

Schroders

Schroder Asian Total Return Investment Company plc

Half year report and accounts for
the six months ended 30 June
2018



Investment objective

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

Investment policy

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

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

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

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

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

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





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Financial Highlights

Performance

Total returns to 30 June 2018 ¹	6 months %	1 year %	3 years %	5 years %	10 years %
Net asset value ("NAV") per share ²	0.3	13.4	74.2	91.9	200.6
Share price ³	0.5	17.0	93.7	102.9	246.4
Reference Index ⁴	(1.8)	7.8	46.4	64.7	151.5
Peer group NAV per share ⁵	(0.8)	9.4	56.3	80.9	194.1

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

² Source: Morningstar. Fully diluted NAVs have been used where applicable.

³ Source: Morningstar.

⁴ Source: Thomson Reuters. With effect from 15 March 2013, the Reference Index has been the MSCI AC Asia Pacific ex-Japan Index (with net income reinvested), sterling adjusted. Prior to that date, it was the MSCI AC Asia ex-Japan Index (with gross income reinvested), sterling adjusted.

⁵ Source: Morningstar. The arithmetic average of a group of nine comparable Asia (excluding Japan) investment trusts.

Other financial information

	30 June 2018	31 December 2017	% Change
NAV per share (pence)	350.9	354.8	(1.1)
Share price (pence)	359.0	362.0	(0.8)
Share price premium to NAV per share (%)	2.3	2.0	
Gearing (%) ¹	4.1	4.5	

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

Interim Management Report – Chairman’s Statement

Performance

During the six months to 30 June 2018 the Company consolidated the excellent returns of the prior year and produced a net asset value (“NAV”) total return of +0.3%, outperforming the Reference Index which produced a total return of -1.8% and the peer group average NAV total return of -0.8%.

Further details on performance may be found in the Portfolio Managers’ Review.

Promotion and share issuance

The Board remains focused on promotion of the Company’s shares based on the distinctive characteristics of the Company’s strategy and the differentiation of the opportunities offered by the Company from those offered by the peer group. Demand for the Company’s shares from new and existing investors has continued, with the remainder of the shares held in treasury being issued in April 2018 and the issue of new shares in the Company under a block listing since that time. During the period, a total of 6,113,104 shares were issued at a premium to NAV.

In the six months to 30 June 2018, the share price premium to NAV increased from 2.0% at the beginning of the period to 2.3% at 30 June 2018. The average premium during the period was 2.7%, compared with an average discount of 7.3% for the peer group.

Gearing and the use of derivatives

The Board has agreed a disciplined framework for gearing, based on a number of valuation indicators, and it will not exceed 30% of NAV.

The portfolio managers continued to use gearing during the period and at 30 June 2018 it stood at 4.1%. The maximum gearing level during the period was 5.9%.

Board succession and refreshment

As discussed in my annual statement, the Board has continued its ongoing refreshment and following the appointment of Sarah MacAulay and the retirement of Christopher Keljik and Alexandra Mackesy, the Board will consider its succession planning and will look to appoint a further Director in the coming year.

Outlook

The outlook for the second half of the year is clouded. Clearly, US trade policy and a soaring dollar has soured sentiment towards emerging economies as a whole and Asia is not immune. Given the volatility of US decision making, it is unclear whether the trade war will end soon or be an ongoing backdrop for investors. This gives grounds for some short-term caution. However, valuations are now more attractive generally given the market weakness and our managers are finding opportunities to add selectively to holdings at attractive long-term valuations although continuing to hedge against further market weakness. It is one of the attractions of the Company’s investment process that we are able to pursue such a strategy.

David Brief

Chairman

7 September 2018

Interim Management Report – Portfolio Managers’ Review

Performance analysis

Asian equities started the year strongly but as worries over protectionism took centre stage investor sentiment soured and this led to a significant sell-off towards the end of the first half. The ongoing efforts of the Chinese government to reduce the amount of credit in the economy and rein in unregulated financing activities also fuelled concerns that growth momentum in China could decelerate. The Philippine and Indonesian currencies, equity and bond markets were notably weak, as their economies were perceived to be relatively more vulnerable to rising US interest rates due to their current account and government deficits.

Against this backdrop, the portfolio held up reasonably well and ended the first half of the year flat in sterling terms, compared to the reference index which was down by 1.8%. The biggest positive contributions came from healthcare holdings in China and Australia. In China, **Wuxi Biologics**, a leading drug research and development company, performed well on the back of strong sales growth and the improving policy environment for the Chinese healthcare sector. The company also has a strong order backlog to support its high profit growth in the medium term. **Resmed** and **CSL** in Australia also saw strong share price performance buoyed by robust sales and upbeat management guidance.

Financials and Real Estate are two other areas that added to performance. The top performing stock was mid-cap **Aeon Thana Sinsap**, provider of retail financial services in Thailand. Its stock surged following solid Q4 results driven by robust loan growth momentum. Indian private sector bank **HDFC Bank** also posted strong share price returns as it benefits from the long-term secular growth of the sector and continues to capture market share from public sector banks which remain shackled by legacy bad debts and poor systems and practices. In Hong Kong, commercial landlord **Swire Properties** rallied following the announcement of a potential disposal of two office towers at premium valuations. We remain structurally positive on this segment given continued recovery in retail sales and ongoing tight supply-demand conditions of commercial properties in Hong Kong.

Performance for technology stocks was mixed, with strong gains in **Alibaba** and **Cognizant Technology**, an Indian IT services provider, offsetting weakness in the hardware space including **Hon Hai Precision Industries**, **Samsung Electronics** and **Venture** amid weak market sentiment and profit-taking in the broader technology space. Rising trade tensions and in particular the escalation in rhetoric between US and China in recent months also weighed on performance of export-related names like **Nexteer Automotive**, **Johnson Electric Holdings** and **Techtronic Industries**.

The portfolio was slightly geared as at the end of June. The capital protection, through index put options and

index futures, had a relatively disappointing performance, with losses in Taiwan as the market rose.

H1 2018 performance attribution

	Contribution to returns (%)	Main contributors/detractors
Australia	+1.0	CSL, Resmed, BHP Billiton, Lendlease
China	+1.1	Wuxi Biologics, Shenzhou International Group, Alibaba, CNOOC, Huazhu
Hong Kong	-1.1	Johnson Electric Holdings, Techtronic Industries, Chow Sang Sang
India	+0.6	HDFC Bank, Indusind Bank
Indonesia	-	Sumber Alfaria Trijaya
Korea	-0.5	Samsung Electronics, Mando
Malaysia	-	
New Zealand	-	
Pakistan	-	
Philippines	-	
Singapore	-0.2	Venture, Oversea-Chinese Banking
Taiwan	-0.5	Hon Hai Precision Industries, Taiwan Semiconductor Manufacturing, Giant Manufacturing
Thailand	+0.7	Aeon Thana Sinsap
Derivatives	-0.8	Put options and selling futures on market indices
Cost of gearing	-0.1	
Cash	-0.1	
Fees/costs	-0.4	
Residual	+0.6	
Total return	+0.3	

Source: Schroders.

Principal contributors	£ Return (%)	Contribution to return (%)
Wuxi Biologics	104.1	1.4
Aeon Thana Sinsap	65.4	0.9
Shenzhou International Group	34.0	0.6
Swire Properties	19.7	0.5
CSL	32.8	0.4

Source: Schroders.

Interim Management Report – Portfolio Managers’ Review

Principal detractors	£ Return (%)	Contribution to return (%)
Nexteer Automotive	-35.3	-0.7
Johnson Electric Holdings	-28.8	-0.4
Samsung Electronics	-8.5	-0.3
Hon Hai Precision Industries	-12.6	-0.3
Techtronic Industries	-11.6	-0.3

Source: Schroders

Portfolio positioning

10 largest holdings as at 30 June 2018

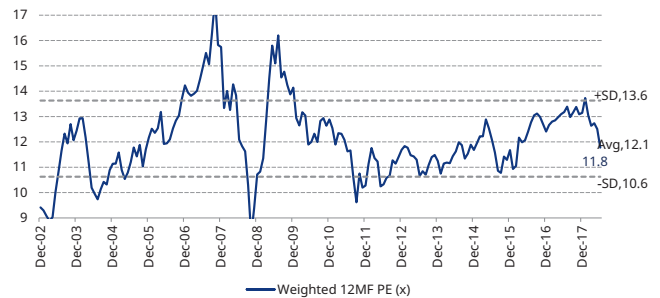
Holding	Business	% of total
Samsung Electronics	Korean tech conglomerate	4.7
Tencent Holdings	Chinese internet service portal	4.7
HDFC Bank	Indian private sector bank	4.4
Alibaba	Chinese top e-commerce player	3.4
Swire Properties	Hong Kong commercial landlord	3.2
Jardine Strategic	Hong Kong blue-chip conglomerate	3.1
Taiwan Semiconductor Manufacturing	Semiconductor manufacturer	3.1
AIA	Regional insurer	2.9
BHP Billiton	Australian miner	2.8
Huazhu	Chinese hotel operator	2.5

Outlook

Valuations in Asia, after looking a little frothy at the end of 2017, appear more reasonable after recent market falls, and are now back in line with the long-term average. The end of quantitative easing (by the US Federal Reserve at least) and a genuine effort in China to rein in unregulated financing activities look to have heralded a change in market sentiment in Asia. With rising US interest rates and the US dollar appreciating, we now have a markedly different investment environment compared to the last 18 months, putting us in a clearly different stage of the market cycle.

Chart 1: Asian valuations look more reasonable after recent falls

MSCI Asia ex-Japan 12 month forward price earnings ratio (P/E), with dotted lines showing the average and one standard deviation above and below the average



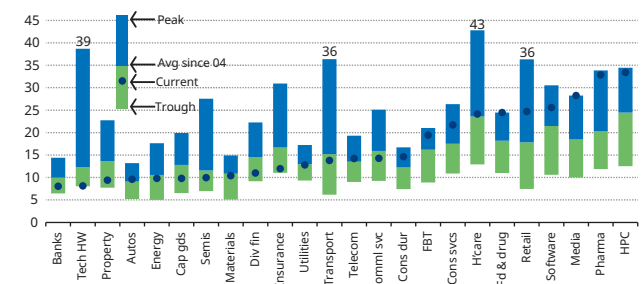
Source: Datastream, Factset, CLSA, June 2018. A price earnings ratio compares share prices to companies’ post-tax profits, with a rising number showing a more ‘expensive’ ratio

In the short-term there are risks due to slowing economic momentum and elevated measures of financial distress. Looking longer-term, many individual markets, with the exception of Taiwan, may offer opportunities as their valuations are below their historic averages. Given this, we have hedged market risks in Taiwan and continue to hold some index put option positions in the portfolio.

In terms of where we see the best value across the region in absolute terms and versus history, banks, technology, insurance and capital goods rank best, whereas consumer staples, healthcare and retail look very expensive, particularly considering some of the headwinds faced by consumer and retail names in Asia.

Chart 2: Banks, insurance and technology now “optically” cheap

MSCI Asia ex-Japan 12 month forward P/E: Forward P/E peak-to-trough (ranked by current P/E)



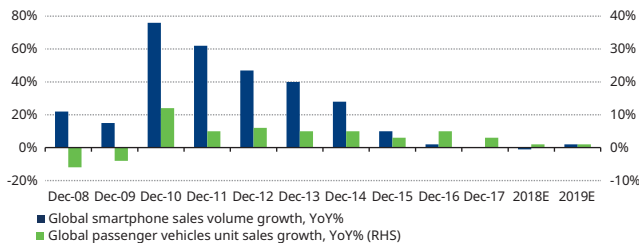
Source: Datastream, Factset, CLSA, June 2018. ‘Tech HW’- Technology hardware; ‘FBT’- Food, beverage and tobacco; ‘Fd’- Food distributors; ‘HPC’ - Home and personal care

Interim Management Report – Portfolio Managers’ Review

After a recent comprehensive company visit programme in Taiwan, we returned more cautious on both the outlook for the technology sector and more domestically-exposed companies. Many technology companies will likely struggle to meet the bullish expectations for earnings as global handset and auto shipments, already not showing much growth before the Trump trade rhetoric, continue to slow. In addition rising competition from the best Chinese technology and capital goods names is likely to mean revenues and margins for many Taiwanese companies come under pressure. This resulted in us trimming the portfolio’s Taiwanese technology and industrial exposure, and rotating into some Chinese insurance and Hong Kong commercial property names. In addition, following the recent falls in markets, we are now looking again at opportunities in Indonesia and the Philippines where valuations are back at more reasonable levels.

Chart 3: Some key sectors in Asia have little growth even before Trump trade rhetoric

Global smartphone handset sales volume growth and global auto unit sales growth

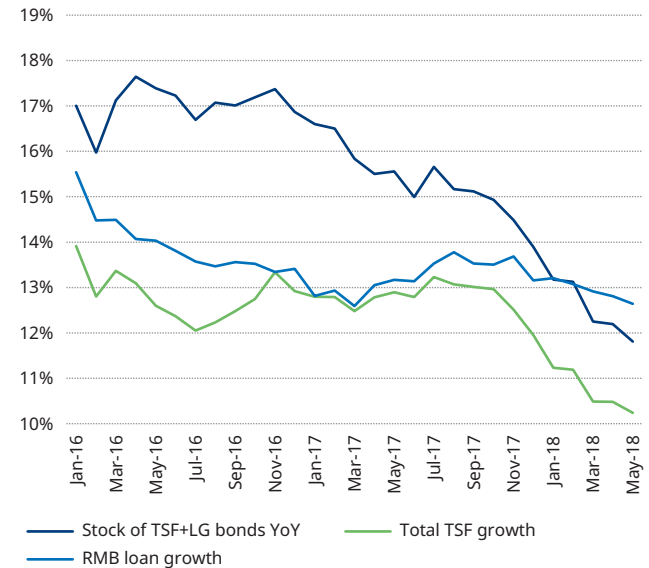


Source: Morgan Stanley, May 2018

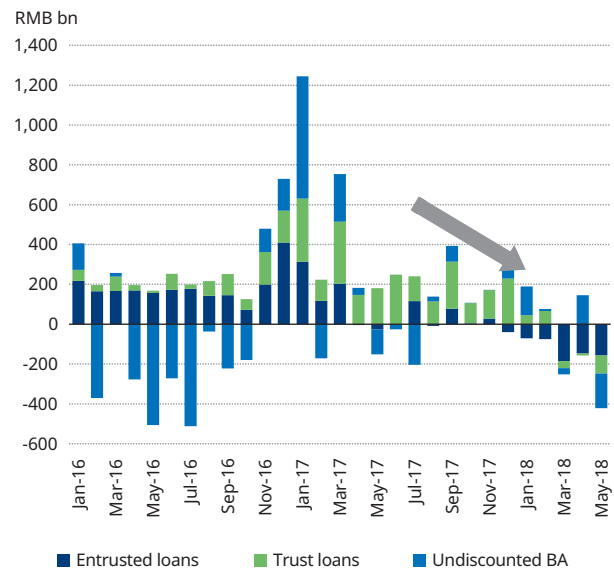
In China, while we are likely to see more volatility as the government continues to tackle the excesses in the shadow banking system, we view this policy as good news long-term assuming the government can continue on the current path without creating mass panic and deposit flight. Near-term we see further pain to come and inevitably the economy will slow as credit creation slows. But given the closed capital account, the current account surplus, and the fact the government controls most of the major lenders and borrowers, we are optimistic the mess can be dealt with over time and, whilst painful for many, without a significant financial crisis.

Chart 4: Shrinking dangerous shadow banking products will lead to a slowdown

China credit impulse



Breakdown of off-balance sheet monthly new credit



Source: PBOC, Schroders, June 2018. TSF: total social funding. LG: local government. BA: bankers’ acceptances.

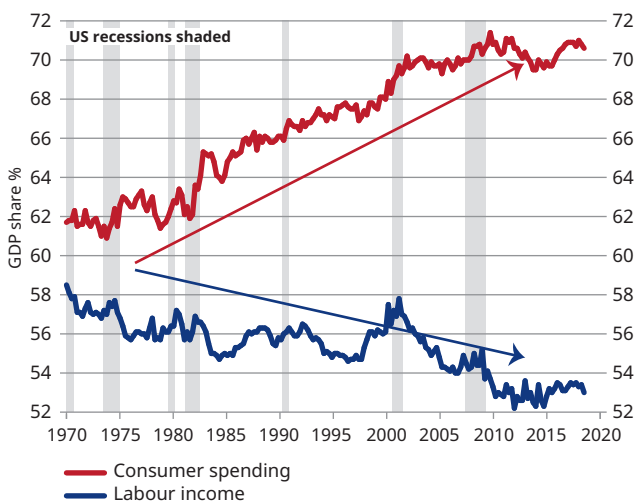
Therefore, if the slowing economy and the inevitable jump in bad debts causes further sharp falls in Chinese stock markets, we would be looking at this as a trigger to add to our favoured stocks with strong exposure to structural trends in China. First among these is Chinese rebalancing – or the rise of the Chinese consumer. Finally, after 25 years of waiting, we are seeing Chinese consumer spending becoming the key driver of GDP

Interim Management Report – Portfolio Managers’ Review

growth. As the chart below shows, there is plenty of scope for this to rise, particularly when compared with the US consumer. With the investment and export sectors slowing we expect consumer spending as a percentage of GDP to rise quite quickly from here.

Chart 5: Consumer spending now growing as a percentage of GDP

America’s growing wage/spending wedge – US consumer spending and labour payments

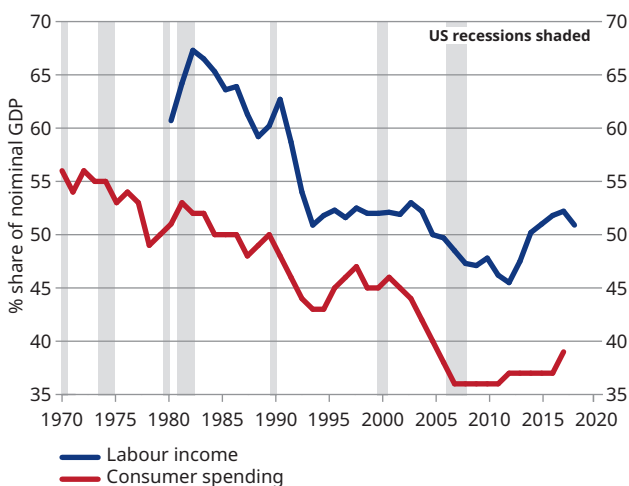


rise and Chinese liquidity tightening continues. We are now happy to cautiously add to a few favoured Hong Kong/China names, and to relook at companies in the Philippines and Indonesia where falls have been large, but we are not inclined to take off our puts or add aggressively unless we see further falls over the coming months. We believe the interim results season is likely to see more disappointments than positive surprises. If this leads to further falls, we may then look to more proactively raise the portfolio’s market exposure.

These stocks are for illustrative purposes only, and should not be taken as a recommendation to buy or sell.

Robin Parbrook, King Fuei Lee
7 September 2018

Spending less than you earn – China spending and labour payments



Source: BEA, NBER; Minack Advisors, May 2018
Source: NBS, World Bank, Oxford Economics, NBER; Minack Advisors, May 2018

Overall, after recent falls, we feel Asian share prices are fairly valued and offer reasonable upside potential, assuming we avoid a full-blown trade war or emerging market debt crisis. However, in the very near-term financial risks are likely to remain elevated as US rates

Interim Management Report

Investment Portfolio as at 30 June 2018

Investments are classified by the investment manager in the country of their main business operations.

Stocks in bold are the 20 largest exposures to companies, which by value account for 55.8% (30 June 2017: 55.0% and 31 December 2017: 54.6%) of total investments and derivative financial instruments.

	£'000	%
China		
Tencent Holdings¹	15,063	4.7
Alibaba (ADR)²	10,975	3.4
Huazhu (ADR)²	8,106	2.5
Midea Group (UBS) 19/06/19³	7,922	2.4
Shenzou International Group¹	7,162	2.2
China Pacific Insurance¹	6,437	2.0
WuXi Biologics¹	6,034	1.9
China Yangtze Power (UBS) 13/09/18 ³	5,486	1.7
CNOOC	5,041	1.6
Nexteer Automotive ¹	4,730	1.5
Ping An Insurance ¹	4,232	1.3
Hangzhou Hikvision Digital (UBS) 02/05/19 ³	3,975	1.2
Haitian International Holdings ¹	3,319	1.0
Zhejiang Sanhua (UBS) 17/12/18 ³	2,920	0.9
Hutchison China MediTech ⁴	2,562	0.8
Hutchison China MediTech (ADR) ²	2,505	0.8
Fuyao Glass Industry ¹	1,160	0.4
Total China	97,629	30.3
Hong Kong		
Swire Properties	10,344	3.2
Jardine Strategic⁵	9,895	3.1
AIA	9,460	2.9
Techtronic Industries	7,581	2.3
Galaxy Entertainment	6,276	1.9
HSBC	5,766	1.8
ASM Pacific Technology	5,748	1.8
Sun Hung Kai	5,041	1.6
Dah Sing Banking	4,162	1.3
Hang Lung Properties	4,094	1.3
Swire Pacific B	3,305	1.0
Johnson Electric Holdings	3,166	1.0
Chow Sang Sang	2,723	0.8
Convenience Retail Asia	2,606	0.8
Pacific Textiles Holding	2,248	0.7
Total Hong Kong	82,415	25.5

	£'000	%
Australia		
BHP Billiton	8,901	2.8
Crown	6,921	2.2
CSL	5,503	1.7
Medibank Private	4,916	1.5
Resmed	4,899	1.5
Incitec Pivot	4,533	1.4
Lendlease	4,010	1.2
Brambles	3,504	1.1
ASX	2,986	0.9
Total Australia	46,173	14.3
Taiwan		
Taiwan Semiconductor Manufacturing	9,841	3.1
Hon Hai Precision Industries	6,241	1.9
Chroma ATE	5,882	1.8
Getac Technology	3,843	1.2
Voltronic Power Technology	3,294	1.0
Merida Industry	2,351	0.7
Giant Manufacturing	1,427	0.5
Total Taiwan	32,879	10.2
India		
HDFC Bank (ADR)²	14,264	4.4
Cognizant Technology Solutions ²	5,116	1.6
Indusind Bank LEPO 11/06/19	3,287	1.0
Schroder International Selection Fund – Indian Opportunities	2,908	0.9
Total India	25,575	7.9
South Korea		
Samsung Electronics	15,123	4.7
Total South Korea	15,123	4.7
Singapore		
Oversea-Chinese Banking	6,800	2.1
Mapletree Commercial Trust	4,600	1.4
Venture	3,600	1.1
Total Singapore	15,000	4.6

Interim Management Report

Investment Portfolio as at 30 June 2018

	£'000	%
Thailand		
Aeon Thana Sinsap	6,794	2.1
Total Thailand	6,794	2.1
Total Investments⁶	321,588	99.6
Derivative Financial Instruments		
Index Put Options		
KOSPI 200 Put Option 317.5 July 2018	674	0.2
KOSPI 200 Put Option 310 Aug 2018	573	0.2
S And P ASX 200 Put Option 6125 July 2018	78	-
S And P ASX 200 Put Option 6025 August 2018	80	-
Total Index Put Options⁷	1,405	0.4
Index Futures		
FTX Taixex Future July 2018	(1)	-
Total Index Futures	(1)	-
Total Investments and Derivative Financial Instruments	322,992	100.0

¹ Listed in Hong Kong.

² Listed in the USA.

³ Participatory notes.

⁴ Listed in the UK.

⁵ Listed in Singapore.

⁶ Total Investments comprise the following:

	£'000
Equities	259,240
American Depositary Receipts (ADR)	35,850
Participatory notes	20,303
Low exercise price options (LEPO)	3,287
Collective investment funds	2,908
Total investments	321,588

⁷ The combined effect of the options gives downside protection to 13.2% of total investments.

Interim Management Report

Principal risks and uncertainties

The principal risks and uncertainties with the Company's business fall into the following categories: strategic risk; investment management risk; custody risk; financial and currency risk; gearing and leverage risk; accounting, legal and regulatory risk; and service provider risk. A detailed explanation of the risks and uncertainties in each of these categories can be found on pages 14 and 15 of the Company's published Annual Report and Accounts for the year ended 31 December 2017.

These risks and uncertainties have not materially changed during the six months ended 30 June 2018.

Going concern

Having assessed the principal risks and uncertainties, and the other matters discussed in connection with the viability statement as set out on page 16 of the published Annual Report and Accounts for the year ended 31 December 2017, the Directors consider it appropriate to adopt the going concern basis in preparing the accounts.

Related party transactions

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 30 June 2018.

Directors' responsibility statement

The Directors confirm that, to the best of their knowledge, this set of condensed financial statements has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and with the Statement of Recommended Practice, "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in November 2014 and that this Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Income Statement

Note	(Unaudited) For the six months ended 30 June 2018			(Unaudited) For the six months ended 30 June 2017			(Audited) For the year ended 31 December 2017			
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Gains on investments held at fair value through profit or loss	-	682	682	-	43,405	43,405	-	78,351	78,351	
Net losses on derivative contracts	-	(2,242)	(2,242)	-	(5,181)	(5,181)	-	(8,866)	(8,866)	
Net foreign currency (losses)/gains	-	(371)	(371)	-	979	979	-	1,665	1,665	
Income from investments	4,146	-	4,146	2,603	-	2,603	5,483	30	5,513	
Other interest receivable and similar income	10	-	10	6	-	6	11	-	11	
Gross return/(loss)	4,156	(1,931)	2,225	2,609	39,203	41,812	5,494	71,180	76,674	
Investment management fee	(250)	(748)	(998)	(193)	(579)	(772)	(428)	(1,283)	(1,711)	
Performance fee	-	-	-	-	(2,677)	(2,677)	-	(4,177)	(4,177)	
Administrative expenses	(316)	-	(316)	(296)	-	(296)	(646)	-	(646)	
Net return/(loss) before finance costs and taxation	3,590	(2,679)	911	2,120	35,947	38,067	4,420	65,720	70,140	
Finance costs	(46)	(138)	(184)	(32)	(96)	(128)	(78)	(235)	(313)	
Net return/(loss) on ordinary activities before taxation	3,544	(2,817)	727	2,088	35,851	37,939	4,342	65,485	69,827	
Taxation on ordinary activities	3	(209)	(209)	5	-	5	(159)	-	(159)	
Net return/(loss) on ordinary activities after taxation	3,335	(2,817)	518	2,093	35,851	37,944	4,183	65,485	69,668	
Return/(loss) per share – basic and diluted	4	3.82p	(3.23)p	0.59p	2.82p	48.34p	51.16p	5.48p	85.78p	91.26p

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

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

Statement of Changes in Equity

For the six months ended 30 June 2018 (unaudited)

	Note	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2017		4,260	12,345	11,646	29,182	223,942	13,051	294,426
Issue of shares		195	13,701	-	-	-	-	13,896
Reissue of shares out of treasury		-	3,349	-	-	4,498	-	7,847
Net (loss)/return on ordinary activities		-	-	-	-	(2,817)	3,335	518
Dividend paid in the period	5	-	-	-	-	-	(4,064)	(4,064)
At 30 June 2018		4,455	29,395	11,646	29,182	225,623	12,322	312,623

For the six months ended 30 June 2017 (unaudited)

	Note	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2016		4,260	5	11,646	29,182	137,783	12,141	195,017
Repurchase of the Company's own shares into treasury		-	-	-	-	(334)	-	(334)
Reissue of shares out of treasury		-	3,330	-	-	8,545	-	11,875
Net return on ordinary activities		-	-	-	-	35,851	2,093	37,944
Dividend paid in the period	5	-	-	-	-	-	(3,273)	(3,273)
At 30 June 2017		4,260	3,335	11,646	29,182	181,845	10,961	241,229

For the year ended 31 December 2017 (audited)

	Note	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2016		4,260	5	11,646	29,182	137,783	12,141	195,017
Repurchase of the Company's own shares into treasury		-	-	-	-	(334)	-	(334)
Reissue of shares out of treasury		-	12,340	-	-	21,008	-	33,348
Net return on ordinary activities		-	-	-	-	65,485	4,183	69,668
Dividend paid in the year	5	-	-	-	-	-	(3,273)	(3,273)
At 31 December 2017		4,260	12,345	11,646	29,182	223,942	13,051	294,426

Statement of Financial Position

	Note	(Unaudited) 30 June 2018 £'000	(Unaudited) 30 June 2017 £'000	(Audited) 31 December 2017 £'000
Fixed assets				
Investments held at fair value through profit or loss		321,588	255,434	311,798
Current assets				
Debtors		3,523	584	269
Cash at bank and in hand		6,244	911	2,315
Derivative financial instruments held at fair value through profit or loss		1,405	592	594
		11,172	2,087	3,178
Current liabilities				
Creditors: amounts falling due within one year		(20,136)	(16,029)	(20,330)
Derivative financial instruments held at fair value through profit or loss		(1)	(263)	(220)
		(20,137)	(16,292)	(20,550)
Net current liabilities		(8,965)	(14,205)	(17,372)
Total assets less current liabilities		312,623	241,229	294,426
Net assets		312,623	241,229	294,426
Capital and reserves				
Called-up share capital	6	4,455	4,260	4,260
Share premium		29,395	3,335	12,345
Capital redemption reserve		11,646	11,646	11,646
Special reserve		29,182	29,182	29,182
Capital reserves		225,623	181,845	223,942
Revenue reserve		12,322	10,961	13,051
Total equity shareholders' funds		312,623	241,229	294,426
Net asset value per share				
Undiluted	7	350.87p	313.88p	354.79p
Diluted		350.87p	313.67p	354.79p

Registered in England and Wales
Company registration number: 02153093

Cash Flow Statement

	Note	(Unaudited) For the six months ended 30 June 2018 £'000	(Unaudited) For the six months ended 30 June 2017 £'000	(Audited) For the year ended 31 December 2017 £'000
Net cash (outflow)/inflow from operating activities	8	(2,451)	(930)	572
Net cash outflow from servicing of finance		(169)	(130)	(310)
Net cash outflow from investment activities		(14,027)	(4,520)	(31,071)
Dividends paid		(4,064)	(3,273)	(3,273)
Net cash inflow from financing		24,705	730	29,109
Net cash inflow/(outflow) in the period		3,994	(8,123)	(4,973)
Reconciliation of net cash flow to movement in net debt				
Net cash inflow/(outflow) in the period		3,994	(8,123)	(4,973)
Bank loan (drawn down)/repaid		(3,407)	10,812	3,905
Exchange movements		(371)	979	1,665
Changes in net debt arising from cash flows		216	3,668	597
Net debt at the beginning of the period		(13,135)	(13,732)	(13,732)
Net debt at the end of the period		(12,919)	(10,064)	(13,135)
Represented by:				
Cash at bank and in hand		6,244	911	2,315
Bank overdrafts		-	(2,891)	-
Bank loans		(19,163)	(8,084)	(15,450)
Net debt		(12,919)	(10,064)	(13,135)

Notes to the Accounts

1. Financial Statements

The information contained within the accounts in this Half Year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31 December 2017 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

Basis of accounting

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by The Association of Investment Companies in November 2014 and updated in February 2018.

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

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 31 December 2017.

3. Taxation on ordinary activities

The Company's effective corporation tax rate is nil, as deductible expenses exceed taxable income. The taxation charge comprises irrecoverable overseas withholding tax on dividends receivable, less certain amounts of Taiwanese withholding tax which have been recovered during the period.

4. Return per share

	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Six months ended 30 June 2017 £'000	(Audited) Year ended 31 December 2017 £'000
Revenue return	3,335	2,093	4,183
Capital (loss)/return	(2,817)	35,851	65,485
Total return	518	37,944	69,668
Weighted average number of shares in issue during the period, excluding shares held in treasury	87,277,252	74,167,594	76,336,740
Revenue return per share	3.82p	2.82p	5.48p
Capital (loss)/return per share	(3.23)p	48.34p	85.78p
Total return per share	0.59p	51.16p	91.26p

There is no dilution to the above returns per share when the diluted returns are calculated in accordance with the requirements of FRS 102.

Notes to the Accounts continued

5. Dividend paid

	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Six months ended 30 June 2017 £'000	(Audited) Year ended 31 December 2017 £'000
2017 dividend paid of 4.80p (2016: 4.50p)	4,064	3,273	3,273

No interim dividend has been declared in respect of the six months ended 30 June 2018 (2017: nil).

6. Called-up share capital

	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Six months ended 30 June 2017 £'000	(Audited) Year ended 31 December 2017 £'000
Changes in called-up share capital during the period were as follows:			
Opening balance of ordinary shares of 5p each, excluding shares held in treasury	4,149	3,637	3,637
Issue of shares	195	–	–
Repurchase of shares into treasury	–	(6)	(6)
Reissue of shares out of treasury	111	212	518
Subtotal of ordinary shares of 5p each, excluding shares held in treasury	4,455	3,843	4,149
Shares held in treasury	–	417	111
Closing balance of ordinary shares of 5p each, including shares held in treasury	4,455	4,260	4,260

	(Unaudited) Six months ended 30 June 2018	(Unaudited) Six months ended 30 June 2017	(Audited) Year ended 31 December 2017
Changes in the number of shares in issue during the period were as follows:			
Ordinary shares of 5p each, allotted, called-up and fully paid			
Opening balance of shares in issue, excluding shares held in treasury	82,987,055	72,749,141	72,749,141
Issue of shares	3,895,347	–	–
Repurchase of shares into treasury	–	(120,000)	(120,000)
Reissue of shares out of treasury	2,217,757	4,225,000	10,357,914
Closing balance of shares in issue, excluding shares held in treasury	89,100,159	76,854,141	82,987,055
Closing balance of shares held in treasury	–	8,350,671	2,217,757
Closing balance of shares in issue, including shares held in treasury	89,100,159	85,204,812	85,204,812

Notes to the Accounts continued

7. Net asset value per share

	(Unaudited) Six months ended 30 June 2018	(Unaudited) Six months ended 30 June 2017	(Audited) Year ended 31 December 2017
Undiluted			
Total equity shareholders' funds (£'000)	312,623	241,229	294,426
Shares in issue at the period end	89,100,159	76,854,141	82,987,055
Net asset value per share	350.87p	313.88p	354.79p
Diluted			
Total equity shareholders' funds assuming reissue of any dilutive treasury shares (£'000)	312,623	260,308	294,426
Potential shares in issue at the period end	89,100,159	82,987,041	82,987,055
Net asset value per share	350.87p	313.67p	354.79p

At a General Meeting held on 23 January 2018, the Company was granted authority to reissue up to 2,489,600 shares out of treasury at a discount of no greater than 4% to NAV per share at the time of sale. At that date there were 2,217,757 shares held in treasury and these were all reissued in the period prior to the AGM held on 9 May 2018 at a premium to NAV. At the AGM, the Company did not seek to renew its authority to reissue treasury shares at a discount to NAV per share, although it was granted authority to reissue treasury shares at, or at a premium to, NAV, and to issue new shares. There were no treasury shares in issue at 30 June 2018.

8. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash (outflow)/inflow from operating activities

	(Unaudited) Six months ended 30 June 2018 £'000	(Unaudited) Six months ended 30 June 2017 £'000	(Audited) Year ended 31 December 2017 £'000
Total return on ordinary activities before finance costs and taxation	911	38,067	70,140
Capital loss/(return) on ordinary activities before finance costs and taxation	2,679	(35,947)	(65,720)
(Increase)/decrease in prepayments and accrued income	(940)	(1)	65
Decrease/(increase) in other debtors	3	(350)	(10)
(Decrease)/increase in other creditors	(4,229)	520	1,746
Special dividend allocated to capital	-	-	30
Management fee allocated to capital	(748)	(579)	(1,283)
Performance fee allocated to capital	-	(2,677)	(4,177)
Taiwanese withholding tax recovered	-	184	183
Overseas withholding tax deducted at source	(127)	(147)	(402)
Net cash (outflow)/inflow from operating activities	(2,451)	(930)	572

Notes to the Accounts continued

9. Financial instruments measured at fair value

The Company's financial instruments that are held at fair value include its investment portfolio and derivative financial instruments.

FRS 102 requires that these financial instruments are categorised into a hierarchy consisting of the following three levels:

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

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

Level 3 – valued using inputs that are unobservable.

The following table sets out the fair value measurements using the above hierarchy:

	30 June 2018 (unaudited)			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
Financial instruments held at fair value through profit or loss				
Equity investments and derivative financial instruments	302,689	–	–	302,689
Participatory notes ¹	–	20,303	–	20,303
Total	302,689	20,303	–	322,992

	30 June 2017 (unaudited)			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
Financial instruments held at fair value through profit or loss				
Equity investments and derivative financial instruments	248,450	–	–	248,450
Participatory notes ¹	–	7,313	–	7,313
Total	248,450	7,313	–	255,763

	31 December 2017 (audited)			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
Financial instruments held at fair value through profit or loss				
Equity investments and derivative financial instruments	286,995	–	–	286,995
Participatory notes ¹	–	25,177	–	25,177
Total	286,995	25,177	–	312,172

¹Participatory notes, which are valued using the quoted bid prices of the underlying securities, have been allocated to Level 2 as, strictly, these are not identical assets.

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

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

Directors

David Brief (Chairman)
Caroline Hitch
Mike Holt
Sarah MacAulay

Advisers

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

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

AIFM Directive disclosures

Certain pre-sale, regular and periodic disclosures required by the AIFM Directive may be found on the Company's webpage.

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

Dealing Codes

ISIN Number: GB0008710799
SEDOL Number: 0871079
Ticker: ATR

Global Intermediary Identification Number (GIIN)

TRPJG6.99999.SL.826

Legal Entity Identifier (LEI)

549300TQNNGZ0JHO2L78

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

