial Statements, 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal and emerging risks that it faces; and
- the Annual Report and Financial Statements, 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

**James Williams**

Chairman

2 December 2024

**Income Statement**

for the year ended 30 September 2024

| | Note | 2024 Revenue £'000 | 2024 Capital £'000 | 2024 Total £'000 | 2023 Revenue £'000 | 2023 Capital £'000 | 2023 Total £'000 |
|---|---|---|---|---|---|---|---|
| Gains on investments held at fair value through profit or loss | 2 | - | 117,282 | 117,282 | - | 9,601 | 9,601 |
| Net foreign currency gains | | - | 2,917 | 2,917 | - | 293 | 293 |
| Income from investments | 3 | 24,292 | 117 | 24,409 | 23,863 | 304 | 24,167 |
| Other interest receivable and similar income | 3 | 264 | - | 264 | 153 | - | 153 |
| **Gross return** | | **24,556** | **120,316** | **144,872** | **24,016** | **10,198** | **34,214** |
| Investment management fee | 4 | (1,526) | (4,576) | (6,102) | (1,552) | (4,656) | (6,208) |
| Administrative expenses | 5 | (1,471) | - | (1,471) | (1,409) | - | (1,409) |
| **Net return before finance costs and taxation** | | **21,559** | **115,740** | **137,299** | **21,055** | **5,542** | **26,597** |
| Finance costs | 6 | (467) | (1,400) | (1,867) | (231) | (690) | (921) |
| **Net return before taxation** | | **21,092** | **114,340** | **135,432** | **20,824** | **4,852** | **25,676** |
| Taxation | 7 | (1,777) | (5,916) | (7,693) | (1,834) | (1,939) | (3,773) |
| **Net return after taxation** | | **19,315** | **108,424** | **127,739** | **18,990** | **2,913** | **21,903** |
| **Return per share (pence)** | **8** | **12.79** | **71.82** | **84.61** | **12.06** | **1.85** | **13.91** |

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 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 in the Annual Report and Financial Statements form an integral part of these financial statements.

**Statement of Changes in Equity**

for the year ended 30 September 2024

| | Note | Called-up share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Warrant exercise reserve £'000 | Capital Reserves £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|
| At 30 September 2022 | | 16,080 | 100,956 | 4,064 | 8,704 | 726,968 | 21,415 | 878,187 |
| Repurchase and cancellation of the Company's own shares | | (600) | - | 600 | - | (29,775) | - | (29,775) |
| Net return after taxation | | - | - | - | - | 2,913 | 18,990 | 21,903 |
| Dividend paid in the year | 9 | - | - | - | - | - | (19,030) | (19,030) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **At 30 September 2023** | | **15,480** | **100,956** | **4,664** | **8,704** | **700,106** | **21,375** | **851,285** |
| Repurchase and cancellation of the Company's own shares | | (821) | - | 821 | - | (41,494) | - | (41,494) |
| Net return after taxation | | - | - | - | - | 108,424 | 19,315 | 127,739 |
| Dividend paid in the year | 9 | - | - | - | - | - | (18,371) | (18,371) |
| **At 30 September 2024** | | **14,659** | **100,956** | **5,485** | **8,704** | **767,036** | **22,319** | **919,159** |

The notes in the Annual Report and Financial Statements form an integral part of these financial statements.

**Statement of Financial Position**

at 30 September 2024

| | Note | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments held at fair value through profit or loss | 10 | 955,057 | 874,534 |
| **Current assets** | | | |
| Debtors | 11 | 2,550 | 2,812 |
| Cash and cash equivalents | 11 | 5,803 | 6,785 |
| | | **8,353** | **9,597** |
| **Current liabilities** | | | |
| Creditors: amounts falling due within one year | 12 | (34,901) | (28,068) |
| **Net current liabilities** | | **(26,548)** | **(18,471)** |
| **Total assets less current liabilities** | | **928,509** | **856,063** |
| **Non current liabilities** | | | |
| Deferred taxation | 13 | (9,350) | (4,778) |
| **Net assets** | | **919,159** | **851,285** |
| **Capital and reserves** | | | |
| Called-up share capital | 14 | 14,659 | 15,480 |
| Share premium | 15 | 100,956 | 100,956 |
| Capital redemption reserve | 15 | 5,485 | 4,664 |
| Warrant exercise reserve | 15 | 8,704 | 8,704 |
| Capital reserves | 15 | 767,036 | 700,106 |
| Revenue reserve | 15 | 22,319 | 21,375 |
| **Total equity shareholders' funds** | | **919,159** | **851,285** |
| **Net asset value per share (pence)** | **16** | **627.02** | **549.92** |

These financial statements were approved and authorised for issue by the Board of Directors on 2 December 2024 and signed on its behalf by:

**James Williams**

Chairman

The notes in the Annual Report and Financial Statements form an integral part of these financial statements.

Registered in England and Wales as a public company limited by shares Company registration number: 03104981

**Notes to the Financial Statements**

## 1. Accounting policies

**(a) Basis of accounting**

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

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

The financial statements have been prepared on a going concern basis under the historical cost convention with the exception of investments which are measured at fair value through profit or loss. The Directors believe that the Company has adequate resources to continue operating to 31 December 2025, which is at least 12 months from the date of approval of these financial statements. In forming this opinion, the Directors have taken into consideration: the controls and monitoring processes in place; the Company's low level of debt and other payables; the low level of operating expenses, comprising largely variable costs which would reduce pro rata in the event of a market downturn; and that the Company's assets comprise cash and readily realisable securities quoted in active markets. In forming this opinion, the Directors have also considered any potential impact of climate change on the viability of the Company. Further details of Directors' considerations regarding this are given in the Chairman's Statement, Investment Managers' Review, Going Concern Statement, Viability Statement and under the Risk Report heading in the Annual Report and Financial Statements.

In preparing these financial statements the Directors have considered the impact of climate change on the value of the Company's investments. The Board has concluded that, as the investments are all valued using quoted bid prices in active markets, the fair value reflects market participant's view of climate change risk.

The Company has not presented a statement of cash flows, as it is not required for an investment trust which meets certain conditions; in particular that substantially all of the Company's investments are highly liquid and carried at market value.

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

The accounting policies applied to these financial statements are consistent with those applied in the financial statements for the year ended 30 September 2023.

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

**(b) Valuation of investments**

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets 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 classified as "held at fair value through profit or loss". Investments are included initially at transaction price, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets.

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". Once the "Share repurchase reserve" has been fully utilised the cost of repurchasing shares is then charged to "Capital reserves".

**(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.

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

**(e) Expenses**

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

- The management fee is allocated 25% to revenue and 75% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.
- 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 in the Annual Report and Financial Statements.

**(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.

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

**(g) 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 are classified as financial liabilities at amortised cost. They are initially measured at the proceeds received, net of direct issue costs, and subsequently measured at amortised cost using the effective interest method.

**(h) Taxation**

The tax charge for the year is based on amounts expected to be received or paid.

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 determine a functional currency, being the currency in which the Company predominantly operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency and the currency in which the financial statements 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 16:00 hours on the accounting date.

**(k) Dividends payable**

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

**(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". Once the "Share purchase reserve" is fully utilised the cost is then charged to "Capital reserves", both are 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

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| (Losses)/gains on sales of investments based on historic cost | (6,055) | 11,251 |
| Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year | (4,436) | (8,012) |
| **(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date** | **(10,491)** | **3,239** |
| Unrealised gains recognised in respect of investments continuing to be held | 127,773 | 6,362 |
| **Gains on investments held at fair value through profit or loss** | **117,282** | **9,601** |

## 3. Income

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| **Income from investments** | | |
| Overseas dividends | 23,399 | 22,761 |
| UK dividends | 893 | 1,102 |

| | | |
|---|---|---|
| | **24,292** | **23,863** |
| **Other interest receivable and similar income** | | |
| Deposit interest | 191 | 153 |
| Other income | 73 | - |
| | **264** | **24,016** |
| **Capital** | | |
| Special dividend allocated to capital | 117 | 304 |
| **Total income** | **24,673** | **24,320** |

## 4. Investment management fee

| | **2024 Revenue £'000** | **2024 Capital £'000** | **2024 Total £'000** | **2023 Revenue £'000** | **2023 Capital £'000** | **2023 Total £'000** |
|---|---|---|---|---|---|---|
| Management fee | **1,526** | **4,576** | **6,102** | **1,552** | **4,656** | **6,208** |

The basis for calculating the investment management fee is set out in the Report of the Directors in the Annual Report and Financial Statements.

## 5. Administrative expenses

| | **2024 Revenue £'000** | **2024 Capital £'000** | **2024 Total £'000** | **2023 Revenue £'000** | **2023 Capital £'000** | **2023 Total £'000** |
|---|---|---|---|---|---|---|
| Administration expenses | 1,052 | - | 1,052 | 1,010 | - | 1,010 |
| Directors' fees[1] | 216 | - | 216 | 198 | - | 198 |
| Company secretarial fee | 150 | - | 150 | 150 | - | 150 |
| Auditor's remuneration for audit services | 53 | - | 53 | 51 | - | 51 |
| | **1,471** | **-** | **1,471** | **1,409** | **-** | **1,409** |

1 Full details are given in the remuneration report in the Annual Report and Financial Statements.

## 6. Finance costs

| | **2024 Revenue £'000** | **2024 Capital £'000** | **2024 Total £'000** | **2023 Revenue £'000** | **2023 Capital £'000** | **2023 Total £'000** |
|---|---|---|---|---|---|---|
| Interest on bank loans and overdrafts | 467 | 1,400 | 1,867 | **231** | **690** | **921** |

## 7. Taxation

**(a) Analysis of tax charge for the year**

| | **2024 Revenue £'000** | **2024 Capital £'000** | **2024 Total £'000** | **2023 Revenue £'000** | **2023 Capital £'000** | **2023 Total £'000** |
|---|---|---|---|---|---|---|
| Irrecoverable overseas withholding tax | 1,777 | - | 1,777 | 1,834 | - | 1,834 |
| Overseas capital gains tax | - | 5,916 | 5,916 | - | 1,939 | 1,939 |
| **Taxation for the year** | **1,777** | **5,916** | **7,693** | **1,834** | **1,939** | **3,773** |

The Company has no corporation tax liability for the year ended 30 September 2024 (2023: nil). The provision for overseas capital gains tax pertains to the deferred tax liability on the unrealised gain on Indian Securities.

**(b) Factors affecting tax charge for the year**

The tax assessed for the year is lower (2023: lower) than the Company's applicable rate of corporation tax for the year of 25% (2023: 22%).

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

| | **2024 Revenue £'000** | **2024 Capital £'000** | **2024 Total £'000** | **2023 Revenue £'000** | **2023 Capital £'000** | **2023 Total £'000** |
|---|---|---|---|---|---|---|
| Net return/(loss) before taxation | 21,092 | 114,340 | 135,432 | 20,824 | 4,852 | 25,676 |
| Net return/(loss) before taxation multiplied by the Company's applicable rate of corporation tax for the year of 25% (2023: 22%) | 5,273 | 28,585 | 33,858 | 4,581 | 1,068 | 5,649 |
| Effects of: | | | | | | |
| Capital returns on investments | - | (30,050) | (30,050) | - | (2,177) | (2,177) |
| Income not chargeable to corporation tax | (6,073) | (29) | (6,102) | (5,250) | (67) | (5,317) |
| Irrecoverable overseas withholding tax | 1,777 | - | 1,777 | 1,834 | - | 1,834 |
| Provision for overseas capital gains tax | - | 5,916 | 5,916 | - | 1,939 | 1,939 |
| Unrelieved expenses for the period | 800 | 1,494 | 2,294 | 669 | 1,176 | 1,845 |
| **Taxation for the year** | **1,777** | **5,916** | **7,693** | **1,834** | **1,939** | **3,773** |

**(c) Deferred tax**

The Company has an unrecognised deferred tax asset of £22,206,000 (2023: £19,912,000) based on a main rate of corporation tax of 25% (2023: 25%). In its 2021 budget, the UK government announced that the main rate of corporation tax would increase to 25% for the fiscal year beginning on 1 April 2023.

The deferred tax asset has arisen due to the 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 financial statements.

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.

## 8. Return per share

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Revenue return | 19,315 | 18,990 |
| Capital return | 108,424 | 2,913 |
| **Total return** | **127,739** | **21,903** |
| Weighted average number of shares in issue during the year | 150,976,540 | 157,474,894 |
| Revenue return per share (pence) | 12.79 | 12.06 |
| Capital return per share (pence) | 71.82 | 1.85 |
| **Total return per share (pence)** | **84.61** | **13.91** |

## 9. Dividends

**Dividends paid and proposed**

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| 2023 final dividend of 12.00p (2022: 12.00p) paid out of revenue profits | **18,371** | **19,030** |

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| 2024 final dividend proposed of 12.50p (2023: 12.00p) to be paid out of revenue profits | **18,324** | **18,416** |

The 2023 final dividend amounted to £18,416,000. However the amount actually paid was £18,371,000, as shares were repurchased and cancelled after the accounting date, but prior to the dividend record date.

The proposed final dividend amounting to £18,324,000 (2023: £18,416,000) 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 £19,315,000 (2023: £18,990,000).

## 10. Investments held at fair value through profit or loss

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Opening book cost | 751,478 | 758,095 |
| Opening investment holding gains | 123,056 | 124,706 |
| **Opening fair value** | **874,534** | **882,801** |
| Purchases at cost | 166,344 | 168,987 |
| Sales proceeds | (203,103) | (186,855) |
| Gains/(losses) on investments held at fair value | 117,282 | 9,601 |
| **Closing fair value** | **955,057** | **874,534** |
| Closing book cost | 708,664 | 751,478 |
| Closing investment holding gains | 246,393 | 123,056 |
| **Closing fair value** | **955,057** | **874,534** |

Sales proceeds amounting to £203,103,000 (2023: £186,855,000) were receivable from disposals of investments in the year. The book cost of these investments when they were purchased was £209,159,000 (2023: £175,604,000). These investments have been revalued over time and until they were sold any unrealised gains and losses were included in the fair value of the investments.

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| On acquisitions | 172 | 282 |
| On disposals | 381 | 332 |
| | **553** | **614** |

## 11. Current assets

**Debtors**

| | 2024 | 2023 |
|---|---|---|

| | £'000 | £'000 |
|---|---|---|
| Securities sold awaiting settlement | 916 | 893 |
| Dividends and interest receivable | 1,361 | 1,648 |
| Taxation recoverable | 235 | 236 |
| Other debtors | 38 | 35 |
| | **2,550** | **2,812** |

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

**Cash at bank and in hand**

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 | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Bank loan | 29,821 | 24,579 |
| Repurchase of the Company's own shares into treasury awaiting settlement | 825 | 73 |
| Securities purchased awaiting settlement | 2,111 | 1,349 |
| Other creditors and accruals | 2,144 | 2,067 |
| | **34,901** | **28,068** |

The bank loan comprises US 40 million drawn down on the Company's £75 million multicurrency revolving credit facility with Bank of Nova Scotia, London Branch. The facility was secured from 3 July 2024, the amendment and renewal are subject to covenants and restrictions which are customary for a facility of this nature and all of these have been complied with. Further details of the facility are given in note 20(a)(ii) in the Annual Report and Financial Statements.

The bank loan at the prior year end comprised US 30 million drawn down on the Company's previous £75 million multicurrency revolving credit facility with Bank of Nova Scotia, London Branch.

The Company has a £30 million overdraft facility with HSBC Bank plc, secured by a floating charge. The overdraft facility has not been drawn down in the current or prior year.

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

## 13. Deferred taxation

Deferred taxation comprises the deferred tax liability on the unrealised gain on Indian Securities. Indian capital gains tax arises on disposal of the underlying asset.

## 14. Called-up share capital

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| **Ordinary shares allotted, called up and fully paid:** | | |
| Ordinary shares of 10p each: | | |
| Opening balance of 154,800,716 (2023: 154,800,716) shares | 15,480 | 16,080 |
| Repurchase and cancellation of 8,209,500 (2023: 6,000,000) shares | (821) | (600) |
| **Closing balance of 146,591,216 (2023: 154,800,716) shares** | **14,659** | **15,480** |

During the year, the Company made market purchases of 8,209,500 of its own shares, nominal value £820,950, for cancellation, representing 5.3% of the shares outstanding at the beginning of the year. The total consideration paid for these shares amounted to £41,494,000. The reason for these purchases was to seek to manage the volatility of the share price discount to NAV per share and to provide a degree of liquidity to the market.

## 15. Reserves

| | Capital & Reserves | | | | | |
|---|---|---|---|---|---|---|
| | Share premium[1] £'000 | Capital redemption reserve[2] £'000 | Warrant exercise reserve[34] £'000 | Gains and losses on sales of investments[5] £'000 | Investment holding gains and losses[6] £'000 | Revenue reserve[7] £'000 |
| **At 30 September 2023** | **100,956** | **4,664** | **8,704** | **581,370** | **118,736** | **21,375** |
| Losses on sales of investments based on the carrying value at the previous balance sheet date | - | - | - | (10,491) | - | - |
| Net movement in investment holding gains and | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| losses | - | - | - | - | 127,773 | - |
| Transfer on disposal of investments | - | - | - | 4,436 | (4,436) | - |
| Realised exchange gains on cash and short-term deposits | - | - | - | 340 | - | - |
| Exchange gains on the credit facility | - | - | - | - | 2,577 | - |
| Overseas capital gains tax | - | - | - | (703) | (5,213) | - |
| Special dividend allocated to capital | - | - | - | 117 | - | - |
| Management fee, administrative expenses and finance costs allocated to capital | - | - | - | (5,976) | - | - |
| Repurchase and cancellation of the Company's own shares | - | 821 | - | (41,494) | - | - |
| Dividend paid | - | - | - | - | - | (18,371) |
| Retained revenue for the year | - | - | - | - | - | 19,315 |
| **At 30 September 2024** | **100,956** | **5,485** | **8,704** | **527,599** | **239,437** | **22,319** |

| | | | Capital & Reserves | | | |
|---|---|---|---|---|---|---|
| | **Share premium[1] £'000** | **Capital redemption reserve[2] £'000** | **Warrant exercise reserve[3] £'000** | **Gains and losses on sales of investments[5] £'000** | **Investment holding gains and losses[6] £'000** | **Revenue reserve[7] £'000** |
| **At 30 September 2022** | **100,956** | **4,064** | **8,704** | **606,111** | **120,857** | **21,415** |
| Gains on sales of investments based on the carrying value at the previous balance sheet date | - | - | - | 3,239 | - | - |
| Net movement in investment holding gains and losses | - | - | - | - | 6,362 | - |
| Transfer on disposal of investments | - | - | - | 8,012 | (8,012) | - |
| Realised exchange losses on cash and short-term deposits | - | - | - | (569) | - | - |
| Exchange gains on the credit facility | - | - | - | - | 862 | - |
| Overseas capital gains tax | - | - | - | (606) | (1,333) | - |
| Special dividend allocated to capital | - | - | - | 304 | - | - |
| Management fee, administrative expenses and finance costs allocated to capital | - | - | - | (5,346) | - | - |
| Repurchase and cancellation of the Company's own shares | - | 600 | - | (29,775) | - | - |
| Dividend paid | - | - | - | - | - | (19,030) |
| Retained revenue for the year | - | - | - | - | - | 18,990 |
| **At 30 September 2023** | **100,956** | **4,664** | **8,704** | **581,370** | **118,736** | **21,375** |

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 not 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 buy backs. 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 be distributed as dividends or used to repurchase the Company's own shares.

## 16. Net asset value per share

| | **2024 £'000** | **2023 £'000** |
|---|---|---|
| Net assets attributable to Shareholders (£'000) | 919,159 | 851,285 |
| Shares in issue at the year end | 146,591,216 | 154,800,716 |
| **Net asset value per share (pence)** | **627.02** | **549.92** |

## 17. 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 in the Annual Report and Financial Statements. 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 and therefore incur no fee. As at the year ended 30 September 2024, the Company held 11,471,124 shares in Schroder Asian Discovery Fund Class Z Accumulation GBP, with the market value of £14,500,000. During the year, the Company sold 1,567,762 shares and generated total proceed of £1,745,000 from the sales.

The management fee payable in respect of the year ended 30 September 2024 amounted to £6,102,000 (2023: £6,208,000), of which £1,590,000 (2023: £1,485,000) was outstanding at the year end. The company secretarial fee payable in respect of the year ended 30 September 2024 amounted to £150,000 (2023: £150,000), of which £38,000 (2023: £38,000) 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, or prior year.

## 18. Related party transactions

Details of the remuneration payable to Directors are given in the Directors' Remuneration Report in the Annual Report and Financial Statements and details of Directors' shareholdings are given in the Directors' Remuneration Report in the Annual Report and Financial Statements. Details of transactions with the Manager are given in note 17 above. There have been no other transactions with related parties during the year (2023: nil).

## 19. 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 and any derivative financial instruments.

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

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

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

Level 3 - valued using inputs that are unobservable.

Details of the Company's policy for valuing investments and derivative instruments are given in note 1(b) and 1(g) in the Annual Report and Financial Statements.

At 30 September 2024, the Company's investment portfolio was categorised as follows:

| | 2024 Level 1 £'000 | 2024 Level 2 £'000 | 2024 Level 3 £'000 | Total £'000 |
|---|---|---|---|---|
| Investments in equities and equity linked securities | 940,557 | 14,500 | - | 955,057 |
| **Total** | **940,557** | **14,500** | **-** | **955,057** |

| | 2023 Level 1 £'000 | 2023 Level 2 £'000 | 2023 Level 3 £'000 | Total £'000 |
|---|---|---|---|---|
| Investments in equities and equity linked securities | 860,452 | 14,082 | - | 874,534 |
| **Total** | **860,452** | **14,082** | **-** | **874,534** |

Schroder Asian Discovery Fund Z Acc which is a daily priced collective investment fund previously included in Level 1, has been reallocated to Level 2. There have been no further transfers between Levels 1, 2 or 3 during the year (2023: nil).

## 20. 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 Bank of Nova Scotia, London Branch, 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**

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

**Management of currency risk**

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, 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.

| 2024 | 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** | **2,389** | **286** | **377** | **592** | **-** | **-** | **261** | **161** | **767** | **4,833** |
| **Current liabilities** | | | | | | | | | | |
| Creditors: amounts falling due within one year | (2,111) | (29,953) | (57) | (41) | - | - | - | - | - | (32,162) |
| **Foreign currency exposure on net monetary items** | **278** | **(29,667)** | **320** | **551** | **-** | **-** | **261** | **161** | **767** | **(27,329)** |
| Investments held at fair value through profit or loss[1] | 239,262 | 18,404 | 71,408 | 199,309 | 77,854 | 33,927 | 153,715 | 42,339 | 76,805 | 913,023 |
| **Total net foreign currency exposure** | **239,540** | **(11,263)** | **71,728** | **199,860** | **77,854** | **33,927** | **153,976** | **42,500** | **77,572** | **885,694** |

| 2023 | 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** | **201** | **392** | **445** | **629** | **-** | **98** | **66** | **560** | **1,492** | **3,883** |
| **Current liabilities** | | | | | | | | | | |
| Creditors: amounts falling due within one year | - | (24,602) | (67) | (43) | - | (10) | - | (22) | (1,349) | (26,093) |
| Non current liabilities | - | - | - | - | - | - | (4,778) | - | - | (4,778) |
| **Foreign currency exposure on net monetary items** | **201** | **(24,210)** | **378** | **586** | **-** | **88** | **(4,712)** | **538** | **143** | **(26,988)** |
| Investments held at fair value through profit or loss[1] | 227,912 | 32,412 | 99,840 | 129,941 | 67,562 | 16,652 | 146,942 | 37,363 | 58,947 | 817,571 |
| **Total net foreign currency exposure** | **228,113** | **8,202** | **100,218** | **130,527** | **67,562** | **16,740** | **142,230** | **37,901** | **59,090** | **790,583** |

1 Excluding any stocks priced in sterling.

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

**Foreign currency sensitivity**

The following tables illustrate the sensitivity of net profit for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The effect on capital return below is predominantly due to the change in net monetary liabilities and the effect on income return is predominantly due to change in dividends, or revenue items that were subject to foreign exchange rate movement. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each accounting date and assumes a 10% (2023: 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:

| **Income Statement - return after taxation** | **2024**<br>**£'000** | **2023**<br>**£'000** |
|---|---|---|
| Revenue return | 2,116 | 2,070 |
| Capital return | (3,453) | (2,931) |
| **Total return after taxation** | **(1,337)** | **(861)** |
| **Net assets** | **(1,337)** | **(861)** |

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

| **Income Statement - return after taxation** | **2024**<br>**£'000** | **2023**<br>**£'000** |
|---|---|---|
| Revenue return | (2,116) | (2,070) |
| Capital return | 3,453 | 2,931 |
| **Total return after taxation** | **1,337** | **861** |
| **Net assets** | **1,337** | **861** |

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 in part (iii) to this note.

**(ii) Interest rate risk**

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

**Management of interest rate risk**

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The 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 multicurrency revolving 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:

| **Exposure to floating interest rates:** | **2024**<br>**£'000** | **2023**<br>**£'000** |
|---|---|---|
| Cash and cash equivalents | 5,803 | 6,785 |
| Creditors: amounts falling due within one year - borrowings on the credit facility | (29,821) | (24,579) |
| **Net exposure** | **(24,018)** | **(17,794)** |

Sterling cash deposits at call earn interest at floating rates based on Sterling Overnight Index Average (SONIA) rates, (2023: SONIA).

The Company amended and renewed its £75 million multicurrency revolving credit facility with Bank of Nova Scotia, London Branch, effective from 3 July 2024. Interest is payable at the aggregate of the compounded Risk Free Rate (RFR) for the relevant currency and loan period, plus a margin. Amounts are normally drawn down on the facility for a one month period, at the end of which it may be rolled over or adjusted. At 30 September 2024, the Company had drawn down US 40 million (£29.8 million) for a one month period, at an interest rate of 6.40% per annum.

At the prior year end, the Company had drawn down US 30 million (£24.6 million) on the preceding facility with Bank of Nova Scotia, London Branch. Further details are given in note 12.

The Company also has a £30 million overdraft facility with HSBC Bank plc, secured by a floating charge.

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 multicurrency revolving credit facility have fluctuated. The maximum and minimum net cash/(debt) balances during the year are as follows:

| | **2024** | **2023** |
|---|---|---|

| | £'000 | £'000 |
|---|---|---|
| Maximum debit interest rate exposure during the year - debt | (27,981) | (17,803) |
| Maximum credit interest rate exposure during the year - net cash | 3,671 | 10,933 |

**Interest rate sensitivity**

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1.5% (2023: 1.5%) 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.

| **Income statement - return after taxation** | **2024 1.5% increase in rate £'000** | **2024 1.5% decrease in rate £'000** | **2023 1.5% increase in rate £'000** | **2023 1.5% decrease in rate £'000** |
|---|---|---|---|---|
| Revenue return | (25) | 25 | 10 | (10) |
| Capital return | (335) | 335 | (277) | 277 |
| **Total return after taxation** | **(360)** | **360** | **(267)** | **267** |
| **Net assets** | **(360)** | **360** | **(267)** | **267** |

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 multicurrency revolving 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:

| | **2024 £'000** | **2023 £'000** |
|---|---|---|
| Investments held at fair value through profit or loss | 955,057 | 874,534 |

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 in the Annual Report and Financial Statements. 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 25% (2023: 25%) 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.

| **Income statement - return after taxation** | **2024 25% increase in fair value £'000** | **2024 25% decrease in fair value £'000** | **2023 25% increase in fair value £'000** | **2023 25% decrease in fair value £'000** |
|---|---|---|---|---|
| Revenue return | (358) | 358 | (328) | 328 |
| Capital return | 237,690 | (237,690) | 217,650 | (217,650) |
| **Total return after taxation and net assets** | **237,332** | **(237,332)** | **217,332** | **(217,332)** |
| **Percentage change in net asset value** | **25.8%** | **(25.8%)** | **25.5%** | **(25.5%)** |

**(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 managed 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 multicurrency revolving 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:

| Creditors: amounts falling due within one year | Three months or less 2024 £'000 | Three months or less 2023 £'000 |
|---|---|---|
| Bank loan - including interest | 29,861 | 24,613 |
| Repurchase of the Company's own shares into treasury awaiting settlement | 825 | 73 |
| Securities purchased awaiting settlement | 2,111 | 1,349 |
| Other creditors and accruals | 2,144 | 2,067 |
| | **34,941** | **28,102** |

**(c) Credit risk**

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

**Management of credit risk**

This risk is not significant and is managed as follows:

**Portfolio dealing**

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

**Exposure to the custodian**

The custodian of the Company's assets is HSBC Bank plc which has Long-Term Credit Ratings of AA- with Fitch and Aa3 with Moody's.

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

**Credit risk exposure**

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

**(d) Fair values of financial assets and financial liabilities**

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

## 21. Capital management policies and procedures

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

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| **Debt** | | |
| Bank loan | 29,821 | 24,579 |
| **Equity** | | |
| Called-up share capital | 14,659 | 15,480 |
| Reserves | 904,500 | 835,805 |

| | | |
|---|---|---|
| | **919,159** | **851,285** |
| **Total debt and equity** | **948,980** | **875,864** |

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. If the figure so calculated is negative, this is shown as a "Net cash" position.

| | **2024**<br>**£'000** | **2023**<br>**£'000** |
|---|---|---|
| Borrowings used for investment purposes, less cash | 24,018 | 17,794 |
| Net assets | 919,159 | 851,285 |
| Gearing (%) | 2.6 | 2.1 |

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.

## 22. Status of results announcement

**2024 Financial Information**

The figures and financial information for 2024 are extracted from the Annual Report and Financial Statements for the year ended 30 September 2024 and do not constitute the statutory accounts for that year. The Annual Report and Financial Statements include the Report of the Independent Auditors which is unqualified and does not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006. The Annual Report and Financial Statements will be delivered to the Registrar of Companies in due course.

**2023 Financial Information**

The figures and financial information for 2023 are extracted from the published Annual Report and Financial Statements for the year ended 30 September 2023 and do not constitute the statutory accounts for the year. The Annual Report and Financial Statements have been delivered to the Registrar of Companies and included the Report of the Independent Auditors which was unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

Neither the contents of the Company's web pages nor the contents of any website accessible from hyperlinks on the Company's web pages (or any other website) is incorporated into, or forms part of, this announcement.

2 December 2024

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Issued by Schroder Investment Management Limited. Registration No 1893220 England.

Authorised and regulated by the Financial Conduct Authority. For regular updates by e-mail please register online at www.schroders.com for our alerting service.

ENDS

A copy of the 2024 Annual Report will shortly be submitted to the FCA's National Storage Mechanism and will be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism

The 2024 Annual Report will shortly be available on the Company's web pages at www.schroders.co.uk/asiapacific where up-to-date information on the Company, including daily NAV and share prices, factsheets and portfolio in formation can also be found.

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