Schroders

Schroder Oriental Income Fund Limited

Annual Report and Accounts

For the year ended
31 August 2021

Investment objective

The investment objective of Schroder Oriental Income Fund Limited (the "Company") is to provide a total return for investors primarily through investments in equities and equity-related investments, of companies which are based in, or which derive a significant proportion of their revenues from, the Asia Pacific region and which offer attractive yields.

Investment policy

The investment policy of the Company is to invest in a diversified portfolio of investments, primarily equities and equity-related investments, of companies which are based in, or derive a significant proportion of their revenues from, the Asia Pacific region. The portfolio is diversified across a number of industries and a number of countries in that region. The portfolio may include government, quasi-government, corporate and high yield bonds and preferred shares. A full breakdown of the investment portfolio may be found on pages 9 and 10.

Equity-related investments which the Company may hold include investments in other collective investment undertakings (including real estate investment trusts and related stapled securities), warrants, depositary receipts, participation certificates, guaranteed performance bonds, convertible bonds, other debt securities, equity-linked notes and similar instruments (whether or not investment grade) which give the Company access to the performance of underlying equity securities, particularly where the Company may be restricted from directly investing in such underlying equity securities or where the Manager considers that there are benefits to the Company in holding such investments instead of directly holding the relevant underlying equity securities. Such investments may be listed or traded outside the Asia Pacific region. Such investments may subject the Company to credit risk against the issuing entity. The Company may also participate, subject to regulatory and tax implications, in debt-to-equity conversion programmes.

The Manager may consider writing calls over some of the Company's holdings, as a low-risk way of enhancing the returns from the portfolio, although it has not written any to date. The Board has set a limit such that covered calls cannot be written over portfolio holdings representing in excess of 15% of gross assets. However, the Company may only invest in derivatives for the purposes of efficient portfolio management. Investors should note that the types of equity-related investments listed above are not exhaustive of all of the types of securities and financial instruments in which the Company may invest, and the Company will retain the flexibility to make any investments unless these are prohibited by the investment restrictions applicable to the Company.

Although the Company has the flexibility to invest in bonds and preferred shares as described above, the intention of the directors is that the assets of the Company which are invested (that is to say, which are not held in cash, money funds, debt securities, interest-bearing gilts or treasuries) will predominantly comprise Asia Pacific equities and equity-related investments.

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Financial Highlights

Some of the financial measures below are classified as Alternative Performance Measures, as defined by the European Securities and Markets Authority and are indicated with an asterisk (*). Definitions of these performance measures, and other terms used in this report, are given on page 66, together with supporting calculations where appropriate.

Total returns* for the year ended 31 August 2021

+21.9%

2020: -0.9%

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

+21.2%

2020: -3.9%

Share price total return

Other financial information

	31 August 2021	31 August 2020	% Change
Shareholders' funds (£'000)	751,419	646,699	+16.2
Shares in issue (excluding shares held in treasury)	267,468,024	270,268,024	(1.0)
NAV per share (pence)	280.94	239.28	+17.4
Share price (pence)	271.50	233.00	+16.5
Share price discount to NAV per share* (%)	(3.4)	(2.6)	
Gearing* (%)	2.7	4.0	

	Year ended 31 August 2021	Year ended 31 August 2020	% Change
Net revenue after taxation (£'000)	27,682	26,537	+4.3
Revenue earnings per share (pence)	10.30	9.86	+4.5
Dividends per share (pence)	10.50	10.30	+1.9
Ongoing Charges* (%)	0.85	0.87	

Definitions of terms and performance measures throughout this report can be found on page 66.

10 Year Financial Record

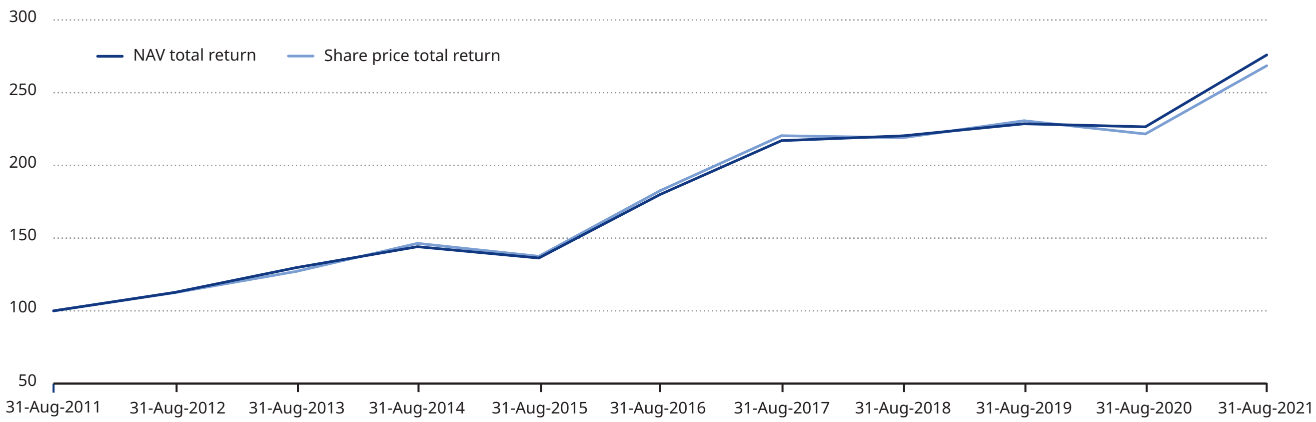
At 31 August	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Shareholders' funds (£'000)	290,324	395,926	428,456	410,090	528,662	635,466	642,711	661,804	646,699	751,419
NAV per share (pence)	165.18	181.46	193.44	175.95	222.56	258.63	252.94	251.94	239.28	280.94
Share price (pence)	164.00	177.00	195.50	176.50	224.50	261.00	250.00	253.00	233.00	271.50
Share price (discount)/ premium to NAV per share (%)	(0.7)	(2.5)	1.1	0.3	0.9	0.9	(1.2)	0.4	(2.6)	(3.4)
Gearing (%)[1]	2.7	2.1	5.1	5.5	0.4	2.0	4.5	5.3	4.0	2.7

For the year ended 31 August	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net revenue after taxation (£'000)	12,734	16,571	17,802	19,660	21,296	23,939	26,421	27,376	26,537	27,682
Revenue earnings per share (pence)	7.44	8.74	8.12	8.73	9.03	9.94	10.52	10.60	9.86	10.30
Dividends per share (pence)	6.80	7.45	7.65	8.00	8.50	9.20	9.70	10.10	10.30	10.50
Ongoing Charges (%)[2]	0.93	0.93	0.88	0.87	0.89	0.85	0.83	0.86	0.87	0.85

Performance[3]	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
NAV total return	100.0	112.7	129.7	144.1	136.3	180.0	217.0	220.3	228.6	226.5	275.9
Share price total return	100.0	112.5	127.1	146.4	137.5	182.6	220.4	219.0	230.7	221.6	268.5

[1]Borrowings used for investment purposes, less cash, expressed as a percentage of net assets.
[2]Ongoing Charges represents the management fee and all other operating expenses excluding finance costs, transaction costs and any performance fee payable, expressed as a percentage of the average daily net asset values during the year.
[3]Source: Morningstar. Rebased to 100 at 31 August 2011.

NAV and share price total returns over ten years to 31 August 2021



Source: Morningstar. Rebased to 100 at 31 August 2010

Strategic Report

Chairman's Statement

Dear Shareholder

It is with pleasure that I present my report for the financial year to 31st August 2021.

The year saw strong performance, both in absolute terms and relative to the reference index. However, it was very much a year of two halves. The first six months saw strong gains in equity markets across the globe and Asia was no exception. Immense fiscal and monetary stimulus combined last autumn with the roll out of vaccines to drive strong reflationary gains in equities. The Company's net asset value (NAV) total return for the first six months was 20.6%. The second six months saw NAV total return gains of 1.2% which brought the total return for the year to 21.9%. This more muted return in the second half reflected growing unease in markets regarding Chinese social and economic policy, Asia's slower vaccine programmes and some tempering of economic growth as lockdowns persisted in the region.

Equity markets may have risen on a tide that floated all boats but, encouragingly, the Investment Manager's approach saw significant outperformance of the reference index: the MSCI Pacific ex Japan total return index in Sterling terms rose by 12.3% during the financial year; and the Company's NAV grew by 17.4%. This outperformance was derived from a number of factors including the notable underweight to the Chinese market and the absence from the portfolio of the once highly rated Chinese internet names. However, I believe that it is primarily a reflection of the inherent strengths of the Manager's approach, where the paramount concern is to invest in quality companies with sustainable and growing earnings. This approach has served shareholders well for the last sixteen years, continued to do so through the choppy waters of the pandemic and is likely to remain as valid as ever in the future.

Whilst Asian economic growth may have slowed since the spring, the long term outlook and growth themes for the region remain intact. However, the change in "tone" from the Chinese authorities suggests that some of the best opportunities may well, in the near-term, lie elsewhere in the region. The Company's mandate allows for flexibility to invest across a wide range of markets and companies of all sizes. It does seem likely that some of the smaller Asian markets may benefit from policy shifts in China. The Company and Schroders investment team are well placed to grasp those opportunities.

The initial reaction from many companies to the economic uncertainty created by the pandemic was to cut or even cease dividend payments. Furthermore, in some sectors, such as banking or insurance, this was mandated by regulators. Subsequently, as confidence has returned and economies stabilised, so dividend payments have gradually resumed. That said, many companies have sought to ensure that they have a bird in the hand, in the form of earnings growth, before they have had the confidence to increase investor payouts significantly. So there are lags in the system and that, last year, was why your Board was willing to use a small amount of the Company's reserves to maintain the dividend that we pay to our Shareholders. This year, earnings growth is back in most sectors and the outlook continues to improve. So we are delighted to have been able to increase our dividend to our Shareholders to 10.50 pence per share, the 16th year of dividend growth for Shareholders, funded both by earnings, and a small contribution from the revenue reserve. That the dividend has grown for such a prolonged period, accompanied by strong capital growth (in excess of the index returns from the region) is testament to Schroders' approach and capabilities.

Our performance has been strong in absolute terms, relative to the reference index and against our peers. However, the sector has generally traded at a discount to NAV and SOIF is no exception. As buy-backs at a discount are accretive to Shareholder value, we have been more than willing to repurchase shares when there is a clear imbalance in the market. During the year the Company repurchased 2,800,000 shares at an average discount of 5.0%, and a further 2,325,000 shares at an average discount of 4.2% have been repurchased since the financial year end.

Earlier in my statement, I referred to the fact that the Manager's approach is to identify companies with sustainable and growing earnings. Unsurprisingly, to gain confidence that any company has earnings that are sustainable requires consideration of a wide range of factors, including those related to governance, social impact and environment. Thus "ESG" has been an inherent part of the Company's DNA since long before the recent trend towards "sustainable investment". This Company does not set out its stall as a "sustainable fund" but these factors are hugely important in the construction of our portfolio and I would encourage you to read the report on page 13 which addresses how the Manager's investment philosophy and process integrates ESG factors. In this, our direct portfolio management team of Richard Sennitt and Abbas Barkhordar explain how the wider Schroders team supports their specific investment decision making for this Company.

The transition to Richard and Abbas from Matthew Dobbs at the turn of the year has been very successful and it is evident to the Board that we have the full benefits of continuity alongside fresh eyes.

I am also delighted to welcome Isabel Liu as a director. Isabel brings a wealth of experience and a different perspective to the Board and we very much look forward to her contribution over the coming years.

In my last report, in the late spring, I wondered whether markets might benefit from "a pause that refreshes". Asian markets have most certainly paused in the subsequent months. Of course, we are always subject to short term vagaries: investor sentiment, markets and politics to name just a few. However, the fundamental premise of the Company remains as sound today as it was when Matthew Dobbs pioneered the idea in 2005. The Board remains confident that shareholders will see further growing income alongside capital growth over the medium to long term.

In closing, it is clear that business is now finally getting back to face-to-face meetings. I hope to meet as many of

Chairman's Statement

you as possible over the coming year. Accordingly, I would encourage you to attend the Company's Annual General Meeting. This is being held at 2pm on 15th December at Schroders' offices in London where my board colleagues, the Investment Manager and I would be delighted to meet you and answer any questions that you may have. In addition, a shareholder focused webinar will be presented by the portfolio manager on 1 December 2021 at 11.30am. To register please visit https://www.schroders.co.uk/orientalincome.

Paul Meader

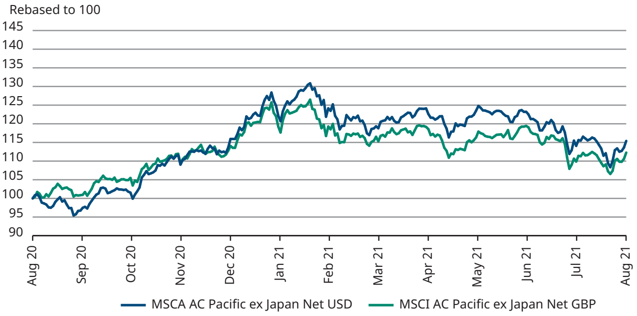
Chairman

10 November 2021

Manager's Review

The net asset value per share of the company recorded a total return of +21.9% over the twelve months to end August 2021. Four interim dividends have been declared totalling 10.50 pence (10.30 pence last year).

Performance of the MSCI AC Pacific ex Japan net dividends reinvested Index in GBP and USD – 1 September 2020 to 31 August 2021

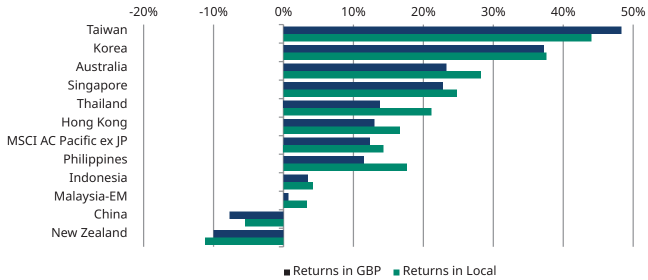


Source: Thompson Datastream as at 31 August 2021.

As the chart above illustrates, equity markets made strong progress through the latter part of last year and the start of 2021, buoyed by improving earnings revisions, expectations of greater fiscal stimulus following the US elections, strong liquidity, a weakening dollar and progress on the development of a number of vaccines for COVID-19. However, in the second half of the period Asian markets lagged global markets. This was in large part due to a significant increase in regulatory announcements coming out of China. Although the biggest market impact was felt amongst the 'internet' names, regulations also impacted a number of other sectors with the authorities becoming much more vocal with regard to 'common prosperity'. Further outbreaks of COVID across the region added to volatility given the relatively low levels of vaccinations compared to some Western economies.

The divergence of returns across the regional markets continued to be high with technology-heavy Korea and Taiwan both up strongly over the period, benefiting from upward earnings revisions driven by ongoing strong export demand for semiconductors and technology products. Australia and Singapore also performed well, aided by a strong recovery in the financials and materials sectors. Of the larger markets, China was the clear underperformer. It started the period robustly as growth names did well, but a marked increase in regulation across a number of sectors impacted the market. Although bouts of regulation in China are not unusual, and areas such as financial stability and national security have always been heavily regulated, there was a significant increase in policy announcements associated with promoting the government's 'common prosperity' agenda. This led to a broad-based sell-off. Smaller ASEAN markets continued to lag, in part hampered by concerns over their relatively low vaccination rates combined with further outbreaks of COVID.

Country returns of the MSCI AC Pacific ex Japan Net Dividends Reinvested Index in GBP and local currency – 1 September 2020 to 31 August 2021



Source: Schroders, Factset.

Sector returns across the region also saw a large spread of returns, in part reflecting the recovery in growth seen globally. More economically sensitive sectors such as information technology, materials and industrials as well as some financials did well. Although some of the defensive long duration names in sectors such as healthcare and staples did lag, towards the end of the period we did see some of the more thematic growth names do well as people questioned whether global growth had peaked. The consumer discretionary sector was the worst performing sector in large part due to its heavy weighting in some of the low yielding Chinese e-commerce names which were at the forefront of new regulatory announcements.

Although the broad backdrop points to a recovery in earnings this year, the dividend payment picture across the period was more mixed given its tendency to lag that of earnings. In general, North Asian payments were relatively more robust reflecting the better economic backdrop and exposure to sectors that had not been hit as hard by COVID, such as technology stocks. Financials generally through 2020 were impacted by falling interest rates and uncertainty over credit costs relating to COVID, which, together with regulatory limits imposed on shareholder returns in some countries, saw the sector under pressure from a dividend perspective. This resulted in dividend cuts for financials in a number of markets including Singapore and Australia, although as growth has started to recover these restrictions have started to be lifted and dividends raised. The other headwind for dividends has been the uncertainty over the pace of any recovery given second and third waves of COVID globally, as well as flare-ups regionally, which have resulted in sporadic localised lockdowns, all of which unsurprisingly has prioritised caution. In Taiwan for instance an outbreak did see a number of AGMs being postponed resulting in a delay to some companies' payments of dividends.

Manager's Review

Positioning and Performance

The Company's positive NAV total return of 21.9% over the period compared favourably with that of the reference benchmark which rose 12.3% over the period. The increased expectations for a global recovery benefitted the fund as it saw earnings revisions broaden out from a narrow set of growth names. This saw our stock selection in and allocations to Korea and Taiwan adding value, helped by our overweight positions in information technology. Stock selection in Australia and New Zealand contributed positively thanks to overweights in the diversified resource and other materials companies. The other major contributor to relative performance was the significant underweight to China where the regulatory clampdown impacted returns. Here the internet names (where we don't have any exposure as they pay little or no dividend) bore the brunt of this. In Singapore, stock selection was a headwind with many of the Real Estate Investment Trust ("REIT") names lagging as rate expectations ticked up and ongoing impacts of COVID delayed 'normalisation', which was also the case with Macau gaming which detracted given the delays to the opening up of international travel. The underweights to the smaller markets of Malaysia, Indonesia and the Philippines as well as overweight Singapore were positive.

The geographic exposure in the Company's portfolio continues to be mainly spread between Taiwan, Hong Kong, Australia, Korea, China and Singapore. China remains a substantial underweight but is, in part, offset by the overweight to Hong Kong. Moves over the period have tended to take advantage of the increased valuation spread that we saw through last year, reducing those stocks that performed particularly strongly and now look more fully valued in favour of those names that have lagged and look more attractive from a valuation perspective. This involved adding to financials, including in some of the South East Asian markets such as Thailand and Indonesia, and taking profits on some of the more growth orientated names in North Asia that had done particularly well, including some of the information technology names. However, increased volatility during the latter part of the period, in part due to ongoing COVID disruptions, did provide some opportunity to add back to attractive names in the sector. Information technology remains the biggest sectoral exposure in the fund. Real estate also remains an important exposure, but we have taken a very selective approach both in terms of the nature of the underlying asset and also balance sheet strength. For instance, our Hong Kong exposure is predominantly to the commercial property companies who are growing their China portfolios, rather than the residential developers. During the period we took some profits in property names that had outperformed, rotating into some financials that had lagged.

Investment Outlook

Asian markets have lagged global ones over the last year. In part this has been driven by what's going on in China both from a regulatory and economic perspective. Regulatory announcements have accelerated to encompass more and more areas of the economy with the mention of 'common prosperity' becoming increasingly common in speeches and the press. This is being driven by concerns over growing inequality being seen across China, where growth may have all but eliminated 'extreme poverty', but the spoils of that growth are not being shared equally. Many of the measures that have been announced are looking to address this and in particular rebalance the benefits of growth towards labour and SMEs and reduce the 'costs' of property, education and healthcare for ordinary people. Although many of these objectives are laudable, for us as investors, the increased regulatory uncertainty makes it harder to assess the future returns that a business can potentially make and, therefore, what valuation we should attach to it. Thus far the direct impact has been mainly on areas of the market where little is available in the way of income such as the internet and education sectors but more recently concerns have arisen in areas including Macau gaming (which saw us selling our Macau name post Company year end) and property stocks. Although we don't believe that the authorities are seeking to eliminate the profitability of the private sector or indeed stop foreign investment into China, it does leave us circumspect in our approach there until we get greater clarity. We are of course still looking for new opportunities that are relatively unaffected by the regulatory changes but have been unfairly caught up in its fallout.

Outside of regulation in China there continue to be concerns over the indebtedness of some property companies, especially the residential developer Evergrande. Given the closed capital account and that the state effectively controls the banks and state owned developers, we believe the issue is manageable. However, policy error remains a risk given the importance of property to GDP and that, unlike many other countries, China has been deliberately keeping policy relatively tight post the COVID crisis. Therefore, given China's economy is slowing, we would expect to see some easing going forward.

Elsewhere in the region there continue to be signs of shortages and rising costs, so a company's ability to pass through cost pressures is key. With price rises being seen globally in many areas, the question of whether inflation will be transitory or more structural remains and it is likely that we will see renewed concerns over tightening and tapering going forward. Although most economies in Asia remain better placed than in 2013 when we last saw a prolonged tapering episode, valuations in some 'high growth' areas may come under scrutiny. Perhaps the biggest risk of rising prices, especially energy costs, is that they have a greater impact on consumer spending than currently expected thus reducing demand for Asian products. In the information technology sector we continue to see some strong long term drivers for growth around digitisation and the roll out of 5G and the 'Internet of Things' but in the near term some areas have disproportionately benefitted from increased demand for product in areas such as work from home.

Whilst vaccination rates for many Asian countries have lagged those of the likes of the UK, we have more recently seen rates increase materially and in some cases surpass that of the UK. Hopefully, this will allow economies to increasingly open up as we go into next year which, aside from the humanitarian benefit, should reduce the number of lockdowns and lost output as well as bringing benefits to countries more dependent on tourism, such as Thailand.

Looking at dividends more broadly, although earnings are recovering there is still some uncertainty as to where near term payments will go given the path of COVID, especially for companies that benefit from increased mobility. However, we still believe that in most cases this is more a matter of timing rather than these companies' ability to pay. Where dividends

Manager's Review

had been squeezed in places such as Australia, we have seen payments resume or tick up and in Singapore the banks that had been previously restricted have been allowed to raise their dividends from last year's levels. From an overall fund distribution perspective, the other dynamic to be cognisant of is Sterling whose direction will obviously impact the size of translated dividends, with a stronger Sterling acting as a headwind. Still, it should not be forgotten that overall payout ratios in Asia do not look extended versus some other markets and corporates in Asia remain relatively lowly geared. Furthermore, it should also be remembered that whilst inflation rising faster than expected is not great for equities in the short-term, longer term real asset income sources should look attractive versus the 'return-free risk' that is fixed income.

To conclude, markets have recovered materially from their COVID lows in part due to the recovery that has been seen in global growth. So although markets are trading above their long term average aggregate historic valuations, this reflects the fact that earnings have been revised up significantly during the course of 2021. In the near term we believe further upside to the market is relatively limited given the ongoing regulatory overhang, where valuations sit and given we are at or close to maximum monetary and fiscal accommodation. However, this remains at an aggregate level and when we look across the different industries and sectors there is a much wider range of valuations on offer, as well as a number of companies with attractive and growing distributions. Therefore, a focus on attractive bottom up ideas, in our view, remains essential.

Portfolio by sector (gearing at 2.7%)

	Portfolio weight (%)
Consumer Discretionary	6.2
Consumer Staples	3.0
Energy	0.9
Banks	14.5
Real Estate	19.3
Other Financials	6.4
Health Care	–
Industrials	0.5
Information Technology	29.0
Materials	12.8
Communication Services	10.1
Utilities	–

Source: Schroders as at August 31, 2021.

Portfolio by country (gearing at 2.7%)

	Portfolio weight (%)
Australia	18.5
Hong Kong	16.3
China	12.3
India	–
Indonesia	1.1
Japan	1.3
Korea	13.7
Malaysia	–
New Zealand	0.8
Philippines	–
Singapore	13.4
Taiwan	23.6
Thailand	1.7
Other	–

Source: Schroders as at August 31, 2021

Richard Sennitt

Schroder Investment Management Limited

10 November 2021

Past performance is not a guide to future performance. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.

Investment Portfolio
at 31 August 2021

Investments are classified by the Manager in the country of their main business operations. Stocks in bold are the 20 largest investments, which by value account for 59.6% (2020: 58.3%) of total investments and derivative financial instruments.

	£'000	%
Taiwan		
Taiwan Semiconductor Manufacturing	**72,167**	**9.3**
Hon Hai Precision Industry	**25,900**	**3.3**
ASE Technology	**13,521**	**1.7**
Mediatek	**12,742**	**1.6**
Delta Electronics	12,148	1.6
Uni-President	11,831	1.5
Novatek Microelectronics	10,195	1.3
Far EasTone Telecommunications (including GDR)	9,559	1.2
CTBC Financial	7,600	1.0
Mega Financial	4,091	0.5
Total Taiwan	**179,754**	**23.0**
Australia		
BHP Billiton[1]	**34,150**	**4.4**
Rio Tinto[1]	**20,492**	**2.6**
Telstra	**16,787**	**2.2**
James Hardie Industries	**15,054**	**1.9**
Mirvac	**12,952**	**1.7**
National Australia Bank	11,717	1.5
Woolworths	8,498	1.1
Orica	5,410	0.7
Deterra Royalties	4,474	0.6
Suncorp	3,881	0.5
Brambles	2,305	0.3
Iluka Resources	2,206	0.3
Endeavour	1,485	0.2
Total Australia	**139,411**	**18.0**

	£'000	%
Hong Kong (SAR)		
HKT Trust and HKT	**21,837**	**2.8**
Kerry Properties	**18,105**	**2.4**
Link (REIT)	**17,972**	**2.3**
BOC Hong Kong	**16,303**	**2.1**
Fortune Real Estate Investment Trust	**13,591**	**1.8**
Hang Lung Properties	7,031	0.9
Swire Properties	6,936	0.9
Hang Lung Group	6,822	0.9
HK Exchanges & Clearing	6,108	0.8
Swire Pacific B	5,388	0.7
Pacific Textiles	2,271	0.3
Total Hong Kong (SAR)	**122,364**	**15.9**
South Korea		
Samsung Electronics preference shares	**61,788**	**8.0**
SK Telecom	**18,398**	**2.4**
LG Chemical preference shares	8,141	1.1
Samsung Fire and Marine Insurance (including preference shares)	7,270	0.9
Hana Financial	5,126	0.7
SK Holding preference shares	1,143	0.1
Amorepacific preference shares	975	0.1
Total South Korea	**102,841**	**13.3**
Singapore		
Oversea-Chinese Banking	**16,747**	**2.2**
United Overseas Bank	**14,464**	**1.9**
CapitaLand Integrated Commercial Trust (REIT)	12,010	1.6
Venture	10,384	1.3
Singapore Telecom	9,931	1.3
Singapore Exchange	9,663	1.2
Suntec (REIT)	8,549	1.1
Mapletree Industrial Trust (REIT)	7,524	1.0
Mapletree Commercial Trust (REIT)	5,568	0.7
Frasers Centrepoint Trust (REIT)	5,049	0.7
Total Singapore	**99,889**	**13.0**

Investment Portfolio

at 31 August 2021

	£'000	%
Mainland China		
Midea Group warrants 27/05/2022[2] and A shares	**24,190**	**3.2**
Sands China[3, 4]	**14,318**	**1.8**
China Resources Land[3]	12,555	1.6
Ping An Insurance H shares[3]	11,990	1.5
China Life Insurance[3]	9,487	1.2
China Construction Bank	7,471	1.0
China Petroleum & Chemical H shares[3]	7,011	0.9
Shenzhou International[3]	6,168	0.8
Total Mainland China	**93,190**	**12.0**
Thailand		
Kasikornbank NVDR	7,452	1.0
Land and Houses NDVR	5,197	0.7
Total Thailand	**12,649**	**1.7**
Japan		
Sumitomo Mitsui Financial	9,659	1.2
Total Japan	**9,659**	**1.2**
Indonesia		
Bank Mandiri	8,640	1.1
Total Indonesia	**8,640**	**1.1**
New Zealand		
Fletcher Building	6,028	0.8
Total New Zealand	**6,028**	**0.8**
Total Investments[5]	**774,425**	**100.0**

[1]Listed in UK
[2]Listed in USA
[3]Listed in Hong Kong
[4]Principally operating in Macau
[5]Total investments comprises:

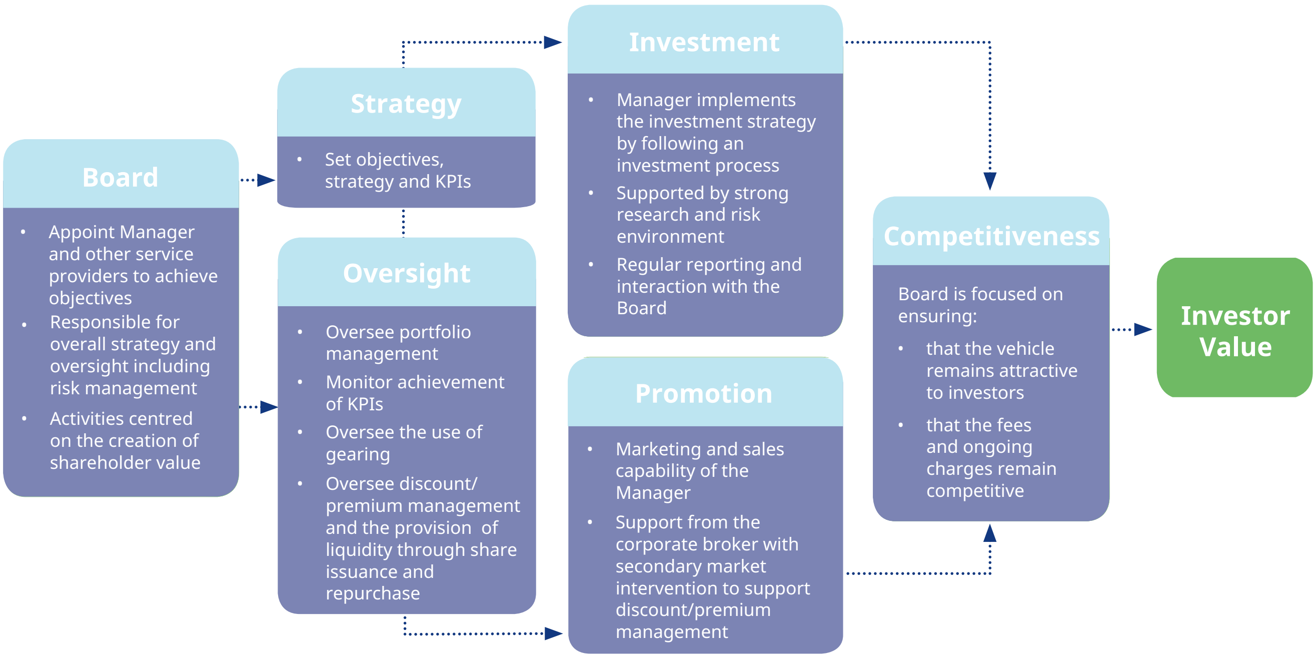
	£'000	%
Equities, including GDR and NVDR	699,340	90.3
Preference shares	75,085	9.7
Total investments	774,425	100.0

"GDR" means global depositary receipts
"NVDR" means non-voting depositary receipts
"REIT" means real estate investment trust

Strategic Review

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

Business model



The Company is a listed investment trust, that has outsourced its operations to third party service providers. The Board has appointed the Manager, Schroder Unit Trusts Limited, to implement the investment strategy and to manage the Company's assets in line with the appropriate restrictions placed on it by the Board, including limits on the type and relative size of holdings which may be held in the portfolio and on the use of gearing, cash, derivatives and other financial instruments as appropriate. The terms of the appointment are described more completely in the Directors' Report including delegation to the portfolio manager and his team. The Manager also promotes the Company using its sales and marketing teams. The Board and Manager work together to deliver the Company's investment objective, as demonstrated in the diagram above.

Investment process

Stock selection is at the heart of the investment approach for the Company, with income and capital growth the key features taken into consideration. One of the Manager's strengths is its network of analysts based in Asia whose focus is on identifying companies able to grow shareholder value in the long term. The assessment of these companies includes consideration of both financial and non-financial factors. Consideration of environmental, social and governance factors are an integral part of investment appraisal. Although the in-house analysts are the primary source of stock ideas, the portfolio manager also generates stock ideas through his own research and draws on a number of other sources including a proprietary quantitative screen, sell-side analysts and other investment professionals within Schroders.

Strategic Review

The chart below details the Manager's investment process.

Stock research

The investment process is driven by fundamental research and this is the key input into the fund manager's stock selection decisions. Schroders has 40 dedicated equity analysts across the Pacific ex Japan region, who have an average of over 15 years' investment experience. As a result of their level of experience, our analysts have an exceptional knowledge of Pacific markets and the companies within them. The foundation of our internal research is a programme of company contacts each year from our local offices, over 2,300 of which took place in 2020, with the majority of Schroders' analysis being done using internal research and company valuation models.

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

Stock selection/portfolio construction

When constructing the portfolio for the Company, the portfolio manager focuses on stocks which have strong income and capital growth potential. Many of the stocks will already have attractive yields, but the portfolio manager also looks to exploit opportunities in stocks which are set to benefit from improving capital efficiency, rising returns and increasing shareholder distributions.

There is no minimum yield requirement applied to every stock, but portfolio construction is carried out with reference to an overall yield objective.

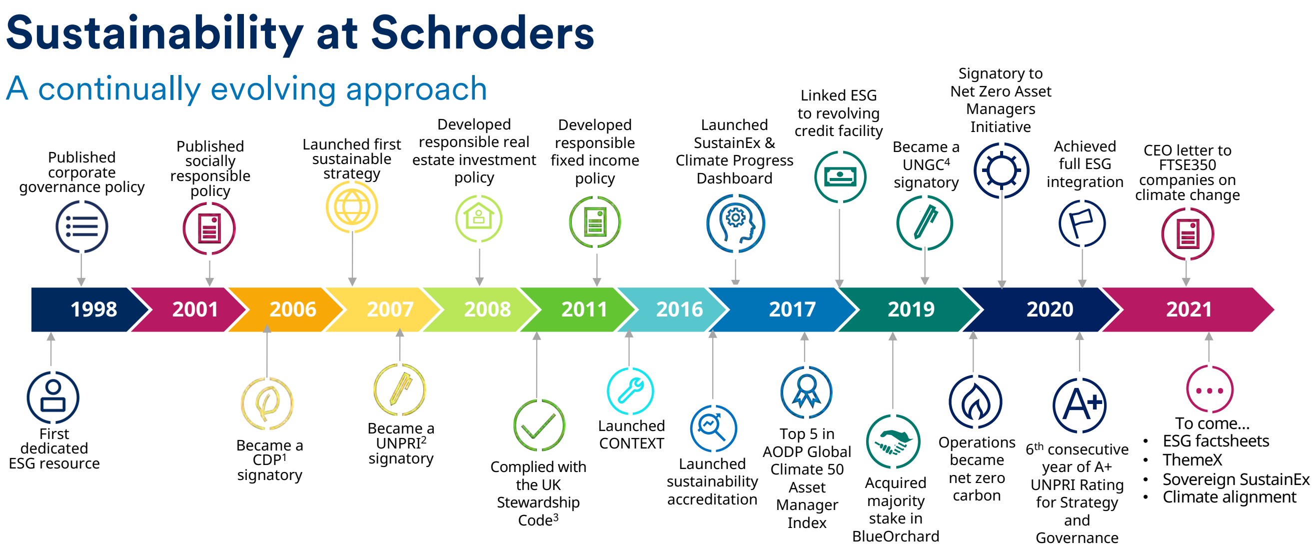
The portfolio manager focuses on the following factors when deciding in which companies to invest:

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

Integration of ESG into the investment process

How are ESG factors incorporated into the Asian investment process?

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



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

Peter Harrison, Group Chief Executive, Schroders plc

Source: Schroders, January 2021

[1]Carbon Disclosure Project. [2]UN Principles for Responsible Investing. [3]Schroders is among a number of asset managers who are currently awaiting the results of the FRC's assessment on their revised submissions showing compliance with the UK Stewardship code.

[4]UN Global Compact

Schroders

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

As long-term, bottom-up investors, assessing the sustainability of a company's returns and financial position has always been at the core of our research and investment decisions in Asia. Consistent with this approach we engage with company management teams (Schroders conducts over 2,300 meetings a year[1]) as well as voting all our proxies where practically possible. Our analysts are directly responsible for assessing ESG risks and opportunities as we believe they are best placed to understand their companies and determine the impact of ESG issues on the sustainability of the business.

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

1 For the year ending 31 December 2020.

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

In summary ESG analysis helps determine which companies we look at, how we assess their sustainability and, hence, how we value them. And while company valuations ultimately drive our portfolio construction, our ESG insights play a crucial role in the investment process and influence how we size positions within a portfolio. Furthermore, our ESG analysis is broad reaching and we are not only interested in the potential downside risks that we may identify but also the upside return implications for stocks we invest in.

Asia ex Japan ESG analysis in practice[2]

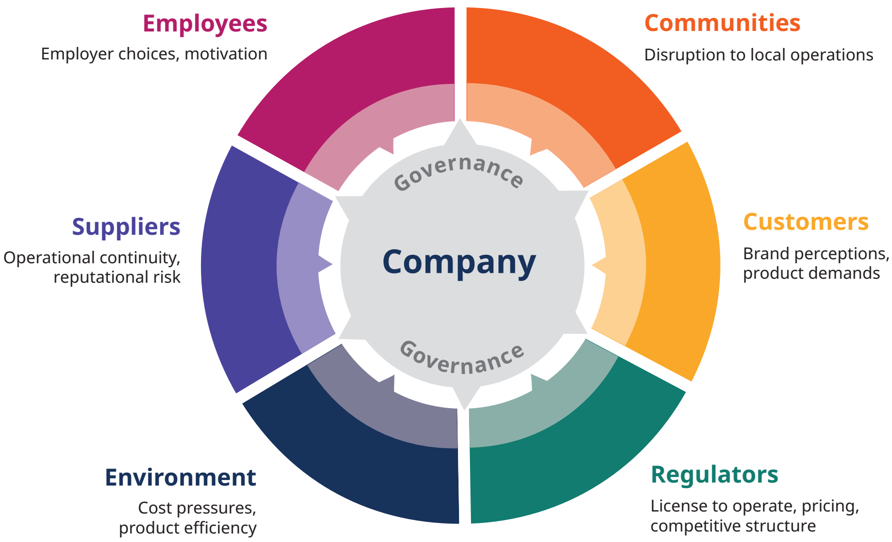
Our Asian equity analysts are expected to provide written ESG analysis for all companies under coverage. This identifies and assesses the potential effect of ESG issues on the investment case.

For our ESG analysis to be more robust and more integrated, we have drawn on the proprietary tools developed by Schroders such as Context and Sustainex. Asia Context, which is the principal tool employed, captures our ESG analysis in one template using a stakeholder based framework and is a key step in our overall assessment of a company. In addition to separate rankings for 'E', 'S' & 'G', we generate an overall score for each company's ESG rating.

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

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

Chart 1: Schroders Context Framework:



Source: Schroders

In addition to the merits of an individual stock idea, portfolio managers will also take into consideration the overall balance of the portfolio when selecting stocks and sizing positions – looking, for instance, at overall sector and country weights. As part of that process a company's ESG characteristics may influence how portfolio managers size positions within a portfolio. The portfolio manager may elect to limit, or even rule out, exposure to a particular stock in view of a specific ESG concern. We assess each situation on its merits, focusing on the materiality of ESG factors on a stock's valuation and risk profile.

Working with the Schroders Group's Sustainable Investment Team

Schroders has a team of 22[3] dedicated ESG professionals who develop proprietary ESG tools and oversee ESG analysis across Schroders.

The ESG specialists will also engage directly with companies, prioritising those with exposure to higher ESG risk and low ESG ratings. They attend company meetings with portfolio managers and analysts to discuss specific sustainability issues directly with company management, in addition to financial

2 The above ESG research framework covers investments in companies covered by our team of locally based Asia ex Japan analysts. The detail of ESG coverage in other regions where analysts report locally (eg Australia, India) may differ, but is underpinned by the same broad approach.
3 As at June 2021.

performance, as well as engaging with company sustainability experts directly.

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

To enhance the Asian team's ESG expertise, we have a member of the Sustainable Investment team based in Asia attached to the team. This individual brings additional insight and perspective to our ESG analysis and ensures the investment team in Asia is kept fully informed of the relevant output of the ESG team in London.

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

So what is the outcome for the Company?

The process described above in relation to how we approach ESG in our view results in a portfolio that is likely to be less exposed to areas that could be deemed 'sensitive' from an ESG perspective and where there is 'sensitivity', it is likely to be to markets that are generally well regulated with a focus on the better practitioners. It should be noted that the Company does not screen out all companies in sensitive sectors, rather the process results in a much higher hurdle for stocks to get into the portfolio than might otherwise be the case. Below is a table that covers some of the more 'sensitive' sectors and our exposure to them. As you can see exposure to the more sensitive areas is limited. Where we have exposure in areas such as resources or gaming, it has typically been to stocks that we believe to be the better governed names in those well regulated markets.

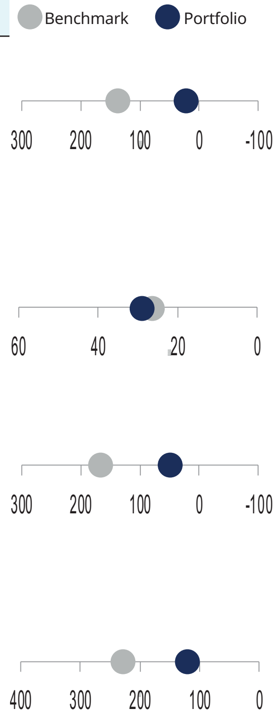
Sector	Reasons for Caution	Our Approach	Approx. Fund Exposure
Agribusinesses/ Aquaculture	Environmental, Social, Governance, (low barriers of entry, widespread questionable practices)	Avoid; small exposure	0%
Tobacco	Social	Avoid	0%
Gambling	Social, Governance. Licence to operate/ promotional practices	Limited exposure to best-in-class players in well-regulated markets (eg Australia, Macau)	0.3% (1 stock[1])
Utilities (traditional)	Environmental, Governance, (national service obligations, uncertain regulations/risks of backlash against coal plants, mostly state-owned enterprises)	Avoid carbon heavy energy providers, focus on hydro and sustainable energy providers in well-regulated markets	0%
Auto	Environmental (regulations against the sector – too much hot money in EVs and multiple players will mean poor returns for all)	Avoid exposure to traditional OEMs, minimise exposure to supply chains/EV batteries	0% Original Equipment Manufacturers 0% Supply chain 1.1% Electric Vehicle battery manufacture
Resources	Environmental, Social, Governance (questionable practices such as bribery and poor environmental and safety controls concerns in Asia ex Australia)	Avoid except for Australian blue chip/focussed names, with minimal thermal coal exposure	6.8% (4 stocks)
Oil and Gas	Environmental, Governance (regulations, unfavourable taxes, price takers, big carbon producers)	Limited exposure to sector ideally with a gas focus or self help story	1.0% (1 stock)
Property	Environmental, Social, Governance (bribery issues, flooding, land clearance compensation, labour practices)	Exposure mainly Hong Kong, Australia and Singapore.	18.1% (15 stocks)
Defence	Monopsony structure, corruption	Avoid	0%

Source: Schroders, as at October 1st 2021. For illustrative purposes only and should not be viewed as a recommendation to buy or sell.

[1] Gaming and alcohol exposure.

Although the Company doesn't explicitly target a lower carbon footprint from its holdings than the reference index the table below shows that this is currently the case. Whilst there are variations depending on the data source, and there isn't complete coverage of all stocks in the universe, on most measures below the Company appears better positioned than the index.

Metric	Description	Portfolio	Benchmark	Units
Total scope 1 carbon emissions	The scope 1 GHG emissions attributable to $1mn invested in the portfolio (in tonnes), based on each company's emissions and the economic share of that company implied by a $1mn investment in the fund (MtCO2)	22	138	MtCO2
Total scope 2 carbon emissions	The scope 2 GHG emissions attributable to $1mn invested in the portfolio (in tonnes), based on each company's emissions and the economic share of that company implied by a $1mn investment in the fund (MtCO2)	29	28	MtCO2
Total scope 1&2 carbon emissions	The scope 1&2 GHG emissions attributable to $1mn invested in the portfolio (in tonnes), based on each company's emissions and the economic share of that company implied by a $1mn investment in the fund (MtCO2)	51	166	MtCO2
Scope 1&2 carbon intensity	The average carbon intensity (tonnes CO2e/$mn of revenues) of portfolio companies, weighted by their position size	120	229	tCO2/$mn sales
% AUM with data		**75**	**83**	**Pct**



Source: MSCI, June 2021. Data is based on Schroder Oriental Income Fund holdings at September 30, 2021. Reference index is MSCI AC Pacific ex Japan.

Investment restrictions and spread of risk

Risk in relation to the Company's investments is spread as a result of the Manager monitoring the Company's portfolio with a view to ensuring that it retains an appropriate balance to meet the Company's investment objective.

In order to comply with the Listing Rules, the Company will not invest more than 10%, in aggregate, of the value of its total assets (calculated at the time of any relevant investment) in other investment companies or investment trusts which are listed on the Official List of the London Stock Exchange (the "Official List") (save to the extent that those investment companies or investment trusts have stated investment policies to invest no more than 15% of their gross assets in other investment companies or investment trusts which are listed on the Official List). Additionally, the Company will not:

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

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

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

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

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

(vi) invest in physical commodities; or

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

In the event of any breach of the investment restrictions applicable to the Company, shareholders will be informed of the actions to be taken by the Manager by notice sent to the registered addresses of the shareholders in accordance with the Company's articles of incorporation or by an announcement issued through a regulatory information service approved by the Financial Conduct Authority ("FCA"). No breaches of these investment restrictions occurred during the year ended 31 August 2021.

The investment portfolio on pages 9 and 10 and the Manager's Review on pages 6 to 8 demonstrate that, as at 31 August 2021, the portfolio was invested in 10 countries and in 10 different industry sectors within such countries. There were 64 holdings in the portfolio at the year end. The Board therefore believes that the objective of spreading investment risk has been achieved.

Gearing

The Company has a £100 million multi-currency revolving credit facility with Sumitomo Mitsui Banking Corporation Europe Limited ("SMBC") which was $50 million drawn at the year end which expires on 22 June 2022.

The Company's policy is to permit net borrowings (including foreign currency borrowings) of up to 25% of the Company's net assets (measured when new borrowings are incurred). It is intended that the Manager should have the flexibility to utilise this power to leverage the Company's portfolio in order to enhance returns where and to the extent that this is considered appropriate by the directors. Full details of the gearing employed by the Company are set out in note 20 on page 59.

Promotion

The Company promotes its shares to a broad range of investors including discretionary wealth managers, private investors, financial advisers and institutions which have the potential to be long-term supporters of the investment strategy. The Board seeks to achieve this through its Manager and corporate broker, which promote the shares of the Company through regular contact with both current and potential shareholders.

These activities consist of investor lunches, one-on-one meetings, webinars, regional road shows and attendances at conferences. In addition, the Company's shares are supported by the Manager's wider marketing of investment companies targeted at all types of investors. This includes maintaining close relationships with adviser and execution-only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on Schroders' website.

The Board also seeks active engagement with investors and meetings with the Chairman are offered where appropriate.

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

Details of the Board's approach to discount management may be found in the Chairman's Statement on page 4 and in the Annual General Meeting – Recommendations on page 63.

Key performance indicators

The investment objective

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

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

At each meeting, the Board considers a number of performance indicators to assess the Company's success in achieving its investment objective. These are as follows: NAV total return; share price total return; share price discount/premium to NAV per share and ongoing charges. These are classed as Alternative Performance Measures ("APMs") and their calculations are explained in more detail on page 66.

The performance against these indicators is reported on page 2.

Net asset value and share price total return

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

Share price discount/premium to net asset value per share

The Board reviews the level of discount/premium to net asset value per share at every board meeting and is alert to the value shareholders place on maintaining as low a level of discount/premium volatility as possible. Details of how the Company's discount control mechanism works and its operation during the year under review can be found on page 4.

Ongoing charges

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

Dividends payable

On a quarterly basis the Board considers the earnings from the Company's holdings in determining the dividend payable to shareholders based on input from the Manager. Details of the Company's dividend policy and the dividends paid during the year are set out on page 27.

Risk factors

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

Purpose, Values and Culture

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

The Company's culture is driven by its values: Transparency, Engagement and Rigour, with collegial behaviour and constructive, robust challenge. The values are all centred on achieving returns for shareholders in line with the Company's investment objective. The Board also promotes the effective management or mitigation of the risks faced by the Company and, to the extent it does not conflict with the investment objective, aims to structure the Company's operations with regard to all its stakeholders and take account of the impact of the Company's operations on the environment and community.

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

As the Company has no employees and acts through its service providers, its culture is represented by the values and behaviour of the Board and third parties to which it delegates. The Board aims to fulfil the Company's investment objective by encouraging a culture of constructive challenge with the key suppliers and openness with all stakeholders. The Board is responsible for embedding the Company's culture in the Company's operations.

The Board recognises the Company's responsibilities with respect to corporate and social responsibility and engages with its outsourced service providers to safeguard the Company's interests. As part of this ongoing monitoring, the Board receives reporting from its service providers with respect to their anti-bribery and corruption policies; Modern Slavery Act 2015 statements; diversity policies; and greenhouse gas and energy usage reporting.

Responsible investment

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

Further detail on engagement and stewardship can be found on page 13.

In addition to the description of the Manager's integration of ESG into the investment process and the details in the Manager's Review, a description of the Manager's policy on these matters can be found on the Schroders website at www.schroders.com.

The Board notes that Schroders believes that companies with good ESG management often perform better and deliver superior returns over time. Engaging with companies to understand how they approach ESG management is an integral part of the investment process. Schroders has committed to the UN Global Compact, amongst codes and standards, and information about the application of Schroders' sustainability and responsible investment policies can be found at: https://www.schroders.com/en/sustainability/corporate-responsibility/.

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

Corporate and Social Responsibility

Diversity

As at 31 August 2021, the Board comprised two men and two women. The Board has adopted a diversity and inclusion policy. Appointments and succession plans will always be based on merit and objective criteria and, within this context, the Board seeks to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Board will encourage any recruitment agencies it engages to find a range of candidates that meet the objective criteria agreed for each appointment. Candidates for Board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the overall Board taking into account the criteria for the role being offered.

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

Financial crime policy

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

Greenhouse gas emissions and energy usage

As the Company outsources its operations to third parties, it consumed less than 40,000 kWh during the year and so has no greenhouse gas emissions, energy consumption or energy efficiency action to report. The Manager has sought to estimate the carbon usage of the Company's investee companies and this estimate is included on page 16, for illustrative purposes only.

Relations with shareholders

Shareholder relations are given high priority by both the Board and the Manager and are detailed further in 'Promotion' on page 17.

In addition to the engagement and meetings held during the year described on page 17, the chairs of the Board and committees, as well as the other directors, attend the AGM and are available to respond to queries and concerns from shareholders.

The Board's commitment to stakeholders

The Board recognises the ability of the Company to have a positive impact on the environment and society, alongside achieving its investment objective and is committed to being a good corporate citizen. The Board has identified its key stakeholders as the Company's shareholders and service providers, including its lenders. The Board notes the Company has no employees and the impact of its own operations on the environment and local community is principally through the impact its service providers have.

The Board recognises that engagement with key stakeholders assists the Board in meeting the obligation for directors to act in a way that promotes the success of the Company, taking into account their interests. This statement outlines this engagement and the impact on decision making where appropriate, and cross-refers to the decisions made by the Board during the period, detailed elsewhere in this report and accounts.

As stated in the Chairman's Statement, the Board recognises the importance of managing the Company' in accordance with the wishes of its shareholders. To this end, resolutions will be put to shareholders at the AGM to approve the directors' remuneration report, to approve each individual directors' election or re-election, to approve the Company's dividend policy, and to seek authorities both to issue new shares and buy back existing shares (see notice of AGM on page 64). As detailed in "Promotion" on page 17 and "Relations with Shareholders" on page 18, the Company encourages engagement with its shareholders.

The Board will take into account feedback by shareholders when making key decisions in future. As detailed in "Purpose, Values and Culture" on page 17, the Board engages with service providers, and receives regular reporting, either directly, or through the Manager or Company Secretary, on performance and other matters. The Management Engagement Committee report further details the engagement with service providers undertaken by that committee during the period.

The Investment policy on the inside cover of this report and accounts, the Chairman's Statement and the Company's approach to sustainability on page 18 of the Strategic Report explain the importance of evaluating ESG matters when assessing the sustainability of business models and the role this plays when the portfolio Manager makes investment decisions. The Portfolio Manager's approach to engagement with investee companies in connection with ESG matters is also described in the Strategic Report on pages 13 to 16.

Principal risks and uncertainties

The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the Audit and Risk Committee on an ongoing basis. This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives. Both the principal risks and the monitoring system are also subject to robust review at least annually. The last assessment took place in November 2021.

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

Actions taken by the Board and, where appropriate, its committees, to manage and mitigate the Company's principal risks and uncertainties are set out in the table below. The arrows in the Change column indicate if the Board thinks the risk has increased, decreased or stayed the same during the year.

Emerging risks and uncertainties

During the year, the Board also discussed and monitored a number of risks that could potentially impact the Company's ability to meet its strategic objectives. The most significant was climate change risk. The Board has determined that this risk is worthy of close monitoring.

Climate change risk includes how climate change could affect the Company's investments, and potentially shareholder returns. The Board notes the Manager has integrated ESG considerations, including climate change, into the investment process. The Board will continue to monitor this as an emerging risk.

*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 or decreased, and dashes show risks as stable.

Risk	Mitigation and management	Change (post mitigation and management)*
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 and its objectives becoming unattractive to investors.	Review of the Manager's compliance with agreed investment restrictions, investment performance and risk against investment objectives and strategy; relative performance; the portfolio's risk profile; and whether appropriate strategies are employed to mitigate any negative impact of substantial changes in markets. The Manager also reported on the impact of COVID-19 on the Company's portfolio, and the market generally. Annual review of the ongoing suitability of the Manager, including resources and key personnel risk. Regular review of NAV and share price performance including discount against the peer group. The Manager and Corporate Broker monitor discount/premium and Board considers this at each meeting.	–
Environmental, social and governance ("ESG") Underestimating the increasing impact of ESG factors on investment performance, and potentially demand for the Company's shares.	The Manager has implemented a comprehensive ESG policy which is outlined in detail on pages 13 to 16. The Manager reports on its ESG engagement at regular board meetings. The Board ensures that ESG factors are incorporated into reports to shareholders.	↑ Scrutiny of ESG issues has increased, together with the potential for these to affect the value of invested companies.

Risk	Mitigation and management	Change (post mitigation and management)*
Strategic The Company's investment objectives may become out of line with the requirements of investors, resulting in a wide discount of the share price to underlying NAV per share.	The appropriateness of the Company's investment mandate and the long-term investment strategy is periodically reviewed and the success of the Company in meeting its stated objectives is monitored. Share price relative to NAV per share is monitored by the Board as a key performance indicator and is reviewed against the Company's peers on a regular basis. The use of buy back authorities is considered on a regular basis. The Manager and Corporate Broker monitor market feedback and the Board considers this at each quarterly meeting. Marketing and distribution activity is actively reviewed. Proactive engagement with shareholders.	–
The Company's cost base could become uncompetitive against its peer group and against open-ended alternatives	The Board reviews income forecast at each meeting. The Board approves significant non-routine expenses. The Management Engagement Committee reviews fees paid to the Manager at least annually. Ongoing monitoring of fees charged by other service providers takes place alongside an annual review of the Company's Ongoing Charges figure*.	–
Political Political developments globally might materially affect the ability of the Company to achieve its investment objective.	The Board monitored key political developments, including the potential impact of Brexit and noted that the portfolio's investments in the Asia Pacific region limited the direct impact from Brexit other than through shareholders' exposure principally to exchange rate fluctuations against sterling. The Board also monitored key political developments in the Asia Pacific region including US/China tension, the political situation in Hong Kong, Taiwan and Singapore, and political developments in mainland China. The Board and the portfolio manager periodically meet with the Manager's economists to gauge the likelihood and impact of certain political changes.	↑ Political developments, including in China prompted an increase in the level of this risk.
Financial and currency The Company is exposed to the effect of market and currency fluctuations due to the nature of its business. A significant fall in underlying corporate earnings and/or equity markets could have an adverse impact on the market value of the Company's underlying investments and, as the Company invests predominantly in assets which are denominated in a range of currencies, its exposure to changes in the exchange rate between sterling and other currencies has the potential to have a significant impact on returns and the sterling value of dividend income from underlying investments.	The risk profile of the portfolio is considered and appropriate strategies to mitigate any negative impact of substantial changes in markets or currency are discussed with the Manager. The Manager seeks to invest in companies with strong balance sheets. 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 extreme market volatility seen during the early stages of the Covid-19 pandemic has subsided, prompting a reduction in this the level of this risk.

Risk	Mitigation and management	Change (post mitigation and management)*
Gearing and leverage The Company utilises credit facilities. These arrangements increase the funds available for investment through borrowing. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental to performance.	Gearing is monitored and strict restrictions on borrowings are imposed: gearing continues to operate within pre-agreed limits so as not to exceed 25% of the Company's net assets.	–
Service provider The Company has no employees and has delegated certain functions to a number of service providers. Failure of controls, including as a result of fraud, and poor performance of any service provider, could lead to disruption, reputational damage or loss.	Service providers appointed subject to due diligence processes and with clearly-documented contractual arrangements detailing service expectations. Regular reports are provided by key service providers and the quality of their services is monitored, including an annual presentation to the Audit and Risk Committee chair and other directors from key risk and internal controls personnel at the Company's main service providers. Review of annual audited internal controls reports from key service providers, including confirmation of business continuity arrangements and IT controls, is undertaken. Service providers internal controls reports continue to be robust, as businesses gradually return to physical workplaces.	–
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.	Service providers report on cyber risk mitigation and management at least annually, which includes confirmation of business continuity capability in the event of a cyber attack. In addition, the Board received presentations from the Manager, the registrar, and the safekeeping agent and custodian on cyber risk.	–

Risk assessment and internal controls review by the Board

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

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

A full analysis of the financial risks facing the Company is set out in note 20 to the accounts on pages 57 to 62.

Viability statement

The directors have assessed the viability of the Company over a five year period, taking into account the Company's position at 31 August 2021 and the potential impact of the principal risks and uncertainties it faces for the review period. They have also reviewed the impact of the COVID-19 pandemic on the Company as further detailed in the Chairman's Statement, and Manager's Review sections of this report. The directors have assessed the Company's operational resilience and they are satisfied that the Company's outsourced service providers will continue to operate effectively, following the implementation of their business continuity plans.

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

In its assessment of the viability of the Company, the directors have considered each of the Company's principal risks and uncertainties detailed on pages 20 to 22 and in particular the impact of a significant fall in regional equity markets on the value of the Company's investment portfolio. The directors have also considered the Company's income and expenditure projections and the fact that the Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary.

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

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

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

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

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

Although there continue to be regulatory changes which could increase costs or impact revenue, the directors do not believe that this would be sufficient to affect its viability.

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

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

Going concern

The directors have assessed the principal risks, the impact of the emerging risks and uncertainties and the matters referred to in the viability statement. Based on the work the Directors have performed, they have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period assessed by the Directors, being the period to 10 November 2022 which is at least 12 months from the date the financial statements were authorised for issue.

By order of the Board

Schroder Investment Management Limited
Company Secretary

10 November 2021

Board of Directors

Paul Meader

Status: independent non-executive chairman

Length of service: 5 years – appointed a director in January 2016
Experience: Mr Meader is an independent director of investment companies, insurers and investment funds. Until the autumn of 2012 he was Head of Portfolio Management for Collins Stewart based in Guernsey, prior to which he was Chief Executive of Corazon Capital. He has 35 years' experience in financial markets in London, Dublin and Guernsey, holding senior positions in portfolio management and trading. Prior to joining Corazon he was Managing Director of Rothschild's Swiss private-banking subsidiary in Guernsey. Mr Meader is a Fellow of the Chartered Institute of Securities & Investments, a former Commissioner of the Guernsey Financial Services Commission and past chairman of the Guernsey International Business Association. He is a graduate of Hertford College, Oxford. Mr Meader also holds a number of directorships in other companies, two of which are publicly quoted, ICG-Longbow Senior Secured UK Property Debt Investments Limited and Volta Finance Limited.
Committee membership: Audit and Risk, Management Engagement and Nomination and Remuneration Committees
Current remuneration: £45,000 per annum
Number of shares held: 11,000*

Alexa Coates

Status: independent non-executive director

Length of service: 3 years – appointed a director in February 2018
Experience: Mrs Coates is a chartered accountant who brings 25 years of significant financial expertise to the Board. Mrs Coates was a senior executive of HSBC for nine years, where she served as the global CFO for the group's asset management business and more recently led the finance function for commercial banking operations in Europe. Prior to joining HSBC, Mrs Coates worked in senior roles in retail, healthcare and professional services at J Sainsbury plc, BUPA, Williams Lea Group Ltd and CIT Bank. She started her career at Ernst & Young in 1991, where she worked in the UK and France. Mrs Coates is a non-executive director of Marsh Limited, the insurance broker, Aviva Investors and its UK fund services company as well as non-executive director and chair of the audit and risk committee of Polar Capital Holdings plc, a publicly quoted company, and a trustee and resources committee member at the University of Essex.
Committee membership: Audit and Risk, Management Engagement and Nomination and Remuneration Committees, (chair of the Audit and Risk Committee)
Current remuneration: £40,000 per annum
Number of shares held: 10,000*

Board of Directors

Kate Cornish-Bowden

Status: senior independent non-executive director

Length of service: 2 years – appointed in December 2018
Experience: Ms Cornish-Bowden is a non-executive director of Finsbury Growth & Income Trust PLC, International Biotechnology Trust plc, and CC Japan Income & Growth Trust plc where she is chair of the audit committee. Ms Cornish-Bowden worked for 12 years as a fund manager for Morgan Stanley Investment Management, where she was managing director and head of the global equity team. Prior to Morgan Stanley she worked as a research analyst at M&G. Ms Cornish-Bowden is a member of the Chartered Financial Analyst Institute (CFA), holds a Masters in Business Administration (MBA), and has completed the Financial Times Non-Executive Director Diploma.
Committee membership: Audit and Risk, Management Engagement and Nomination and Remuneration Committees
Current remuneration: £35,000 per annum
Number of shares held: 24,780*

Isabel Liu

Status: independent non-executive director

Length of service: appointed on 4 November 2021
Experience: Isabel has 25 years' global experience investing equity in infrastructure. She started her investment career in Asia with the $1 billion AIG Asian Infrastructure Fund. She was Managing Director of the Asia Pacific investment business of John Laing plc. After relocating from Hong Kong to London, she was Investment Director for the €1 billion ABN AMRO Global Infrastructure Fund. Most recently Isabel served as Board Director at Pensions Infrastructure Platform, sponsored by UK pension schemes. She has also been Chair of the Audit Risk Assurance and Remuneration Committee as a Board Member of Transport Focus. Isabel holds a BA in Economics from the Ohio State University, a Masters in Public Policy from Harvard Kennedy School, and an MBA from the University of Chicago Booth School of Business.
Committee membership: Audit and Risk, Management Engagement and Nomination and Remuneration Committees
Current remuneration: £35,000 per annum
Number of shares held: 0

Nick Winsor

Status: independent non-executive director

Length of service: 1 year, 8 months – appointed in March 2020
Experience: Nick is an independent consultant and non-executive director. He has more than 35 years of retail and commercial banking experience with HSBC Group in a number of international markets: Brunei; Channel Islands; Hong Kong; India; Japan; Qatar; Singapore; Taiwan; UAE and the UK. He was CEO of HSBC's businesses in the Channel Islands and Isle of Man, CEO and VP of HSBC Bank (Taiwan) Limited and a Director of HSBC Bank Middle East Limited. Before this, he was Head of Personal Financial Services for the Asia Pacific Region. Nick is a Non-Executive Director of Metro Bank plc and a member of the Risk Oversight Committee. He is also a Non-Executive Director of the States of Jersey Development Company, Chair of the Remuneration and Nomination Committee and a member of the Deal Advisory Panel. He is the Chair of Autism Jersey and was awarded an MBE in the Queen's 2020 Birthday Honours list for services to the community. Nick holds a Masters in Physics from Oxford University and is a Fellow of the Institute of Directors.
Committee membership: Audit and Risk, Management Engagement and Nomination and Remuneration Committees, (chair of the Nomination and Remuneration Committee)
Current remuneration: £35,000 per annum
Number of shares held: 20,000*

*Shareholdings are as at 10 November 2021, full details of directors' shareholdings are set out in the Remuneration Report on page 36.

Directors' Report

Directors and officers

Chairman

The Chairman is an independent non-executive director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman's other significant commitments are detailed on page 24. He has no conflicting relationships.

Senior Independent Director ("SID")

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

Company Secretary

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

Role and operation of the Board

The Board is the Company's governing body; it sets the Company's strategy and is collectively responsible to shareholders for its long-term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to seek to ensure that the investment objective of the Company continues to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and acts within the parameters set by it in respect of any gearing. The Strategic Review on pages 11 to 23 sets out further detail of how the Board reviews the Company's strategy, risk management and internal controls and also includes other information required for the Directors' Report, and is incorporated by reference.

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

The Chairman ensures that all directors receive relevant management, regulatory and financial information in a timely manner and that they are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls. The Board meets at least quarterly and receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required.

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

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

Key service providers

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

Manager

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

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

The Schroders Group manages £700.4 billion (as at 30 June 2021) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

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

The Manager is also entitled to receive a performance fee based on the performance of the Company's adjusted NAV per ordinary share (as described below). The performance fee is 10% of the amount by which the adjusted NAV per ordinary share at the end of the relevant calculation period exceeds a hurdle, being 107% of the adjusted NAV per ordinary share at the end of the previous calculation period multiplied by the time weighted average of the number of ordinary shares in issue during the period. The NAV per ordinary share as at the end of the period is adjusted as appropriate to take account of dividends, buy backs or the issue of ordinary shares and to add back performance fees paid or accrued during the period.

The performance fee is only payable in respect of any period to the extent that the closing adjusted NAV per ordinary share, taking account of the performance fee, exceeds the highest adjusted NAV per ordinary share (reduced to the level at which any cap as described below applied) in respect of which a performance fee was previously paid. The total amount of any performance fee payable in respect of any one accounting period has been capped at 0.75% of the net assets of the

Company, calculated at the end of the relevant accounting period.

Where a performance fee payable in respect of any year is reduced due to the cap detailed above, the performance fee for the subsequent year will be 10% of the amount by which the adjusted net asset value ("NAV") per share exceeds a hurdle, being 107% of the NAV per share which would have earned the performance fee actually paid, rather than 107% of the adjusted opening NAV.

Any investment management fees payable to the Manager or to other subsidiaries of Schroders plc in respect of investments by the Company in collective investment schemes and investment companies managed or advised by the Schroders Group are deducted from the fee payable to the Manager under the AIFM agreement. There were no such investments during the year ended 31 August 2021.

The management and performance fees payable in respect of the year ended 31 August 2021 amounted to £5,281,000 (2020: £4,518,000) and £5,636,000 (2020: £nil) respectively. The Manager is also entitled to a fee for providing administrative, accounting and company secretarial services to the Company. For these services, it receives an annual fee, payable quarterly in arrears, of £150,000.

Details of all amounts payable to the Manager are set out in note 18 on page 56

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

Safekeeping and cashflow monitoring agent

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

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

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

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

Registrar

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

Compliance with the AIC Code of Corporate Governance

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

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

The UK Listing Authority requires all UK listed companies to disclose how they have complied with the provisions of the Code. This statement, together with the Statement of Directors' Responsibilities, viability statement and going concern statement set out on pages 23 and 37 respectively indicates how the Company has complied with the principles of good governance of the Code and its requirements on internal control. The Strategic Report and Directors' Report provide further details on the Company's risk management, governance and diversity policies.

The Company complied with the Principles and Provisions of the AIC Code during the year under review and to date, save for the provisions relating to the appointment of a senior independent director ("SID"), and Peter Rigg's chairmanship of the Nomination and Remuneration Committee. Nick Winsor succeeded Peter Rigg as chair of that committee on 2 November 2020 to fully comply with the AIC Code which recommends that the chairman of the Company does not chair the remuneration committee. Kate Cornish-Bowden was appointed as SID on the same date.

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

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

Revenue and dividend policy

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

Having already paid interim dividends amounting to 5.70 pence per share, the Board has declared a fourth interim dividend of 4.80 pence per share for the year ended 31 August 2021, which is payable on 30 November 2021 to shareholders on the register on 12 November 2021. Thus, dividends for the

Directors' Report

year amount to 10.50 pence (2020: 10.30 pence) per share. This represents an increase of 1.9% over the rate of dividends payable in respect of the previous year.

The Board noted that the Company's shareholders appreciated the board's discount management control. The Board agreed to request renewal of the authorities to issue and buyback shares as described on page 63.

Total dividends declared in respect of the year amount to £28,124,000, which is £442,000 more than the £27,682,000 revenue profit after taxation available for distribution. Accordingly, the Company would be required to draw on £442,000 of brought forward revenue reserves. However in accordance with accounting standards, the fourth interim dividend amounting to £12,838,000 will not be accounted for until it is has been paid.

Committees

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

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

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

Status

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

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

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

Share capital and substantial share interests

As at the date of this report, the Company had 271,233,024 ordinary shares of 1p in issue. 6,090,000 shares were held in treasury. 2,800,000 shares were bought back during the year ended 31 August 2021. 2,325,000 shares were bought back in the period from the year-end until 10 November 2021. Accordingly, the total number of voting rights in the Company at the date of this report is 265,143,024. Details of changes to the Company's share capital during the year under review are given in note 13 to the accounts on page 54. All shares in issue rank equally with respect to voting, dividends and any distribution on winding up.

The Company has received notifications in accordance with the Financial Conduct Authority's ("FCA") Disclosure Guidance and Transparency Rule 5.1.2R of the below interests in 5% or more of the voting rights attaching to the Company's issued share capital.

	Ordinary shares as at 31 August 2021	% total voting rights
Investec Wealth & Investment Limited	25,092,429	9.46
Brewin Dolphin Limited	14,571,888	5.50

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

Provision of information to the auditor

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

Directors' attendance at meetings

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

	Board[1]	Audit and Risk Committee	Nomination Committee	Management Engagement Committee
Peter Rigg[1]	3/3	1/1	1/1	1/1
Alexa Coates	7/7	3/3	2/2	1/1
Kate Cornish-Bowden	7/7	3/3	2/2	1/1
Isabel Liu	0/0	0/0	0/0	0/0[2]
Paul Meader	7/7	3/3	2/2	1/1
Nick Winsor	7/7	3/3	2/2	1/1

[1] Peter Rigg retired as a director on 11 December 2020.

[2] Isabel Liu was appointed as a director on 4 November 2021.

Directors' and officers' liability insurance and indemnities

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

By order of the Board
Schroder Investment Management Limited
Company Secretary

10 November 2021

Audit and Risk Committee Report

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

All directors are members of the committee. Alexa Coates is the chair of the committee. The Board has satisfied itself that at least one of the committee's members has recent and relevant financial experience and that the committee as a whole has competence relevant to the sector in which the company operates.

Ongoing risk review

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

Approach

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

Risks and Internal Controls	Financial Reports and Valuation	Audit
Principal risks To establish a process for identifying, assessing, managing and monitoring emerging and principal risks of the Company.	**Financial statements** To monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and valuation. To review the annual and half year reports.	**Audit results** To discuss any matters arising from the audit and recommendations made by the auditor.
Risks and uncertainties To ensure a robust assessment of the Company's emerging and principal risks and procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated.	**Going concern** To review the position and make recommendations to the Board in relation to whether it considers it appropriate to adopt the going concern basis of accounting in preparing its annual and half-yearly financial statements.	**Auditor appointment, independence and performance** To make recommendations to the Board, in relation to the appointment, re- appointment, effectiveness and removal of the external auditor, to review their independence, and to approve their remuneration and terms of engagement. Reviewing the audit plan and engagement letter.

The table overleaf sets out how the committee discharged its duties during the year. The committee met three times during the year. Further details on attendance can be found on page 28. An evaluation of the committee's effectiveness and review of its terms of reference was completed during the year.

Significant issues identified during the committee's review of the Company's principal risks and uncertainties, and key matters communicated by the auditor during its reporting are outlined in blue below.

Audit and Risk Committee Report

Application during the year		
Risks and Internal Controls	**Financial Reports and Valuation**	**Audit**
Service provider controls Reviewed the operational controls maintained by the Manager, depositary and registrar in June 2021 at an annual review meeting. Received quarterly reports covering the operation of the service providers.	**Recognition of investment income** Considered dividends received against forecast and the allocation of special dividends to income or capital.	**Effectiveness of the independent audit process and auditor performance** Evaluated the effectiveness of the independent audit firm and process prior to making a recommendation that it should be re-appointed at the forthcoming AGM. Evaluated the auditor's performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence was considered, alongside feedback from the Manager on the audit process. Professional scepticism of the auditor was questioned and the committee was satisfied with the auditor's replies.
Internal controls and risk management Consideration of several key aspects of internal control and risk management operating within the Manager, depositary and registrar, including assurance reports and presentations on these controls.	**Calculation of the investment management fee and performance fee** Consideration of the methodology used to calculate the fees, matched against the criteria set out in the AIFM agreement.	**Auditor independence** PricewaterhouseCoopers CI LLP were appointed as auditor on 25 May 2018. The auditors are required to rotate the senior statutory auditor every five years. There are no contractual obligations restricting the choice of external auditors. This is the first year that the senior statutory auditor, Evelyn Brady, has conducted the audit of the Company's financial statements. The Company is compliant with the provisions of the September 2014 Competition and Markets Authority Order, which requires that FTSE 350 companies put their audit out to tender at least every ten years.
Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010 Consideration of the Manager's report confirming compliance.	**Overall accuracy of the annual report and accounts** Consideration of the draft annual report and accounts and the letter from the Manager in support of the letter of representation to the auditor.	**Audit results** Met with and reviewed a comprehensive report from the auditor which detailed the results of the audit, compliance with regulatory requirements, safeguards that have been established, and on their own internal quality control procedures.
Principal risks Reviewed the principal and emerging risks faced by the Company and the systems, processes and oversight in place to manage and mitigate them.	**Valuation and existence of holdings** Quarterly review of portfolio holdings and assurance reports.	**Meetings with the auditor** Met the auditors without representatives of the Manager present. Representatives of the auditors attended the committee meeting at which the draft annual report and accounts was considered.

Audit and Risk Committee Report

Application during the year		
Risks and Internal Controls	**Financial Reports and Valuation**	**Audit**
	Fair, balanced and understandable Reviewed the annual report and accounts to ensure that it was fair, balanced and understandable.	**Provision of non-audit services by the auditor** The committee has reviewed the FRC's Guidance on Audit Committees and has formulated a policy on the provision of non-audit services by the Company's auditor. The committee has determined that the Company's appointed auditor will not be considered for the provision of certain non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The auditor may, if required, provide other non-audit services which will be judged on a case-by-case basis. The auditor did not provide any non-audit services to the Company during the year.
	Going concern and viability Reviewing the impact of risks on going concern and longer-term viability, as described further on page 23.	**Consent to continue as auditor** PricewaterhouseCoopers CI LLP has indicated to the committee their willingness to continue to act as auditor.

Recommendations made to, and approved by, the Board:

As a result of the work performed, the committee has concluded that the annual report for the year ended 31 August 2021, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 37.

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

Alexa Coates
Audit and Risk Committee chair

10 November 2021

Management Engagement Committee Report

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

Approach

Oversight of the Manager

The committee:

- reviews the Manager's performance, over the short- and long-term, against the reference index, peer group and the market;
- considers the reporting it has received from the Manager throughout the year, and the reporting from the Manager to the shareholders;
- assesses management fees on an absolute and relative basis, receiving input from the Company's broker, including peer group and industry figures, as well as the structure of the fees;
- reviews the appropriateness of the Manager's contract, including terms such as notice period.
- visits the Manager's Asian and London offices periodically to meet with relevant investment and controls functions; and
- assesses if the Company receives appropriate administrative, accounting, company secretarial and marketing support from the Manager.

Oversight of other service providers

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

- Safekeeping agents
- Corporate broker
- Registrars
- Lender

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

The committee noted the Audit and Risk Committee's review of the auditor.

Application during the year

The committee met with senior management, as well as representatives from various business functions supporting the portfolio manager.

The committee undertook a detailed review of the Manager's performance and agreed that it has the appropriate depth and quality of resource to deliver superior returns over the longer term.

The committee also reviewed the terms of the AIFM agreement and agreed they remained fit for purpose.

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

The committee noted that the Audit and Risk Committee had undertaken a detailed evaluation of the Manager, registrar, and safekeeping agents' internal controls.

Recommendations made to, and approved by, the Board:

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

Nomination and Remuneration Committee Report

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

Oversight of directors

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

Approach

Selection and induction

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

Board evaluation and directors' fees

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

Succession

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

For application see page 34

Nomination and Remuneration Committee Report

Application during the year		
Selection and induction	**Board evaluation and directors' fees**	**Succession**
• The committee discussed the need to appoint a new non-executive director during the year. • A job specification was agreed for the role. • Following evaluation of proposals from competing firms, the committee engaged Fletcher Jones to run the search process. Fletcher Jones are independent of the Company and its directors. • The committee interviewed candidates during the last calendar quarter of 2021 and recommended that Isabel Liu be appointed as a director of the Company. • Ms Liu's election has been put forward for shareholder approval at the 2021 AGM.	• The Board evaluation, including evaluation of its committees, was undertaken between August and November 2021. • The committee also reviewed each director's time commitment and independence by reviewing a complete list of appointments, including pro bono not for profit roles, to ensure that each director remained free from conflict and had sufficient time available to discharge each of their duties effectively. The committee considered each director's contributions, and noted that in addition to extensive experience as professionals and non-executive directors, each director had valuable skills and experience, as detailed in their biographies on pages 24 and 25. All directors were considered to be independent in character and judgement. • Based on its assessment, the committee provided individual recommendations for each directors' re-election. • The committee reviewed directors' fees, using external benchmarking, and recommended no increase in directors' fees, as detailed in the remuneration report.	• The committee reviewed the succession policy and agreed it was still fit for purpose.

Recommendations made to, and approved by, the Board:

- That all directors continue to demonstrate commitment to their roles, provide a valuable contribution to the deliberations of the Board, contribute towards the Company's long-term success, and remain free from conflicts with the Company and its directors, so should all be recommended for election or re-election (as applicable) by shareholders at the AGM.
- That Mr Meader be appointed as chairman of the Company and the Management Engagement Committee, and that Ms Liu be appointed as a director of the Company.
- That, in order to achieve better division of responsibilities, and compliance with the AIC Code, Kate Cornish-Bowden be appointed as Senior Independent Director, and Nick Winsor be appointed as chair of the committee.

Directors' Remuneration Report

Introduction

The following remuneration policy is currently in force and is subject to a binding vote every three years. The next vote will take place at the AGM to be held in 2023 and the current policy provisions will apply until that date. An ordinary resolution to approve the directors' remuneration policy will be put to Shareholders at the AGM (no changes are proposed). The below directors' annual report on remuneration is subject to an annual advisory vote. An ordinary resolution to approve this report will be put to shareholders at the forthcoming AGM.

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

At the AGM held on 11 December 2020, 99.83% of the votes cast (including votes cast at the chairman's discretion) in respect of approval of the directors' remuneration report for the year ended 31 August 2020 were in favour, while 0.17% were against. 114,983 votes were withheld.

Directors' remuneration policy

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

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

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

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

Implementation of policy

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

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

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

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

Directors' annual report on remuneration

This report sets out how the remuneration policy was implemented during the year ended 31 August 2021.

Remuneration Report for the year ended 31 August 2021

Fees paid to directors

The following amounts were paid by the Company to directors for their services in respect of the year ended 31 August 2021 and the preceding financial year. Directors' remuneration is all fixed; they do not receive any variable remuneration. The performance of the Company over the financial year is presented on page 2, under the heading "Financial highlights".

Director	Fees 2021 £	Fees 2020 £	Change in annual fee rate over two years ended 31 August 2021 %
Paul Meader[1]	**42,242**	35,000	28.6
Alexa Coates	**40,000**	40,000	0.0
Kate Cornish-Bowden	**35,000**	35,000	0.0
Peter Rigg[2]	**12,606**	45,000	N/A
Nick Winsor[3]	**35,000**	15,001	0.0
	164,848	170,001	

[1]Appointed chairman on 11 December 2020.
[2]Retired as chairman and from the Board on 11 December 2020.
[3]Appointed as a director on 24 March 2020.

The information in the above table has been audited

Governance

Directors' Remuneration Report

Consideration of matters relating to directors' remuneration

Directors' remuneration was last reviewed by the Board in November 2021. The members of the Board at the time that remuneration levels were considered were as set out on pages 24 and 25. Although no external advice was sought in considering the levels of directors' fees, information on fees paid to directors of investment trusts managed by Schroders and peer group companies provided by the Manager and corporate broker was taken into consideration.

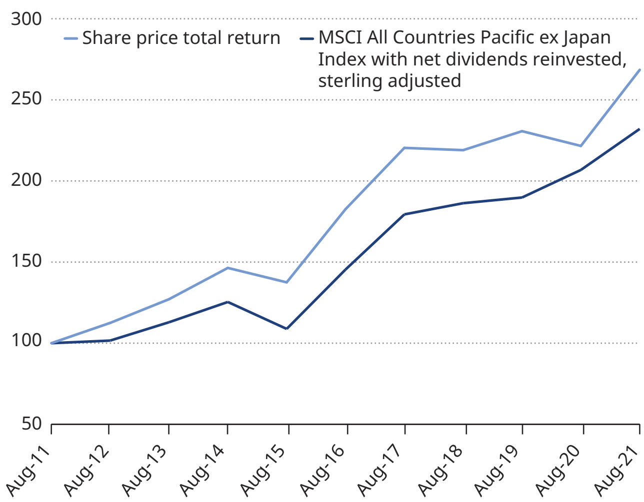
Following the annual review, the Board agreed that no changes were required. Directors' fees were last increased from 1 September 2018. The Board will continue to review fee levels on an annual basis.

Expenditure by the Company on remuneration and distributions to shareholders

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

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000	Change %
Remuneration payable to Directors	**165**	170	-2.9
Distributions paid to shareholders – dividends	**27,690**	27,674	+0.1

10 year performance of the share price total return versus the MSCI All Countries Pacific ex Japan Index, with net dividends reinvested, in sterling terms[1]



[1]Source: Morningstar. Rebased to 100 at 31 August 2011. The MSCI All Countries Pacific ex Japan Index with net dividends reinvested, sterling adjusted, has been chosen as an appropriate comparison, as it comprises companies within the Company's primary investment objective.

Directors' share interests

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

	Ordinary shares of 1p each 31 August 2021	Ordinary shares of 1p each 31 August 2020
Paul Meader	**11,000**	11,000
Alexa Coates	**10,000**	10,000
Kate Cornish-Bowden	**24,780**	24,780
Nick Winsor	**20,000**	20,000

The information in the above table has been audited. There have been no changes since the year end.

Nick Winsor
Director

10 November 2021

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

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

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

– select suitable accounting policies, and apply them consistently;

– present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

– provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards ("IFRS") is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;

– state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements;

– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and

– make judgements and estimates that are reasonable and prudent.

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

Each of the directors, whose names and functions are listed on pages 24 and 25, confirms that, to the best of their knowledge:

– the financial statements, which have been prepared in accordance with IFRS as adopted by the European Union and with The Companies (Guernsey) Law, 2008 (as amended) and in accordance with the requirements set out above, and give a true and fair view of the assets, liabilities, financial position and the net return of the Company;

– the Strategic Review includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and

– the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

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

By order of the Board

Paul Meader
Chairman

10 November 2021

Independent Auditor's Report
to the Members of Schroder Oriental Income Fund Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Schroder Oriental Income Fund Limited (the "company") as at 31 August 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008 (as amended).

For the purpose of clarification, all references to "financial statements" will also be deemed to be "accounts".

What we have audited

The company's financial statements comprise:

- the balance sheet as at 31 August 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the accounts, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

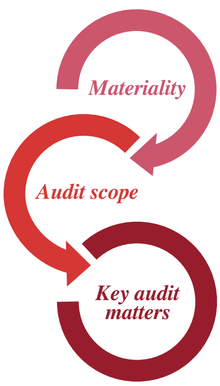
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements of the company, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



Audit scope

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

Key audit matters

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

Materiality

- Overall materiality: GBP 7.51 million (2020: GBP 6.46 million) based on 1% of net assets.
- Performance materiality: GBP 5.63 million (2020: GBP 4.84 million).

Independent Auditor's Report
to the Members of Schroder Oriental Income Fund Limited

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How our audit addressed the Key audit matter
Income from investments at fair value through profit or loss *Refer to the Audit and Risk Committee Report, the Statement of comprehensive income, Note 1 Accounting Policies and Note 3 Income* Although not considered to be a significant audit risk, given that income from investments at fair value through profit or loss (i.e. losses/gains on investments at fair value through profit or loss and income from investments (i.e. dividend income)) is material to the financial statements and is of interest to members of the company, we have included it in our audit report as a key audit matter. Our audit approach is aimed at ensuring the occurrence, accuracy and completeness of all material income streams, including dividends classified as either revenue or capital as defined by the AIC SORP.	Our audit procedures over income from investments at fair value through profit or loss were as follows: – We read the basis of accounting and accounting policy selected by the directors covering recognition of income and assessed it for compliance with International Financial Reporting Standards as adopted by the European Union and the AIC SORP; – We understood and assessed the design and implementation of key controls surrounding income recognition; – We understood and evaluated both automated and manual journals that were posted to income accounts. We tested a sample of manual year-end adjusting journals including material journals and those impacting income; – To test the occurrence and accuracy of losses/gains on investments at fair value through profit or loss, we vouched a sample of realised gains and losses to supporting evidence, such as bank statements, and recalculated unrealised gains and losses by testing the valuation of 100% of the investment portfolio using independent third party pricing; – To test the completeness of dividend income, we agreed that all appropriate dividends had been received during the year by reference to independent data of dividends declared for the investments held in the portfolio throughout the year; – To test the occurrence and accuracy of dividend income, we agreed all dividends received by reference to the investment holding in the portfolio and recalculated the amounts using independent third party data and agreed a sample of dividends recognised to bank statements; and – We also considered the classification of income between revenue and capital. We have no matters that require communication to those charged with governance in regards to the procedures set out above.

Independent Auditor's Report
to the Members of Schroder Oriental Income Fund Limited

Key audit matter	How our audit addressed the Key audit matter
Valuation and existence of investments at fair value through profit or loss *Refer to the Investment Portfolio, the Audit and Risk Committee Report, Note 1 Accounting Policies and Note 10 Investments at fair value through profit or loss* The portfolio of directly held investments, which constitute the 'investments at fair value through profit or loss' financial statement line item, comprises of 99% quoted equities, which are designated by International Financial Reporting Standards as adopted by the European Union as 'Level 1' given that they are quoted in an active market for which publicly available pricing data is readily available. The investment portfolio represents 103% of the company's net asset value. The investments are held by an independent custodian and subject to financial and risk management controls that mitigate the risk of material misstatement. Whilst the valuation of these investments held at fair value through profit or loss is not considered to be complex, nor does it involve significant judgments and estimates to be made by the Manager, the fair value of investments is material to the company. A material misstatement due to fraud or error could potentially be material to the financial statements as a whole. As a result, whilst we have not concluded it to be a significant audit risk, we consider the valuation and existence of investments at fair value through profit or loss to be an area of focus in our audit and accordingly a key audit matter.	Our main audit procedures over these investments were as follows: – We read the accounting policies selected by the directors covering the recognition, classification and measurement of investments held at fair value through profit or loss, and assessed them for compliance with International Financial Reporting Standards as adopted by the European Union; – We agreed 100% of investment prices used in calculation of the year end valuation of investments held at fair value through profit or loss to independent third party sources. – We reviewed and sample tested the liquidity / trading volumes of the investments held at fair value through profit or loss and investigated any stale prices or illiquid stocks; – We agreed the foreign currency exchange rates used (for non-GBP investments) as at year end to independent third party sources; – We agreed the holdings of each of the quoted investments held at fair value through profit or loss to an independently obtained confirmation from the third party Custodian, HSBC Bank plc, as at 31 August 2021; and – We recalculated the carrying value of each of the quoted investments held at fair value through profit or loss by multiplying the price per share by the holding, taking into consideration applicable foreign exchange rates. We have no matters that require communication to those charged with governance in regards to the procedures set out above.

How we tailored the audit scope

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

Materiality

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

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

Overall company materiality	GBP 7.51 million (2020: GBP 6.46 million).
How we determined it	1% of net assets (2020: 1% of net assets)
Rationale for benchmark applied	We believe that net assets is the most appropriate benchmark because this is a key metric of interest to the members of the company. It is also a generally accepted measure used for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to GBP 5.63 million for the company financial statements.

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

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above GBP 0.37 million (2020: GBP 0.30 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report and Accounts (the "Annual Report") but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and Accounts, the directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of

the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

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

Report on other legal and regulatory requirements

Company Law exception reporting

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

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

– proper accounting records have not been kept; or

– the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Corporate governance statement

The Listing Rules require us to review the Strategic Review and / or the Directors' Report in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

The company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the company's obligations, as an investment company, under the Listing Rules of the FCA.

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

– The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;

– The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;

– The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

– The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and

Independent Auditor's Report
to the Members of Schroder Oriental Income Fund Limited

– The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

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

– The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;

– The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and

– The section describing the work of the Audit and Risk Committee.

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

Evelyn Brady
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
10 November 2021

Notes:

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

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

Financial

Statement of Comprehensive Income
for the year ended 31 August 2021

	Note	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Gains/(losses) on investments at fair value through profit or loss	2	–	121,017	121,017	–	(33,379)	(33,379)
Net foreign currency gains		–	395	395	–	3,536	3,536
Income from investments	3	32,394	219	32,613	31,421	164	31,585
Other income	3	1	–	1	12	–	12
Total income/(loss)		32,395	121,631	154,026	31,433	(29,679)	1,754
Management fee	4	(1,584)	(3,697)	(5,281)	(1,355)	(3,163)	(4,518)
Performance fee	4	–	(5,636)	(5,636)	–	–	–
Other administrative expenses	5	(1,033)	(5)	(1,038)	(1,051)	(4)	(1,055)
Profit/(loss) before finance costs and taxation		29,778	112,293	142,071	29,027	(32,846)	(3,819)
Finance costs	6	(94)	(220)	(314)	(235)	(528)	(763)
Profit/(loss) before taxation		29,684	112,073	141,757	28,792	(33,374)	(4,582)
Taxation	7	(2,002)	–	(2,002)	(2,255)	–	(2,255)
Net profit/(loss) and total comprehensive income		27,682	112,073	139,755	26,537	(33,374)	(6,837)
Earnings/(losses) per share	9	10.30p	41.70p	52.00p	9.86p	(12.40)p	(2.54)p

The "Total" column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS. The "Revenue and Capital" columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

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

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

The notes on pages 48 to 62 form an integral part of these accounts.

Statement of Changes in Equity
for the year ended 31 August 2021

	Note	Share capital £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 August 2019		212,786	–	39	150,374	267,230	31,375	661,804
Issue of ordinary shares		21,561	–	–	–	–	–	21,561
Repurchase of ordinary shares into treasury		–	(2,155)	–	–	–	–	(2,155)
Net (loss)/profit		–	–	–	–	(33,374)	26,537	(6,837)
Dividends paid in the year	8	–	–	–	–	–	(27,674)	(27,674)
At 31 August 2020		234,347	(2,155)	39	150,374	233,856	30,238	646,699
Repurchase of ordinary shares into treasury		–	(7,345)	–	–	–	–	(7,345)
Net profit		–	–	–	–	112,073	27,682	139,755
Dividends paid in the year	8	–	–	–	–	–	(27,690)	(27,690)
At 31 August 2021		**234,347**	**(9,500)**	**39**	**150,374**	**345,929**	**30,230**	**751,419**

The notes on pages 48 to 62 form an integral part of these accounts.

Financial

Balance Sheet
at 31 August 2021

	Note	2021 £'000	2020 £'000
Non current assets			
Investments at fair value through profit or loss	10	**774,425**	672,184
Current assets	11		
Receivables		**6,881**	5,234
Cash and cash equivalents		**16,147**	17,028
		23,028	22,262
Total assets		**797,453**	694,446
Current liabilities	12		
Payables		**(46,034)**	(47,747)
Net assets		**751,419**	646,699
Equity attributable to equity holders			
Share capital	13	**234,347**	234,347
Treasury share reserve	14	**(9,500)**	(2,155)
Capital redemption reserve	14	**39**	39
Special reserve	14	**150,374**	150,374
Capital reserves	14	**345,929**	233,856
Revenue reserve	14	**30,230**	30,238
Total equity shareholders' funds		**751,419**	646,699
Net asset value per share	15	**280.94p**	239.28p

These accounts were approved and authorised for issue by the Board of Directors on 10 November 2021 and signed on its behalf by:

Paul Meader
Director

The notes on pages 48 to 62 form an integral part of these accounts.

Registered in Guernsey as a company limited by shares

Company registration number: 43298

Cash Flow Statement
for the year ended 31 August 2021

	2021 £'000	2020 £'000
Operating activities		
Profit/(loss) before finance costs and taxation	**142,071**	(3,819)
Add back net foreign currency gains	**(395)**	(3,536)
(Gains)/losses on investments at fair value through profit or loss	**(121,017)**	33,379
Net sales/(purchases) of investments at fair value through profit or loss	**16,858**	(9,030)
Increase in receivables	**(1,719)**	(194)
Increase in payables	**5,753**	70
Overseas taxation paid	**(2,131)**	(2,143)
Net cash inflow from operating activities before interest	**39,420**	14,727
Interest paid	**(310)**	(767)
Net cash inflow from operating activities	**39,110**	13,960
Financing activities		
Bank loans drawn down	**–**	87,067
Bank loans repaid	**(5,304)**	(80,351)
Issue of ordinary shares	**–**	21,561
Repurchase of ordinary shares into treasury	**(6,402)**	(2,155)
Dividends paid	**(27,690)**	(27,674)
Net cash outflow from financing activities	**(39,396)**	(1,552)
(Decrease)/increase in cash and cash equivalents	**(286)**	12,408
Cash and cash equivalents at the start of the year	**17,028**	5,043
Effect of foreign exchange rates on cash and cash equivalents	**(595)**	(423)
Cash and cash equivalents at the end of the year	**16,147**	17,028

Dividends received during the year amounted to £30,823,000 (2020: £30,561,000) and bond and deposit interest receipts amounted to £1,000 (2020: £14,000).

The notes on pages 48 to 62 form an integral part of these accounts.

Notes to the Accounts
for the year ended 31 August 2021

1. Accounting Policies

(a) Basis of accounting

The accounts have been prepared in accordance with the Companies Guernsey Law 2008 and International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ("IASC"), that remain in effect and to the extent that they have been adopted by the European Union.

Where consistent with the requirements of IFRS, the Directors have sought to prepare the accounts on a basis compliant with presentational guidance set out in the statement of recommended practice for investment trust companies (the "SORP") issued by the Association of Investment Companies in October 2019.

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

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

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation investments and derivative financial instruments held at fair value through profit or loss. The directors believe that the Company has adequate resources to continue operating for at least 12 months from the date of approval of these accounts. In forming this opinion, the directors have taken into consideration: the controls and monitoring processes in place; the Company's level of debt and other payables; the low level of operating expenses, comprising largely variable costs which would reduce pro rata in the event of a market downturn; and that the Company's assets comprise cash and readily realisable securities quoted in active markets. The principal accounting policies adopted are set out below.

(b) Presentation of the Statement of Comprehensive Income

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

(c) Investments at fair value through profit or loss

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

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

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

(d) Accounting for reserves

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

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

(e) Repurchases of shares into treasury and subsequent reissues

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

Notes to the Accounts
for the year ended 31 August 2021

(f) Income

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

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

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

(g) Expenses

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

- The management fee is allocated 30% to revenue and 70% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.
- Any performance fee is allocated 100% to capital.
- Expenses incidental to the purchase or sale of investments are charged to capital. These expenses are commonly referred to as transaction costs and mainly comprise brokerage commission. Details of transaction costs are given in note 10 on page 53.

(h) Finance costs

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

Finance costs are allocated 30% to revenue and 70% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

(i) Cash and cash equivalents

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

(j) Other financial assets and liabilities

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

Forward foreign currency contracts are held at fair value through profit or loss, based on the gain or loss if the contracts had been closed out at the accounting date, at prevailing market rates.

(k) Taxation

The taxation charge in the Statement of Comprehensive Income comprises irrecoverable overseas withholding tax deducted from dividends receivable.

(l) Foreign currency

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

(m) New and amended accounting standards

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

(n) Significant accounting judgments, estimates and assumptions

The accounts have been prepared on a going concern basis, and the basis for this assumption is given in part (a) to this note. There were no other significant accounting judgments, estimates or assumptions used in the preparation of these financial statements in accordance with IFRS.

Notes to the Accounts

for the year ended 31 August 2021

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

	2021 £'000	2020 £'000
Gains/(losses) on sales of investments based on historic cost	62,577	(24,427)
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	(33,768)	(12,693)
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	28,809	(37,120)
Net movement in investment holding gains and losses	92,208	3,741
Gains/(losses) on investments held at fair value through profit or loss	121,017	(33,379)

3. Income

	2021 £'000	2020 £'000
Income from investments:		
Overseas dividends	32,394	31,421
Other income:		
Deposit interest	1	12
Total income	32,395	31,433
Capital:		
Special dividend allocated to capital	219	164

4. Management and performance fee

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Management fee	1,584	3,697	5,281	1,355	3,163	4,518
Performance fee	–	5,636	5,636	–	–	–
	1,584	9,333	10,917	1,355	3,163	4,518

The basis for calculating the investment management fee and any performance fee is set out in the Directors' Report on page 26.

5. Other administrative expenses

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Administration expenses	643	5	648	666	4	670
Directors' fees	165	–	165	170	–	170
Secretarial fee	150	–	150	150	–	150
Auditor's remuneration for audit services[1]	75	–	75	65	–	65
	1,033	5	1,038	1,051	4	1,055

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

Notes to the Accounts
for the year ended 31 August 2021

6. Finance costs

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Interest on bank loans and overdrafts	94	220	314	235	528	763

7. Taxation

(a) Analysis of tax charge for the year

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Irrecoverable overseas tax	2,002	–	2,002	2,255	–	2,255
Taxation for the year	2,002	–	2,002	2,255	–	2,255

The Company became resident in the United Kingdom for tax taxation purposes, with effect from 1 September 2020. The Company has no corporation tax liability for the year ended 31 August 2021. For the year ended 31 August 2020 and prior years, the Company was resident in Guernsey for taxation, but was granted an exemption from Guernsey taxation, under the Income Tax (Exempt Bodies) Guernsey Ordinance 1989, for which it was charged an annual exemption fee of £1,200.

(b) Factors affecting tax charge for the year

The tax assessed for the year ended 31 August 2021 is lower than the Company's applicable rate of corporation tax for that year of 19.0%. The factors affecting the tax charge for the year are as follows:

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
Net return before taxation	29,684	112,073	141,757
Net return before taxation multiplied by the Company's applicable rate of corporation tax for the year of 19.0%	5,640	21,294	26,934
Effects of:			
Capital returns on investments	–	(23,068)	(23,068)
Revenue not chargeable to corporation tax	(5,568)	(42)	(5,610)
Tax relief on overseas tax suffered	–	–	–
Expenses disallowed	–	1	1
Unrelieved expenses	–	1,772	1,772
Double Tax Relief	(72)	43	(29)
Irrecoverable overseas tax	2,002	–	2,002
Taxation for the year	2,002	–	2,002

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £2,332,000 (2020: nil) based on a main rate of corporation tax of 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 excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

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

Notes to the Accounts
for the year ended 31 August 2021

8. Dividends

(a) Dividends paid and declared

	2021 £'000	2020 £'000
2020 fourth interim dividend of 4.60p (2019: 4.60p)	**12,404**	12,274
First interim dividend of 1.90p (2020: 1.90p)	**5,100**	5,127
Second interim dividend of 1.90p (2020: 1.90p)	**5,097**	5,138
Third interim dividend of 1.90p (2020: 1.90p)	**5,089**	5,135
Total dividends paid in the year	**27,690**	27,674

	2021 £'000	2020 £'000
Fourth interim dividend declared of 4.80p (2020: 4.60p)	**12,838**	12,432

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

The fourth interim dividend declared in respect of the year ended 31 August 2020 differs from the amount actually paid due to shares repurchased and cancelled after the balance sheet date but prior to the share register record date.

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

The Company was granted status as an investment trust company by HMRC effective from 1 September 2020, and intends to continue to meet the minimum distribution requirements of Section 1158, in order to retain that status. Those requirements are considered on the basis of dividends declared in respect of the financial year as shown below. The revenue available for distribution by way of dividend for the year is £27,682,000.

	2021 £'000
First interim dividend of 1.90p	**5,100**
Second interim dividend of 1.90p	**5,097**
Third interim dividend of 1.90p	**5,089**
Fourth interim dividend of 4.80p	**12,838**
Total dividends of 10.50p	**28,124**

9. Earnings/(losses) per share

	2021 £'000	2020 £'000
Revenue profit	**27,682**	26,537
Capital profit/(loss)	**112,073**	(33,374)
Total profit/(loss)	**139,755**	(6,837)
Weighted average number of Ordinary shares in issue during the year	**268,751,860**	269,200,852
Revenue earnings per share	**10.30p**	9.86p
Capital earning/(loss) per share	**41.70p**	(12.40)p
Total earning/(loss) per share	**52.00p**	(2.54)p

Notes to the Accounts
for the year ended 31 August 2021

10. Investments at fair value through profit or loss

	2021 £'000	2020 £'000
Opening book cost	**595,213**	608,647
Opening investment holding gains	**76,971**	85,922
Opening fair value	**672,184**	694,569
Analysis of transactions made during the year		
Purchases at cost	**225,406**	296,311
Sales proceeds	**(244,182)**	(285,317)
Gains/(losses) on investments held at fair value through profit or loss	**121,017**	(33,379)
Closing fair value	**774,425**	672,184
Closing book cost	**639,015**	595,213
Closing investment holding gains	**135,410**	76,971
Closing fair value	**774,425**	672,184

All investments are listed on a recognised stock exchange.

The Company received £244,182,000 (2020: £285,317,000) from disposal of investments in the year. The book cost of these investments when they were purchased was £181,605,000 (2020: £309,744,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

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

	2021 £'000	2020 £'000
On acquisitions	**198**	481
On disposals	**401**	361
	599	842

11. Current assets

Receivables

	2021 £'000	2020 £'000
Dividends and interest receivable	**5,212**	3,430
Securities sold awaiting settlement	**1,578**	1,779
Other receivables	**91**	25
	6,881	5,234

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

Cash and cash equivalents

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

Notes to the Accounts
for the year ended 31 August 2021

12. Current liabilities

Payables

	2021 £'000	2020 £'000
Bank loan	36,331	42,625
Securities purchased awaiting settlement	1,608	3,727
Repurchase of ordinary shares into treasury awaiting settlement	943	–
Other payables and accruals	7,152	1,395
	46,034	47,747

The bank loan comprises US$50 million drawn down on the Company's £100 million multicurrency credit facility with SMBC Bank International plc (formerly Sumitomo Mitsui Banking Corporation Europe Limited). The facility is secured and drawings are subject to covenants and restrictions which are customary for a facility of this nature and all of these have been complied with. Further details of the facility are given in note 20(a)ii on page 59.

The bank loan at the prior year end comprised US$50 million and JP¥750 million drawn down on the Company's previous £100 million multicurrency credit facility agreement with Sumitomo Mitsui Banking Corporation Europe Limited. This agreement expired on 21 June 2021.

13. Share capital

	2021 £'000	2020 £'000
Ordinary shares of 1p each, allotted, called-up and fully paid:		
Opening balance of 270,268,024 (2020: 262,683,024) shares, excluding shares held in treasury	232,192	212,786
Repurchase of 2,800,000 (2020: 965,000) shares into treasury	(7,345)	(2,155)
Issue of nil (2020: 8,550,000) shares	–	21,561
Subtotal of 267,468,024 (2020: 270,268,024) shares, excluding shares held in treasury	224,847	232,192
3,765,000 (2020: 965,000) shares held in treasury	9,500	2,155
Closing balance of 271,233,024 (2020: 271,233,024) shares	234,347	234,347

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

During the year, the Company purchased 2,800,000 of its own shares, nominal value £28,000. to hold in treasury for a total consideration of £7,345,000 representing 1.0% of the shares outstanding at the beginning of the year. The reason for these share purchases was to seek to manage the volatility of the share price discount to net asset value per share.

Notes to the Accounts
for the year ended 31 August 2021

14. Reserves

	Share capital £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves Gains and losses on sales of investments £'000	Capital reserves Investment holding gains and losses £'000	Revenue reserve £'000
At 31 August 2020	**234,347**	**(2,155)**	**39**	**150,374**	**152,791**	**81,065**	**30,238**
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	28,809	–	–
Movement in investment holding gains and losses	–	–	–	–	–	92,208	–
Transfer on disposal of investments	–	–	–	–	33,768	(33,768)	–
Realised exchange losses on cash and short-term deposits	–	–	–	–	(597)	–	–
Realised gains on derivative contracts	–	–	–	–	2	–	–
Exchange gains on foreign currency credit facility	–	–	–	–	366	624	–
Repurchase of ordinary shares into treasury	–	(7,345)	–	–	–	–	–
Management fee, finance costs and other expenses charged to capital	–	–	–	–	(3,922)	–	–
Performance fee charged to capital	–	–	–	–	(5,636)	–	–
Dividends allocated to capital	–	–	–	–	219	–	–
Dividends paid in the year	–	–	–	–	–	–	(27,690)
Net revenue profit for the year	–	–	–	–	–	–	27,682
At 31 August 2021	**234,347**	**(9,500)**	**39**	**150,374**	**205,800**	**140,129**	**30,230**

	Share capital £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves Gains and losses on sales of investments £'000	Capital reserves Investment holding gains and losses £'000	Revenue reserve £'000
At 31 August 2019	**212,786**	**–**	**39**	**150,374**	**184,336**	**82,894**	**31,375**
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	(37,120)	–	–
Movement in investment holding gains and losses	–	–	–	–	–	3,741	–
Transfer on disposal of investments	–	–	–	–	12,693	(12,693)	–
Realised exchange gains on cash and short-term deposits	–	–	–	–	160	–	–
Realised losses on derivative contracts	–	–	–	–	(583)	–	–
Exchange (losses)/gains on foreign currency credit facility	–	–	–	–	(3,164)	7,123	–
Issue of ordinary shares	21,561	–	–	–	–	–	–
Repurchase of ordinary shares into treasury	–	(2,155)	–	–	–	–	–
Management fee, finance costs and other expenses charged to capital	–	–	–	–	(3,695)	–	–
Dividends allocated to capital	–	–	–	–	164	–	–
Dividends paid in the year	–	–	–	–	–	–	(27,674)
Net revenue profit for the year	–	–	–	–	–	–	26,537
At 31 August 2020	**234,347**	**(2,155)**	**39**	**150,374**	**152,791**	**81,065**	**30,238**

Under the Companies (Guernsey) Law 2008, the Company may pay a dividend if the board of directors is satisfied on reasonable grounds that the company will, immediately after payment, satisfy the solvency test, and it satisfies any other requirement in its memorandum and articles. This test considers whether, immediately after the payment, the Company's assets exceed its liabilities and whether it will be able to pay its debts when they fall due.

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for the year ended 31 August 2021

15. Net asset value per share

	2021	2020
Net assets attributable to shareholders (£'000)	751,419	646,699
Shares in issue at the year end	267,468,024	270,268,024
Net asset value per share	280.94p	239.28p

16. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments at the balance sheet date (2020: none).

17. Transactions with the Manager

The Company has appointed Schroder Unit Trusts Limited ("the Manager"), a wholly owned subsidiary of Schroders plc, to provide investment management, accounting, secretarial and administration services. Details of the management and performance fee agreement are given in the Directors' Report on page 27. The management fee payable in respect of the year amounted to £5,281,000 (2020: £4,518,000), of which £1,337,000 (2020: £1,161,000) was outstanding at the year end. The company secretarial fee payable to the Manager amounted to £150,000 (2020: £150,000) of which £37,500 (2020: £37,500) was outstanding at the year end. A performance fee amounting to £5,636,000 (2020: nil) is payable in respect of the year and the whole of this amount was outstanding at the year end.

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

18. Related Party transactions

Details of the remuneration payable to Directors are given in the Directors' Remuneration Report on page 35 and details of Directors' shareholdings are given in the Directors' Remuneration Report on page 36. Details of transactions with the Manager are given in note 17 above. There have been no other transactions with related parties during the year (2020: nil).

19. Disclosures regarding financial instruments measured at fair value

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

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

The investments are categorised into a hierarchy comprising the following three levels:

Level 1 – valued using quoted prices in active markets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

Details of the valuation techniques used by the Company are given in note 1(c) on page 48, and note 1(j) on page 49.

At 31 August 2021, the Company's investment portfolio was categorised as follows:

	2021			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in equities and equity linked securities	769,397	–	5,028	774,425
Total	769,397	–	5,028	774,425

Level 3 investments comprise one holding. in global depositary receipts which delisted during the year. There were no other transfers between Levels 1, 2 or 3 during the year.

	2020			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in equities and equity linked securities	672,184	–	–	672,184
Total	672,184	–	–	672,184

There were no transfers between Levels 1, 2 or 3 during the year ended 31 August 2020.

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

The Company's investment objective is to provide a total return for investors primarily through investments in equities and equity-related investments, of companies which are based in, or which derive a significant proportion of their revenues from, the Asia Pacific region and which offer attractive yields. In pursuing this objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets. These risks include market risk (comprising currency risk, interest rate risk and market price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Board coordinates the Company's risk management policy.

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

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

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

(a) Market risk

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

(i) Currency risk

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

Management of currency risk

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

Foreign currency exposure

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

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	2021									
	Japanese yen £'000	Hong Kong dollars £'000	Australian dollars £'000	Singapore dollars £'000	Taiwan dollars £'000	Thai baht £'000	New Zealand dollars £'000	US dollars £'000	Other £'000	Total £'000
Current assets	3	2,905	818	706	1,105	143	139	2,315	1,755	9,889
Current liabilities	–	(1,608)	–	–	–	–	–	(36,338)	–	(37,946)
Foreign currency exposure on net monetary items	3	1,297	818	706	1,105	143	139	(34,023)	1,755	(28,057)
Investments at fair value through profit or loss[1]	9,659	191,364	84,769	99,889	174,726	12,648	6,028	27,111	113,589	719,783
Total net foreign currency exposure	9,662	192,661	85,587	100,595	175,831	12,791	6,167	(6,912)	115,344	691,726

	2020									
	Japanese yen £'000	Hong Kong dollars £'000	Australian dollars £'000	Singapore dollars £'000	Taiwan dollars £'000	Thai baht £'000	New Zealand dollars £'000	US dollars £'000	Other £'000	Total £'000
Current assets	–	10,457	3,814	3,017	374	301	15	24	–	18,002
Current liabilities	(5,279)	(3,727)	–	–	–	–	–	(37,346)	(206)	(46,558)
Foreign currency exposure on net monetary items	(5,279)	6,730	3,814	3,017	374	301	15	(37,322)	(206)	(28,556)
Investments at fair value through profit or loss[1]	5,040	213,221	78,696	78,160	129,049	17,377	2,871	29,125	68,494	622,033
Total net foreign currency exposure	(239)	219,951	82,510	81,177	129,423	17,678	2,886	(8,197)	68,288	593,477

[1]Excluding any stocks priced in sterling.

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

Foreign currency sensitivity

The following tables illustrate the sensitivity of net profit for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and assumes a 10% (2020: 10%) appreciation or depreciation in sterling against the currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

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

	2021 £'000	2020 £'000
Statement of Comprehensive Income – net profit		
Net revenue profit	3,030	2,894
Net capital profit	(2,806)	(2,892)
Net assets	224	2

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

	2021 £'000	2020 £'000
Statement of Comprehensive Income – net profit		
Net revenue profit	(3,030)	(2,894)
Net capital profit	2,806	2,892
Net assets	224	(2)

In the opinion of the directors, the above sensitivity analysis with respect to monetary financial assets and liabilities is broadly representative of the whole of the current and comparative year. The sensitivity of the Company's investments to changes in foreign currency exchange rates is subsumed into market price risk sensitivity on page 60.

(ii) Interest rate risk

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

Management of interest rate risk

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

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

Interest rate exposure

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

	2021 £'000	2020 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	**16,147**	17,028
Other payables: drawings on the credit facility	**(36,331)**	(42,625)
Total exposure	**(20,184)**	(25,597)

Interest receivable on cash balances is at a margin below LIBOR, or its preferred alternative (2020: same).

During the year, the Company extended its £100 million multicurrency revolving credit facility with SMBC Bank International plc (formerly Sumitomo Mitsui Banking Corporation Europe Limited). Amounts are normally drawn down on this facility for one month periods. Interest payable is calculated at the applicable Risk Free Reference Rate, which is a substitute for LIBOR as calculated for the relevant currency and in accordance with the loan agreement, plus a margin, plus mandatory costs, which are the Lender's costs of complying with certain regulatory requirements of the Bank of England. At 31 August 2021, the Company had drawn down US$50 million (£36.3 million) on this facility at an interest rate of 0.81% per annum. The facility expires on 22 June 2022.

At 31 August 2020, the Company had drawn down US$50.0 million (£37.3 million) and JP¥750.0 million (£5.3 million) at an interest rate of 0.81% and 0.65% per annum respectively, on the previous £100 million facility with Sumitomo Mitsui Banking Corporation Europe Limited.

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

	2021 £'000	2020 £'000
Maximum interest rate exposure during the year – net debt	**(36,397)**	(55,670)
Minimum interest rate exposure during the year – net debt	**(19,874)**	(19,741)

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Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2020: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2021		2020	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Statement of Comprehensive Income – net profit				
Net revenue profit	**26**	**(26)**	21	(21)
Net capital profit	**(127)**	**127**	(149)	149
Net total profit	**(101)**	**101**	(128)	128
Net assets	**(101)**	**101**	(128)	128

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

(iii) Market price risk

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

Management of market price risk

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

Market price risk exposure

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

	2021 £'000	2020 £'000
Investments at fair value through profit or loss	**774,425**	672,184

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

Concentration of exposure to market price risk

An analysis of the Company's investments is given on page 9. This shows that the portfolio principally comprises investments quoted on Asian stock markets. Accordingly there is a concentration of exposure to that region. However it should be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Market price risk sensitivity

The following table illustrates the sensitivity of the net profit for the year and net assets to an increase or decrease of 10% (2020: 10%) in the fair values of the Company's equities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities, adjusting for changes in the management fee, but with all other variables held constant.

	2021		2020	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of Comprehensive Income – net profit				
Net revenue profit	**(163)**	**163**	(141)	141
Net capital profit	**77,063**	**(77,063)**	66,889	(66,889)
Net total profit for the year and net assets	**76,900**	**(76,900)**	66,748	(66,748)

(b) Liquidity risk

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

Management of the risk

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

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

Liquidity risk exposure

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

	Three months or less 2021 £'000	Three months or less 2020 £'000
Other payables		
Bank loan – including interest	**36,356**	42,656
Other payables and accruals	**7,145**	1,392
	43,501	44,048

(c) Credit risk

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

Management of credit risk

This risk is managed as follows:

Portfolio dealing

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

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

Exposure to the Custodian

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

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

Credit risk exposure

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

	2021 Balance sheet £'000	2021 Maximum exposure £'000	2020 Balance sheet £'000	2020 Maximum exposure £'000
Current assets				
Receivables – dividends and interest	**5,212**	**5,212**	3,430	3,430
Securities sold awaiting settlement	**1,578**	**1,578**	1,779	1,779
Cash and cash equivalents	**16,147**	**16,147**	17,028	17,028
	22,937	**22,937**	22,237	22,237

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

21. Capital management policies and procedures

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

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

	2021 £'000	2020 £'000
Debt		
Bank loan	**36,331**	42,625
Equity		
Share capital	**234,347**	234,347
Reserves	**517,072**	412,352
	751,419	646,699
Total debt and equity	**787,750**	689,324

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

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

	2021 £'000	2020 £'000
Borrowings used for investment purposes, less cash	**20,184**	25,597
Net assets	**751,419**	646,699
Gearing	**2.7%**	4.0%

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

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

Annual General Meeting – Recommendations

The Annual General Meeting ("AGM") of the Company will be held on Wednesday, 15 December 2021 at 2.00 pm. The formal Notice of Meeting is set out on page 64.

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

Ordinary business

Resolutions 1 to 10 are all ordinary resolutions.

Resolution 1 is a required resolution. Resolution 2 concerns the Directors' Remuneration Report, on pages 35 and 36. Resolutions 3 to 7 invite shareholders to elect or re-elect each of the directors standing for election/re-election for another year, following the recommendations of the Nomination and Remuneration Committee, set out on pages 33 and 34 (their biographies are set out on pages 24 and 25). Resolutions 8 and 9 concern the re-appointment and remuneration of the Company's auditor, discussed in the Audit and Risk Committee report on pages 29 to 31.

Special business

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

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

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

At the AGM held on 11 December 2020, the Company was granted authority to make market purchases of up to 40,419,489 ordinary shares for cancellation or holding in treasury. 4,250,000 ordinary shares were bought back under this authority and the Company therefore has remaining authority to purchase up to 36,169,489 ordinary shares. This authority will expire at the forthcoming AGM.

The directors believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy back its ordinary shares in the market as they keep under review the share price discount to NAV per share and the purchase of ordinary shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue at 10 November 2021 (excluding treasury shares). The directors will exercise this authority only if the directors consider that any purchase would be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled or held in treasury for potential reissue. If renewed, the authority to be given at the 2021 AGM will lapse at the conclusion of the AGM in 2022 unless renewed, varied or revoked earlier.

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

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

An extraordinary resolution will be proposed at the forthcoming AGM to authorise the directors to allot shares up to a maximum aggregate nominal amount of £265,143 (being 10% of the issued share capital as at 10 November 2021) and to give the directors authority to allot securities for cash on a non pre-emptive basis up to a maximum aggregate nominal amount of £265,143 (being 10% of the Company's issued share capital as at the date of the Notice of the AGM).

The directors do not intend to allot shares pursuant to these authorities other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company's existing shareholders to do so and when it should not result in any dilution of NAV per share. If approved, both of these authorities will expire at the conclusion of the AGM in 2022 unless renewed, varied or revoked earlier.

Recommendations

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

Notice of Annual General Meeting

NOTICE is hereby given that the annual general meeting of Schroder Oriental Income Fund Limited will be held on 15 December 2021 at 2.00 pm at **1 London Wall Place, London EC2Y 5AU** to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 10 will be proposed as ordinary resolutions. Resolution 11 will be proposed as a special resolution and resolution 12 will be proposed as an extraordinary resolution:

1. To receive the Directors' Report and the audited accounts for the year ended 31 August 2021.
2. To approve the Directors' Remuneration Report for the year ended 31 August 2021.
3. To approve the election of Isabel Liu as a director of the Company.
4. To approve the re-election of Paul Meader as a director of the Company.
5. To approve the re-election of Alexa Coates as a director of the Company.
6. To approve the re-election of Kate Cornish-Bowden as a director of the Company.
7. To approve the re-election of Nick Winsor as a director of the Company.
8. To re-appoint PricewaterhouseCoopers CI LLP as auditor of the Company.
9. To authorise the directors to determine the remuneration of PricewaterhouseCoopers CI LLP as auditor to the Company.
10. To approve the Company's dividend policy as set out on page 27 of the Annual Report and Accounts.
11. To consider and, if thought fit, to pass the following resolution as a special resolution:

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

    (a) the maximum number of Shares hereby authorised to be purchased shall be 39,744,939, representing 14.99% of the issued Share capital as at 10 November 2021;

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

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

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

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

    (d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company in 2022 (unless previously renewed, varied or revoked prior to such date);

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

    (f) Any Shares so purchased will be held in treasury or cancelled."
12. To consider and, if thought fit pass the following as an extraordinary resolution:

    "That the Board be and is hereby authorised in accordance with Section 291 of The Companies (Guernsey) Law, 2008 (as amended) to allot ordinary shares for cash and/or sell treasury shares up to 26,514,302 ordinary shares of 1p each in aggregate, representing 10% of the share capital in issue on 10 November 2021, for cash and the right of shareholders to receive a pre-emptive offer in respect of such ordinary shares shall be excluded pursuant to Article 3.24 of the Company's articles of incorporation, provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) from the conclusion of the annual general meeting of the Company to be held in 2022 save that the Board may allot ordinary shares for cash or sell treasury shares after the expiry of this authority in pursuance of an offer or agreement made by the Company before such expiry that would or might require ordinary shares to be allotted or treasury shares to be sold after such expiry."

By order of the Board
For and on behalf of

Schroder Investment Management Limited
Company Secretary

10 November 2021

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

Registered number: 43298

Explanatory Notes to the Notice of Annual General Meeting

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

   A proxy need not be a member. A form of proxy is enclosed for ordinary shareholders which should be completed and returned to the Company's registrar, care of Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not later than 48 hours before the time fixed for the meeting. Due to COVID-19 shareholders are encouraged to appoint the Chairman as proxy. Completion of the proxy will not preclude an ordinary shareholder from attending and voting in person.
2. The biographies of each of the directors offering themselves for election and re-election are set out on pages 24 and 25 of the annual report and accounts for the year ended 31 August 2021.
3. As at 10 November 2021, the Company had 271,233,024 ordinary shares of 1p each in issue (6,090,000 shares were held in treasury). Accordingly, the total number of voting rights in the Company on 10 November 2021 is 265,143,024.
4. The Company's privacy policy is available on its webpages http://www.schroders.co.uk/orientalincome. Shareholders can contact Computershare for details of how Computershare processes their personal information as part of the AGM.

Definitions of Terms and Performance Measures

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

Net asset value ("NAV") per share

The NAV per share of 280.94p (2020: 239.28p) represents the net assets attributable to equity shareholders of £751,419,000 (2020: £646,699,000) divided by the number of shares in issue of 267,468,024 (2020: 270,268,024).

The change in the NAV amounted to +17.4% (2020: -5.0%) over the year. However this performance measure excludes the positive impact of dividends paid out by the Company during the year. When these dividends are factored into the calculation, the resulting performance measure is termed the "total return". Total return calculations and definitions are given below.

Total return

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

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

NAV at 31/8/20	239.28p
NAV at 31/8/21	280.94p

Dividend	XD date	NAV on XD date	Factor	Cumulative factor
4.6p	12/11/20	257.85p	1.0178	1.0178
1.9p	04/02/21	282.72p	1.0067	1.0247
1.9p	29/04/21	294.49p	1.0065	1.0313
1.9p	05/08/21	281.86p	1.0067	1.0382
NAV total return, being the closing NAV, multiplied by the cumulative factor, expressed as a percentage increase in the opening NAV				+21.9%

The NAV total return for the year ended 31 August 2020 is calculated as follows:

NAV at 31/8/19	251.94p
NAV at 31/8/20	239.28p

Dividend	XD date	NAV on XD date	Factor	Cumulative factor
4.6p	07/11/2019	257.91p	1.0178	1.0178
1.9p	30/01/2020	240.95p	1.0079	1.0259
1.9p	09/04/2020	207.35p	1.0092	1.0353
1.9p	06/08/2020	241.50p	1.0079	1.0434
NAV total return, being the closing NAV, multiplied by the cumulative factor, expressed as a percentage increase in the opening NAV				–0.9%

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

Share price at 31/8/20	233.00p
Share price at 31/8/21	271.50p

Dividend	XD date	Share price on XD date	Factor	Cumulative factor
4.6p	12/11/20	245.50p	1.0187	1.0187
1.9p	04/02/21	271.00p	1.0070	1.0259
1.9p	29/04/21	289.00p	1.0066	1.0326
1.9p	05/08/21	276.50p	1.0069	1.0397
Share price total return, being the closing share price, multiplied by the cumulative factor, expressed as a percentage increase in the opening share price				+21.2%

The share price total return for the year ended 31 August 2020 is calculated as follows:

Share price at 31/8/19	253.00p
Share price at 31/8/20	233.00p

Dividend	XD date	Share price on XD date	Factor	Cumulative factor
4.6p	07/11/2019	263.00p	1.0175	1.0175
1.9p	30/01/2020	237.00p	1.0080	1.0256
1.9p	09/04/2020	216.00p	1.0088	1.0347
1.9p	06/08/2020	226.00p	1.0084	1.0434
Share price total return, being the closing share price, multiplied by the cumulative factor, expressed as a percentage increase in the opening share price				–3.9%

Definitions of Terms and Performance Measures

Discount/premium

The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. The discount or premium is expressed as a percentage of the NAV per share. The discount at the year end amounted to 3.4% (2020: discount of 2.6%), as the closing share price at 271.50p (2020: 233.00p) was 3.3% (2020: 2.6%) lower than the closing NAV of 280.94p (2020: 239.28p).

Gearing

The gearing percentage reflects the amount of borrowings (i.e. bank loans or overdrafts) which the Company has drawn down and invested in the market. This figure is indicative of the extra amount by which shareholders' funds would move if the Company's investments were to rise or fall. This represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets. The gearing figure at the year end is calculated as follows:

	2021 £'000	2020 £'000
Borrowings used for investment purposes, less cash	20,184	25,597
Net assets	751,419	646,699
Gearing	2.7%	4.0%

Leverage

For the purpose of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as the ratio of the Company's exposure to its net asset value and is required to be calculated both on a "Gross" and a "Commitment" method. Under the Gross method, exposure represents the sum of the absolute values of all positions, so as to give an indication of overall exposure. Under the Commitment method, exposure is calculated in a similar way, but after netting off hedges which satisfy certain strict criteria. The leverage ratios and limits at 31 August 2021 are presented on page • under Shareholder Information.

Ongoing Charges

Ongoing Charges represents the management fee and all other operating expenses excluding finance costs, transaction costs and any performance fee payable amounting to £6,319,000 (2020: £5,573,000), expressed as a percentage of the average daily net asset values during the year of £739,772,000 (2020: 642,219,000).

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Shareholder Information

Webpages and share price information

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

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

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

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

Association of Investment Companies

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

Individual Savings Account ("ISA") status

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

Non-Mainstream Pooled Investments status

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

Financial calendar

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

Alternative Investment Fund Managers Directive ("AIFMD") disclosures

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

Leverage

The Company's leverage policy and details of its leverage ratio calculation and exposure limits as required by the AIFMD are published on the Company's webpages. The Company is also required to periodically publish its actual leverage exposures. As at 31 August 2021 these were:

Leverage exposure	Maximum ratio	Actual ratio
Gross method	2.00	1.10
Commitment method	2.00	1.08

Illiquid assets

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

Remuneration disclosures

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

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

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

www.schroders.co.uk/orientalincome

Directors

Paul Meader
Alexa Coates
Kate Cornish-Bowden
Isabel Liu (appointed 4 November 2021)
Nick Winsor

Advisers

Alternative investment fund manager (the "Manager")

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

Investment Manager and Company Secretary

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

Registered office

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

Safekeeping and cashflow monitoring agent (including custodian)

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

Lending bank

Sumitomo Mitsui Banking Corporation
99 Queen Victoria Street
London EC4V 4EH
United Kingdom

Corporate broker

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT
United Kingdom

Independent auditor

PricewaterhouseCoopers CI LLP
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey GY1 4ND

Registrar

Computershare Investor Services (Guernsey) Limited
1st Floor
Tudor House
Le Bordage
St Peter Port
Guernsey GY1 1DB

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Computershare Investor Services (Guernsey) Limited at the address set out above.

Designated manager

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

Shareholder enquiries

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

Dealing codes

ISIN: GB00B0CRWN59
SEDOL: B0CRWN5
Ticker: SOI

Global intermediary identification number (GIIN)

1TVP6A.99999.SL.83

Legal entity identifier (LEI)

5493001U9X6P8SS0PK40

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

Schroders