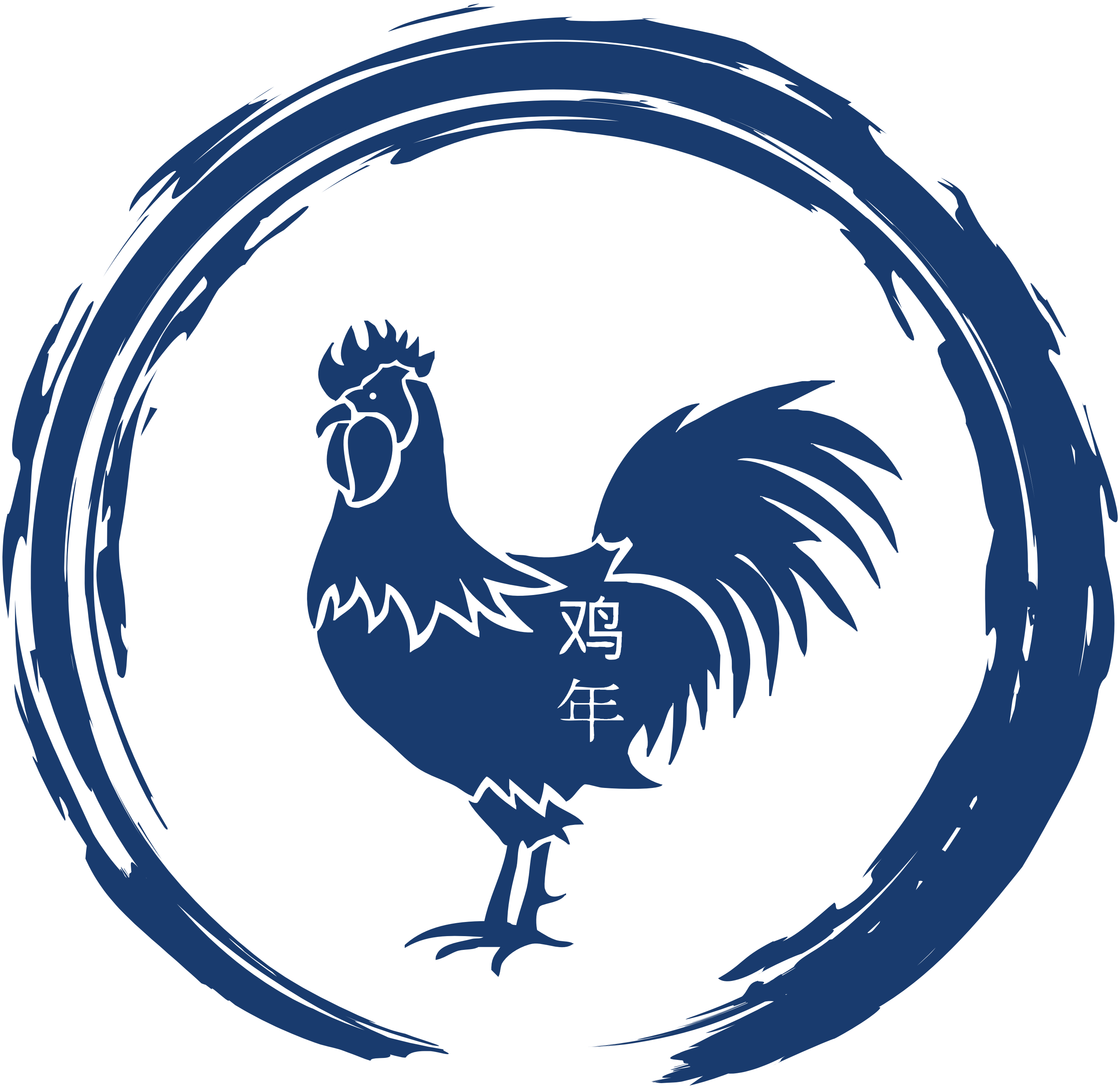
Schroder Asian Total Return Investment Company plc
(formerly Asian Total Return Investment Company plc)

Report and Accounts for the year ended 31 December 2016



Schroders

Investment objective

The Company 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 with Board approval. 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 portfolio construction 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.

Key financial highlights

NET ASSET VALUE ("NAV") TOTAL RETURN FOR THE YEAR ENDED 31 DECEMBER 2016: **28.0%**	**NET ASSET VALUE ("NAV") TOTAL RETURN SINCE 31 MARCH 2013[1]:** **36.2%**
SHARE PRICE TOTAL RETURN FOR THE YEAR ENDED 31 DECEMBER 2016: **37.0%**	**SHARE PRICE TOTAL RETURN SINCE 31 MARCH 2013[1]:** **34.3%**
REFERENCE INDEX TOTAL RETURN FOR THE YEAR ENDED 31 DECEMBER 2016: **27.3%**	**REFERENCE INDEX TOTAL RETURN SINCE 31 MARCH 2013[1]:** **24.0%**

[1]The date on which the current investment policy was deemed to have become effective, following Schroders' appointment as Manager.

Contents

Financial Highlights and Long Term Performance Record

Total returns (including dividends reinvested)[1]	Year ended 31 December 2016	Year ended 31 December 2015
Net asset value ("NAV") per share[2,3]	**28.0%**	2.9%
Share price[2]	**37.0%**	(0.6%)
Reference Index[4]	**27.3%**	(4.1%)
Peer group NAV per share[2,5]	**27.0%**	(1.8%)

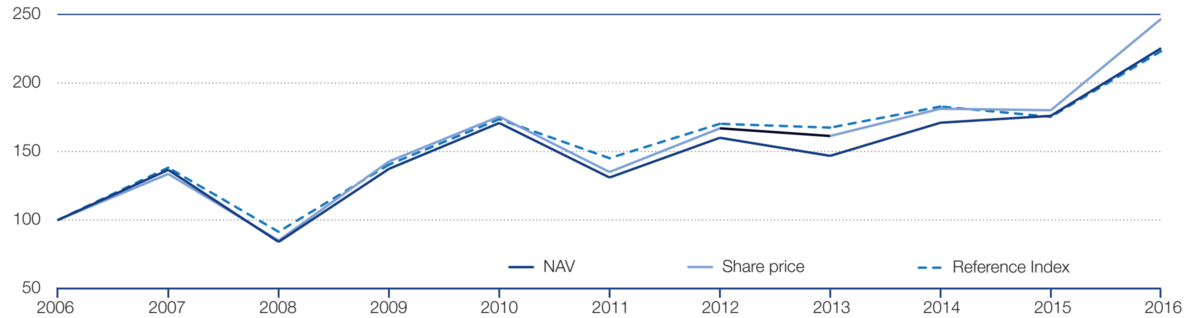
[1] Total return calculations assume that any dividends paid out during the year were reinvested.
[2] Source: Morningstar.
[3] Calculated using the fully diluted NAV at 31 December 2016 (see definition in note 1 below).
[4] Source: Thomson Reuters. The Reference Index is the MSCI AC Asia Pacific ex-Japan Index (with net income reinvested), sterling adjusted.
[5] The performance of a group of nine investment trust competitors (arithmetic average).

Other financial information	31 December 2016	31 December 2015	% change
Shareholders' funds (£'000)	**195,017**	154,186	+26.5
NAV per share (pence)[1]	**267.1**	211.4	+26.3
Share price (pence)	**255.5**	190.0	+34.5
Share price discount (%)	**(4.3)**	(10.1)	
Gearing (%)[2]	**7.0**	1.0	

	Year ended 31 December 2016	Year ended 31 December 2015	% change
Net revenue return after taxation (£'000)	**3,940**	3,236	+21.8
Revenue return per share (pence)	**5.40**	4.43	+21.9
Dividend per ordinary share (pence)	**4.50**	3.80	+18.4
Ongoing Charges (%)[3]	**1.0**	1.0	

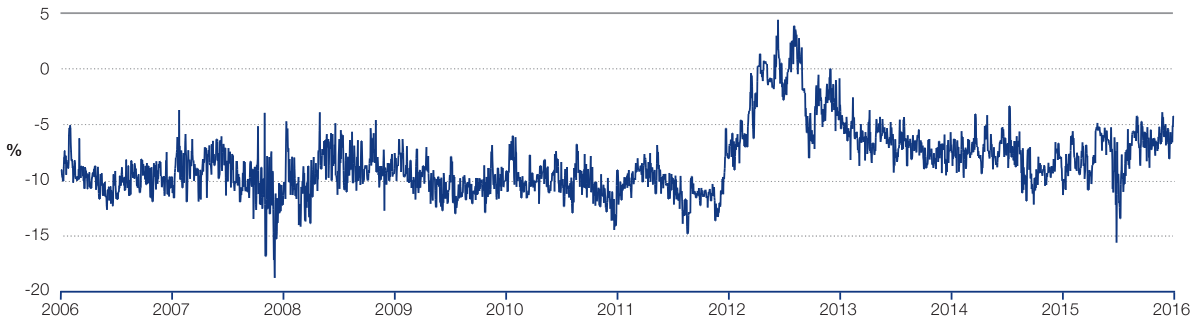
[1] The NAV at 31 December 2016 is fully diluted. That is, it is calculated on the assumption that the potentially dilutive treasury shares had been reissued at the year end, at the minimum price equal to a discount of 4% to NAV per share. Further details are given in note 15 to the accounts on page 50.
[2] Gearing represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets.
[3] 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 NAVs during the year.

10 year NAV, share price and reference index total returns



Performance to 31 December
Source: Morningstar/Thomson Reuters
Rebased to 100 at 31 December 2006
[1] 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 Asia ex-Japan Index (with gross income reinvested), sterling adjusted.

10 year share price discount to NAV per share



Performance to 31 December. Source: Morningstar.

Chairman's Statement

David Brief

Performance

2016 was an excellent year for sterling-based investors in Asian equities. The markets made a reasonable return – a total return from the Reference Index of 7.4% in local currency terms. However the weakness of the pound in the second half of the year led to exceptional returns when translated into sterling.

During the year ended 31 December 2016, the Company produced a net asset value ("NAV") total return of 28.0%, outperforming the total return of 27.3% from the Reference Index and a total return of 27.0% from the average peer group NAV. The share price fared even better, producing a total return of 37.0%, as the discount narrowed from 10.1% to 4.3%.

The Board was delighted that the excellent performance over the past few years and the integrity of the investment process led to Morningstar, the ratings agency, awarding the Company a Gold rating – its highest level.

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

Dividend

The revenue return from the portfolio for the year increased when compared to the previous year, from 4.43p per share in 2015, to 5.40p per share for the year under review.

The Board has recommended a final dividend of 4.50p per share for the year ended 31 December 2016, an increase of 18.4% over the final dividend of 3.80p per share paid in respect of the previous financial year.

In order to provide shareholders with the opportunity to vote on the quantum of the dividend, the Board is again proposing that it will be payable as a final dividend, subject to shareholder approval at the Annual General Meeting. The dividend will be paid on 3 May 2017 to shareholders on the register on 7 April 2017.

Name change

As noted in my half year statement, the Company's name was changed to Schroder Asian Total Return Investment Company plc on 21 September 2016 to allow it to benefit from market awareness of the Schroders brand.

Promotion and discount management

The Company has continued to be promoted through marketing to discretionary wealth managers, private investors, financial advisers and institutions. The Board, Manager and corporate broker have been in regular contact with current and potential shareholders and continue to develop relationships with adviser and execution-only platforms, along with advertising in the trade press and provision of information on the Company's website. The promotional work remains focused on the Company's distinctive characteristics and differentiators from its peer group, including the focus on total return, with a bias towards small and medium-sized companies and a degree of downside protection through derivatives.

The promotional activity is supported by a discount management policy, which continues to target a discount to NAV of no more than 5% in normal market conditions, though the Board believes that overall liquidity and the relative discount to the Company's peers has also to be considered. During the year under review, the Company saw steady demand for its shares. The Company's average discount during the year of 7.4% was significantly narrower than the peer group average of 10.8% and 200,000 shares were purchased by the Company to be held in treasury in support of the discount policy.

At the General Meeting held on 15 November 2016 the Board was granted authority to reissue ordinary shares from treasury at a discount of no greater than 4% to the net asset value per ordinary share. Since that date, the Board has utilised this authority to issue 100,000 ordinary shares at a discount to NAV. A resolution to renew this authority will be proposed at the AGM, the details of which can be found on page 57.

Chairman's Statement

"... we are confident that the portfolio will continue to provide attractive returns in the medium term with less volatility than the overall market"

Gearing and the use of derivatives

The Company may use gearing to enhance performance but net gearing will not exceed 30% of NAV. The Board has agreed a disciplined framework for gearing to increase market exposure, based on a number of valuation indicators. Gearing may also be used in other circumstances and the net gearing stood at 7.0% at the end of the year, up from 1.0% at the beginning of the year. The gearing was increased with the aim of purchasing attractive stocks while simultaneously hedging out some underlying market exposure through the use of derivatives.

Fees and expenses

Ongoing Charges represented 1.0% of net assets in 2016 (2015: 1.0%), in line with the average for the Company's peer group. The strong performance during the year triggered the payment of a performance fee amounting to £2.65 million. The total management fees, including the performance fee, payable for the year were capped at 2.0% of net assets, in accordance with the fee arrangements with the Manager.

Corporate governance

The Board has adopted a new policy on succession and refreshment. This policy has been designed to ensure that the Board achieves a diverse balance of skills, experience, background and gender which is appropriately refreshed over time and remains capable of overseeing the Company's strategic direction and adopted business model.

The Board believes that it is important for appropriate new skills to be brought to the Board and, for future appointments, Directors, including the Chairman, will not normally be expected to serve for more than nine years, unless exceptional circumstances such as change of Manager require a transitional period, or in the circumstances discussed below.

With regards to the position of Chairman, the Board is of the view that, whilst experience of the Company, its Manager and investors are key requirements, it would not be beneficial to the Company for the Chairman to serve for extended periods. Therefore, should a serving Director be subsequently appointed as Chairman, such appointment would take effect for an initial term of five years. Any further term would be considered on a case-by-case basis and would depend on overall length of service and the prevailing circumstances of the Company at that time.

The Board will look to refresh one Director every two to three years. To ensure that the Board has access to the widest choice of candidates, it will engage third party recruitment agencies for each new appointment. This is a formalisation of a policy which has been in operation for a number of years.

All Directors will be subject to re-election by shareholders every year at the Annual General Meeting.

The Board will also engage an external firm to undertake an evaluation of the Board and its Committees every few years. The internal process will continue to operate in the intervening periods.

Annual General Meeting

The Annual General Meeting will be held at 12.00 noon on Wednesday, 26 April 2017 at 31 Gresham Street, London EC2V 7QA, the offices of Schroders, and shareholders are encouraged to attend. One of the Portfolio Managers will attend to give a presentation on the Company's investment strategy and prospects for Asia. The Annual General Meeting will be followed by a buffet lunch.

Outlook

The year under review provided exceptional returns for sterling investors. 2017 has started on a strong note though the potential impact of the US president's trade policy on Asia is a new uncertainty. With sterling at a low point, returns from Asian markets are unlikely to be as good this year but through careful stock selection and a tested investment process we are confident that the portfolio will continue to provide attractive returns in the medium term with less volatility than the overall market.

David Brief
Chairman
23 March 2017

Portfolio Managers' Review

Robin Parbrook

King Fuei Lee

Market background

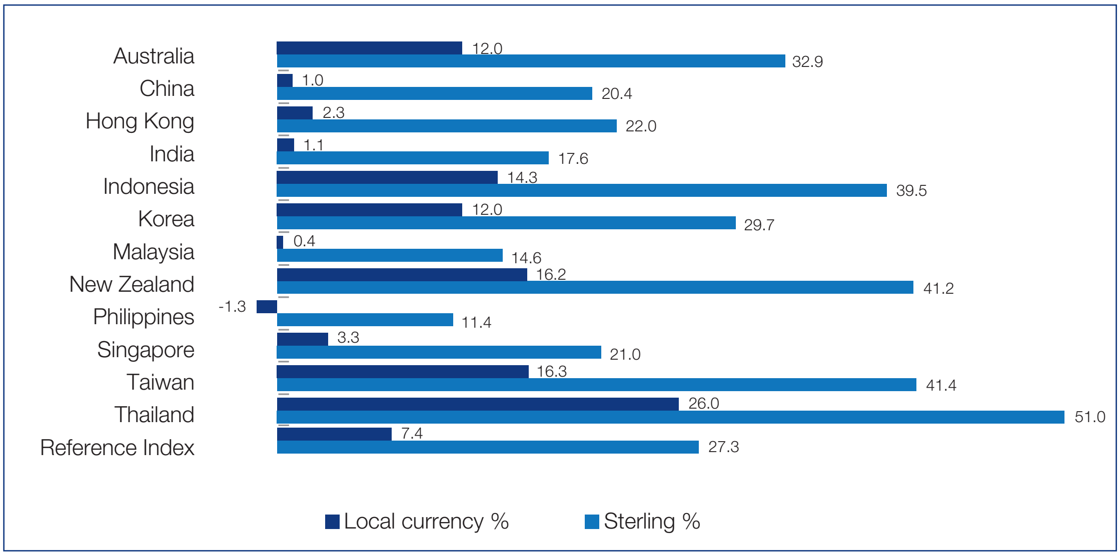
Asian equities delivered positive returns for the year 2016 as accommodative monetary policies by central banks continued to support investor risk appetite against a backdrop of heightened political uncertainties. Stock markets however gave back some gains in the last quarter following Donald Trump's unexpected victory in the US presidential elections, which raised expectations for a faster pace of interest rate hikes and hence a stronger US dollar.

Across the region, Thailand and Indonesia were among the best performing markets as the smaller ASEAN countries rebounded strongly at the start of the year on the back of stabilising currencies and expectations of government stimulus. The Philippines market however came under pressure following the election of new President Rodrigo Duterte, which triggered a wave of foreign outflow on concerns over his unpredictable policies and impact of his anti-US rhetoric on business relations with its key trading partners.

The China stock market saw heightened volatility over the year as worries over the devaluation in the Chinese currency and capital outflows led to a sharp sell-off in the first quarter. The market subsequently regained ground as expectations of continued government support helped boost investor sentiment, driving a share price recovery in the more cyclical sectors across financials, materials and commodity-related industries.

Returns for the Indian market were also relatively sluggish amid weak earnings results and disappointment over the lack of progress on reforms. The introduction of the demonetisation policy in November further dragged on returns with the market selling off on worries over the impact of the liquidity squeeze on near-term economic activity.

Country returns 2016



Source: MSCI, net income reinvested, 31 December 2016.

Overall, macro events and political headwinds continued to weigh on sentiment towards emerging markets, with Asian equities paring earlier gains to end the year up 7.4% in local currency terms. This translates to a strong gain of 27.3% in sterling terms, due to the sharp fall in sterling following the UK's EU referendum.

Portfolio Managers' Review

Performance analysis
2016 performance attribution

£, %	Contribution to returns	Comments
Australia	+6.4	Medibank, Brambles, BHP Billiton
China	+7.7	China Lodging, Tencent, AAC Technologies
Hong Kong	+4.6	Jardine Strategic, Sunlight REIT, HKT Trust
India	+1.5	Indusind Bank, Zee Entertainment, Phoenix Mills
Indonesia	+0.5	PT Sumber Alfaria Trijaya, PT Waskita Beton Precast
Korea	+1.3	Samsung Electronics
Malaysia	–0.2	Karex
Philippines	+1.0	Ayala Land, RFM Corp
Singapore	+0.2	Great Eastern
Taiwan	+7.6	Largan Precision, Taiwan Semiconductor Manufacturing, Hon Hai Precision
Thailand	+2.4	Kasikornbank, Delta Electronics
Derivatives	–0.3	Puts and short futures on regional market indices
Currency forwards	–0.2	Hedging the Australian dollar exposure
Cost of gearing	–1.5	
Performance fees	–1.4	
Costs	–1.0	
Residual	–0.6	
Total return	+28.0	

Source: Schroders, 31 December 2016.

The NAV gained 28.0% over the year, compared to the Reference Index which returned 27.3%.

Performance was driven largely by positive contributions from holdings in China, Taiwan and Australia, with strong gains across technology stocks and resources names. Exporters were the laggards due mainly to concerns over a slowing global demand backdrop and the negative impact from Trump's potential protectionism measures.

Stock selection was a key driver to returns with strong contribution from technology holdings. Taiwan-based Apple supply chain stocks were the biggest outperformers, with Largan Precision and Taiwan Semiconductor Manufacturing rising on hopes of strong iPhone 7 demand. Korean IT conglomerate Samsung Electronics added to gains on the back of solid earnings momentum, with its share price further boosted by announcement of its shareholder return policy with guidance for higher dividend payouts and share buy backs.

Positive contribution also came from Chinese internet stocks Tencent and Alibaba which extended their rally driven by solid earnings outlook and robust top-line growth. The holding in China Lodging, a mid-tier budget hotel chain, was up strongly on continued acceleration in its revenue growth recovery, with margins supported by gradual consolidation of the economy hotel market.

Across other markets, Australian stocks were some of the top gainers with resources and materials names rebounding on the back of higher commodity prices. ASEAN holdings also delivered gains with positive contribution from laggard names across the consumer, banks and property sectors.

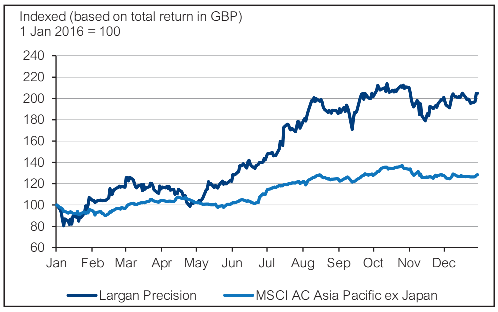
The hedges (put options on the Australian, Hong Kong, Korean and Taiwan markets) provided some downside protection against falling markets during the first and last quarter, although the currency hedge on the Australian dollar gave back some of the recent gains amid a modest appreciation of the currency relative to the US dollar over the period.

Portfolio Managers' Review

Principal contributors

Largan Precision is a major supplier of camera lens modules for smartphones, tablet computers and other devices. The stock has re-rated over the year on the back of positive earnings momentum driven by accelerating dual camera adoption and strong sell-through of Apple's iPhone7. The earnings outlook remains solid with rising demand from Chinese smartphone customers.

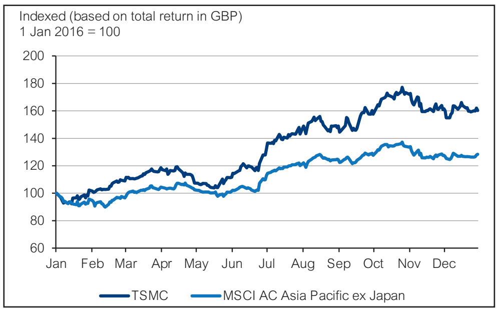
£ Return +106.5% **Contribution to return +2.3%**



Source: Factset

Taiwan Semiconductor Manufacturing is a global leader in the foundry industry, with strong technological leadership driving superior margins and return on capital. The earnings outlook remains solid driven by demand for high performance chips, while lower capital intensity raises scope for higher cash flow and dividend payouts.

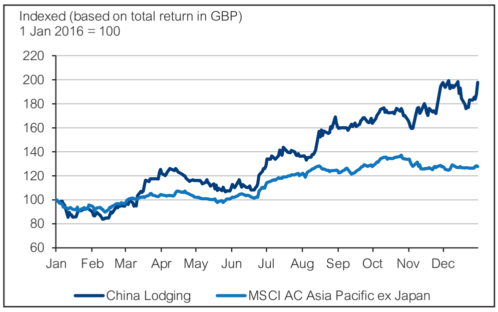
£ Return +60.3% **Contribution to return +2.2%**



Source: Factset

China Lodging Group is a leading and fast-growing economy hotel chain in China with positive long term growth potential driven by robust domestic travel volume growth. The earnings outlook remains strong on the back of consistent operational execution and gradual consolidation of the industry.

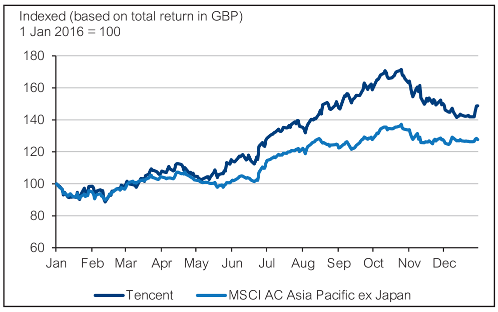
£ Return +97.8% **Contribution to return +1.7%**



Source: Factset

Tencent Holdings is China's largest internet service portal offering media, entertainment, internet and mobile value-added services, and online advertising services. The share price has delivered significant outperformance over the years, driven by strong management execution, with all business segments delivering robust earnings growth. Fundamentals remain solid with visible near to mid-term growth drivers in mobile games, advertisements, online payments and cloud computing.

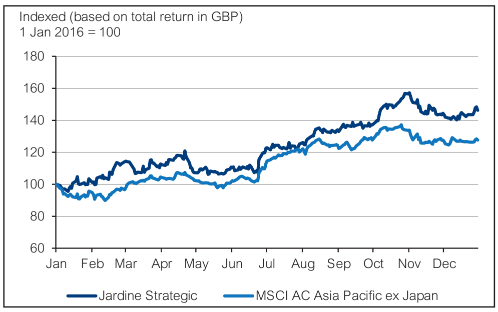
£ Return +48.8% **Contribution to return +1.7%**



Source: Factset

Jardine Strategic is an Asian conglomerate with underlying business interests including property, automobile distribution, hotels and food retailing. The share price continues to be supported by steady and diversified earnings streams backed by a strong balance sheet, with improving sentiment on the back of a pick-up in subsidiary Astra International's auto business.

£ Return +46.3% **Contribution to return +1.6%**



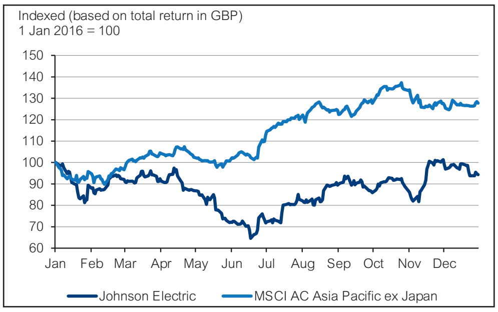
Source: Factset

Portfolio Managers' Review

Principal detractors

Johnson Electric is the world's second largest independent electric micro-motor manufacturer. The stock has underperformed following weaker than expected earnings due to a slower than expected ramp-up in Mexican new plants and concerns over the impact of Trump's protectionist measures. The long term growth outlook remains positive with growing underlying demand for more efficient and higher quality motors and auto components.

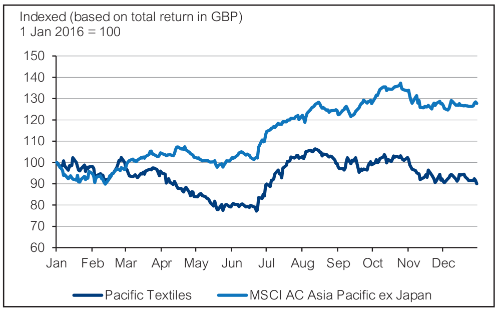
£ Return -5.7% **Contribution to return -0.3%**



Source: Factset

Pacific Textiles is a high-end fabric manufacturer supplying to international brands including Uniqlo, Walmart, Marks & Spencer etc. The share price has lagged due to an expected slowdown in earnings and volume growth on the back of weakening sales from its key customer Uniqlo. We remain confident of the company's earnings outlook given its strong competitive advantage and high entry barrier for the dye fabric process within the textile value chain.

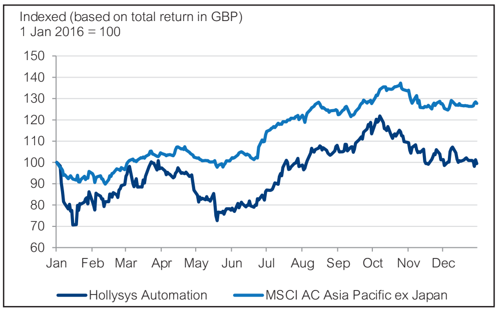
£ Return -10.0% **Contribution to return -0.3%**



Source: Factset

Hollysys Automation Technologies is a leading provider of automation and control technologies for industrial, railway, subway and nuclear industries. The stock has fallen due to concerns over a slowdown in industrial automation orders. However with valuations generally undemanding, we are comfortable with the position given its competitive technology and longer term beneficiary of the industrial upgrade cycle in China.

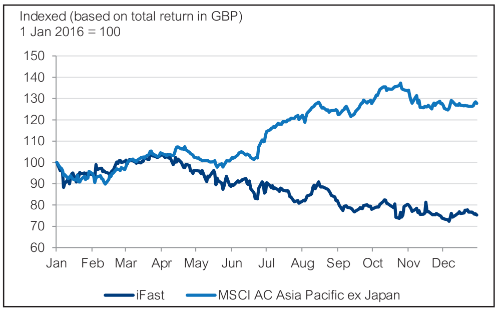
£ Return -13.7% **Contribution to return -0.3%**



Source: Factset

iFast Corporation is an internet-based investment products distribution company. The share price has come under pressure due to uncertainties over its China business strategy and higher investments weighing on earnings growth. We continue to hold the stock given long term opportunities in the online fund distribution channel with the ability to gain market share and undercut more expensive offline providers.

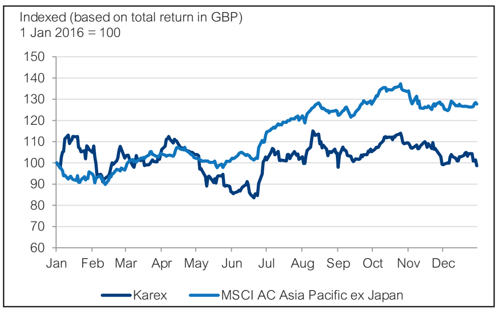
£ Return -24.7% **Contribution to return -0.3%**



Source: Factset

Karex is the world's largest condom manufacturer based in Malaysia. The share price has underperformed after strong gains in 2015, following slightly weaker than expected results. We exited the position in June given rich valuations and limited upside to fair value.

£ Return -14.9% **Contribution to return -0.2%**



Source: Factset

Portfolio positioning and key transactions

We continued to view ASEAN markets as expensive and have continued to trim our exposures there on strength, particularly in Thailand where we exited positions in power supply components manufacturer Delta Electronics, automotive bulb maker Thai Stanley Electric and property stock Land & Houses. We also trimmed existing exposures in Kasikornbank and Hana Microelectronics to lock in profits.

Transactions in Taiwan were also used to reduce exposures as we took profits on camera lens module manufacturer Largan Precision following its stellar performance, as well as on Taiwan Mobile. In Hong Kong, we consolidated our real estate holdings in commercial property investors and developers Hongkong Land and Swire Properties after selling out of Hysan Development and Cheung Kong Property, the latter due to a relatively uncertain long term outlook for its property development business.

Proceeds were redeployed in Australia and Korea, as well as in China including in its onshore 'A' share market. In Australia, new positions were initiated in the country's stock exchange ASX, as well as mining services company Incitec Pivot. We also sold out of mining giant Rio Tinto to rotate into BHP Billiton on more attractive relative valuations.

In China, in spite of a challenged macroeconomic backdrop and our concerns over the sustainability and risks brought about by its credit-fuelled economic growth model, we are however constructive on the new economy and services sectors, where we have added new positions in e-commerce and social media companies Alibaba Group and Sina Corporation, as well as in private educational services provider New Oriental Education & Technology Group. In a broadly expensive onshore 'A' share market, we also found selected attractive bottom-up opportunities, initiating new positions in electric appliance manufacturer Midea, as well as video surveillance solutions provider Hangzhou Hikvision Digital.

Starting the year with no exposures in Korea, we added to the exposure in technology stocks with a new position in Samsung Electronics, taking a favourable view on its component businesses including OLED display and advanced memory chips (3D Nand), where it has a significant lead. A new position was also initiated in internet company Naver Corp, as well as automotive equipment supplier Mando Corp, where we see opportunities for the firm amidst the growing demand for, and sophistication around, Advanced Driver Assistance Systems (ADAS).

Our preferred areas of investment and where we see opportunities to invest with a structural, longer term view, have not changed materially, as we expect headwinds from demographics, deleveraging and disruption to slow Asian economic growth in the medium term. Disruption is however having a revolutionary impact on some sectors, and we see opportunities in disruptive innovators, healthcare as well as efficient, low cost and high value-add manufacturers.

As at 31 December 2016, 24.7% of the portfolio was held in companies with a market capitalisation of less than US$3 billion (2015: 34.2%). The decrease was due to sales of small cap positions in ASEAN and Hong Kong.

Portfolio Managers' Review

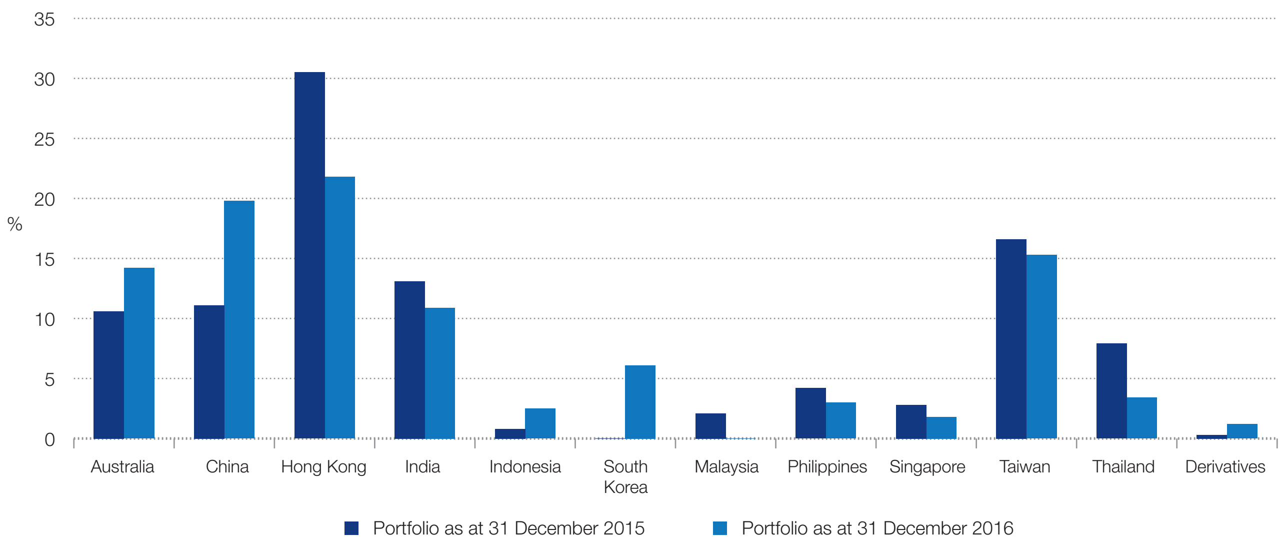
Top 10 positions

Top 10 stocks	As at 31 December 2015 (% of portfolio)
Taiwan Semiconductor Manufacturing	3.8
Techtronic Industries	3.6
Tencent Holdings	3.1
Jardine Strategic	3.1
Apollo Hospitals Enterprise	2.7
AIA	2.6
Brambles	2.6
Hongkong Land	2.5
Swire Properties	2.5
Ayala Land	2.4

Top 10 stocks	As at 31 December 2016 (% of portfolio)
Taiwan Semiconductor Manufacturing	4.1
Jardine Strategic	4.0
Tencent Holdings	3.7
Alibaba	3.0
Samsung Electronics	2.8
Techtronic Industries	2.6
Hon Hai Precision Industries	2.5
Brambles	2.4
China Lodging Group	2.2
AIA	2.2

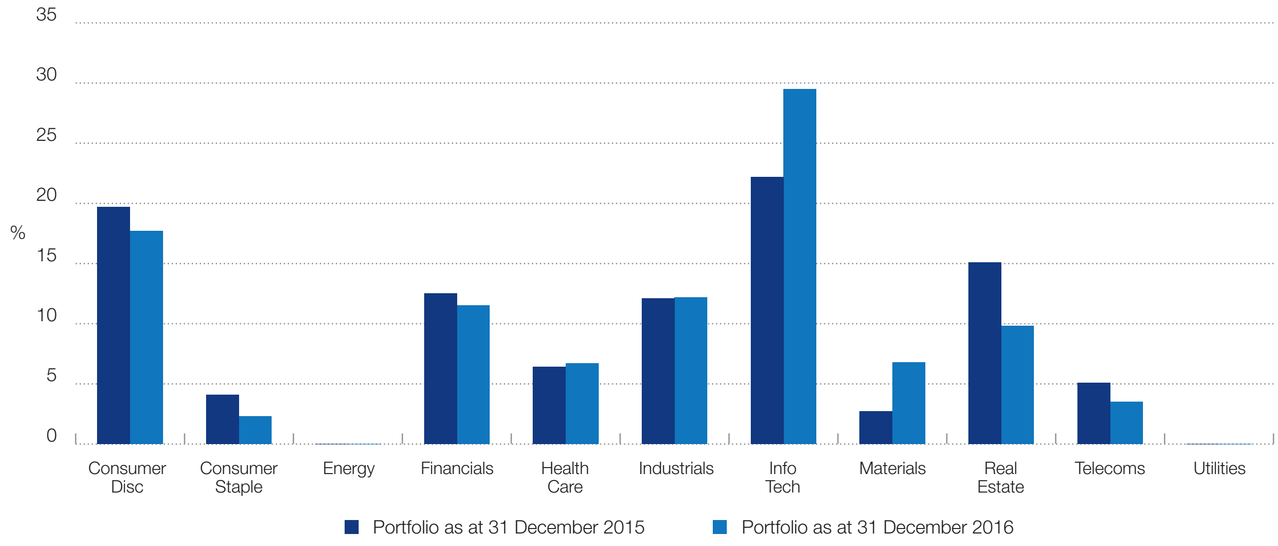
Source: Schroders

Geographical analysis



Source: Schroders

Sector distribution



Source: Schroders

Investment trends and outlook

We are cautious on the global backdrop, with our quant models signalling caution and forecasting limited upside to markets. Qualitatively we view the US stock market as fully valued and at the current point do not see the new US administration's policies as likely to be stock market friendly in the long term, especially for Asian stock markets if the policies result in higher US interest rates, a stronger dollar and de-globalisation. Our central scenario is that reflation is likely to prove temporary and long term structural factors (particularly high debt levels) mean that the global economy remains ultimately deflationary. Given this backdrop we expect a difficult year for markets and if valuations remain elevated and put options cheap, the portfolio is likely to hold a material position in put options and potentially cash.

Our base case is that 2017 is not the year that China changes policy and thus we think it may well end up being a very similar year to 2016 for both the economy and stock market. In practice this is likely to mean lots of rhetoric on reform and reining in the financial bubble, whilst the authorities do very little in any material way to change policy as this would inevitably lead to a sharp slowdown and major bad debt cycle. Our best guess is that as the shadow banking sector grows larger this will finally trigger a proper bad debt cycle as the ability of the central authorities to use the large commercial banks to bail out the growing toxic parts of the financial system are reduced. We expect the better (i.e. cashed-up) State Owned Enterprises (SOEs) to be called in to do national service, and commodity and cyclical stocks globally to be very vulnerable given the prime driver of commodity demand remains Chinese fixed asset investment. We continue to avoid investing in all financials, materials and commodity, SOE and related names in China.

For the rest of the region, we think India remains the best domestic story in Asia at the moment, with current reforms and positive demographics in its favour. The key for the stock market is that Modi continues with his plans to cut red tape, root out corruption, improve infrastructure and improve the fiscal position so that we finally see a pick-up in investment. The frustration remains that share valuations are high so that we struggle to justify the prices being asked for the better domestic names. We will continue to look for dips and disappointments to add to positions.

We are more cautious on the other emerging Asian economies as we worry that the combined effects of border taxes in the USA (and the likely strong dollar that would go with it), industrial disruption and lack of policy leadership in much of emerging Asia is likely to mean that, with the exception of India and possibly Indonesia and Philippines, we are set to see a much slower and challenging period for growth. Stock picking will become more important than ever in this environment and investors need to moderate their return expectations.

In terms of our investment positioning, we are sticking with the internet holdings despite relatively high valuations. We see the digital disruption continuing across the retail industry with little sign of relief for many bricks-and-mortar retailers while the amount of time spent on digital media continues to grow. We also like healthcare stocks in Australia and selected Australian financials.

The largest individual exposure remains the technology holdings. This is the key risk for the coming year. If Trump gets serious on his border taxes these stocks will likely face weakened demand and in some cases the need to onshore production back to the US. The portfolio's exposure is mostly to high value added companies like Taiwan Semiconductor Manufacturing, Largan Precision, Samsung Electronics and Hangzhou Hikvision where the threat of US-based competition is minimal and margins relatively higher. Clearly for commoditised manufacturers and assemblers operating on thin margins, the risks are more serious.

Although so many Asian companies operate in "challenged" sectors, we believe that, through careful stock selection and management of the market cycle, we should be able to deliver reasonable returns.

Robin Parbrook, King Fuei Lee
For Schroder Investment Management Limited
23 March 2017

Securities shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Investment Portfolio

As at 31 December 2016

Investments are classified by the investment manager in the country of their main business operations. Stocks in bold are the 20 largest investments, which by value account for 48.8% (2015: 49.8%) of total investments and derivative financial instruments.

	£'000	%
Hong Kong		
Jardine Strategic[1]	**8,448**	**4.0**
Techtronic Industries	**5,388**	**2.6**
AIA	**4,566**	**2.2**
Swire Properties	**4,409**	**2.1**
Hongkong Land[1]	**4,176**	**2.0**
HKT Trust and HKT	3,538	1.7
Sunlight Real Estate Investment Trust	3,096	1.5
Pacific Textiles Holding	3,069	1.5
Johnson Electric Holdings	2,851	1.4
Café De Coral	2,762	1.3
CK Hutchison Holdings	2,669	1.2
Dah Sing Banking	691	0.3
Total Hong Kong	**45,663**	**21.8**
China		
Tencent Holdings[2]	**7,723**	**3.7**
Alibaba (ADR)	**6,405**	**3.0**
China Lodging Group (ADR)	**4,615**	**2.2**
AAC Technologies[2]	**3,544**	**1.7**
Shenzhou International Group[2]	3,447	1.6
Haitian International Holdings[2]	3,405	1.6
Hangzhou Hikvision Digital Technology (LEPO) 17/04/17	3,008	1.4
New Oriental Education and Technology (ADR)	2,883	1.4
Midea Group (LEPO) 05/06/17	1,958	0.9
Sunny Optical[2]	1,801	0.9
Sina[3]	1,130	0.5
Hutchison China MediTech[4]	1,001	0.5
Hutchison China MediTech (ADR)	947	0.4
Total China	**41,867**	**19.8**
Taiwan		
Taiwan Semiconductor Manufacturing	**8,636**	**4.1**
Hon Hai Precision Industries	**5,180**	**2.5**
Largan Precision	**4,562**	**2.2**
Far EasTone Telecommunications	**3,694**	**1.8**
Merida Industry	3,090	1.5
Vanguard International Semiconductors	2,747	1.3
Giant Manufacturing	2,507	1.2
MediaTek	1,560	0.7
Total Taiwan	**31,976**	**15.3**
Australia		
Brambles	**5,083**	**2.4**
Incitec Pivot	**3,967**	**1.9**
BHP Billiton	3,335	1.6
Amcor	3,317	1.6
Medibank Private	3,268	1.6
CSL	3,005	1.4
Resmed	2,981	1.4
Iron Mountain	2,610	1.2
ASX	2,482	1.1
Total Australia	**30,048**	**14.2**

[1] Listed in Singapore
[2] Listed in Hong Kong
[3] Listed in the USA
[4] Listed in the UK
[5] Participatory notes
[6] Total investments comprise the following:

	£'000
Equities	168,877
American Depositary Receipts (ADR)	19,230
Participatory notes	10,136
Low exercise price options (LEPO)	7,523
Collective investment funds	2,181
Total investments	**207,947**

[7] The combined effect of the options gives downside protection to 19.3% of total investments.
[8] The contracts are valued at fair value, being the cost of closing out the contract at the accounting date.

	£'000	%
India		
HDFC Bank (ADR)	**4,380**	**2.1**
Apollo Hospitals Enterprise (JPM) 07/11/17[5]	**3,906**	**1.9**
Cognizant Technology Solutions[3]	**3,878**	**1.8**
Phoenix Mills (Merrill Lynch) 18/06/18[5]	2,826	1.3
Indusind Bank (LEPO) 11/06/19	2,557	1.2
Zee Entertainment Enterprises (JPM) 20/03/17[5]	2,453	1.1
Schroder International Selection Fund – Indian Opportunities	2,181	1.0
Phoenix Mills (Merrill Lynch) 18/05/18[5]	951	0.5
Total India	**23,132**	**10.9**
South Korea		
Samsung Electronics	**5,850**	**2.8**
Naver	**3,726**	**1.8**
Mando	3,098	1.5
Total South Korea	**12,674**	**6.1**
Thailand		
Aeon Thana Sinsap	2,962	1.4
KasikornBank	2,649	1.3
Hana Microelectronics	1,577	0.7
Total Thailand	**7,188**	**3.4**
Philippines		
RFM Corporation	2,918	1.4
Ayala Land	2,209	1.0
GMA Network	1,349	0.6
Total Philippines	**6,476**	**3.0**
Indonesia		
Waskita Beton Precast	3,535	1.7
Sumber Alfaria Trijaya	1,596	0.8
Total Indonesia	**5,131**	**2.5**
Singapore		
Comfortdelgro	2,507	1.2
iFast Corporation	1,285	0.6
Total Singapore	**3,792**	**1.8**
Total Investments[6]	**207,947**	**98.8**
Derivative Financial Instruments		
Index Put Options		
HK Hang Seng China Ent Idx Put Option 9400 February 2017	389	0.2
HK Hang Seng China Ent Idx Put Option 10000 February 2017	702	0.3
HK Hang Seng Index Put Option 22600 January 2017	178	0.1
HK Hang Seng Index Put Option 21800 February 2017	180	0.1
HK Hang Seng Index Put Option 22800 February 2017	337	0.2
HK Hang Seng Index Put Option 23000 February 2017	231	0.1
S&P ASX 200 Put Option 5425 February 2017	22	–
S&P ASX 200 Put Option 5575 February 2017	41	–
TWSE Put Option 9400 February 2017	87	–
Total Index Put Options[7]	**2,167**	**1.0**
Forward Currency Contracts		
Purchase of USD21.90 million for AUD 29.50 million for settlement on 13 March 2017	486	0.2
Purchase of USD22.10 million for HKD 171.30 million for settlement on 3 April 2017	28	–
Total Forward Currency Contracts[8]	**514**	**0.2**
Total Investments And Derivative Financial Instruments	**210,628**	**100.0**

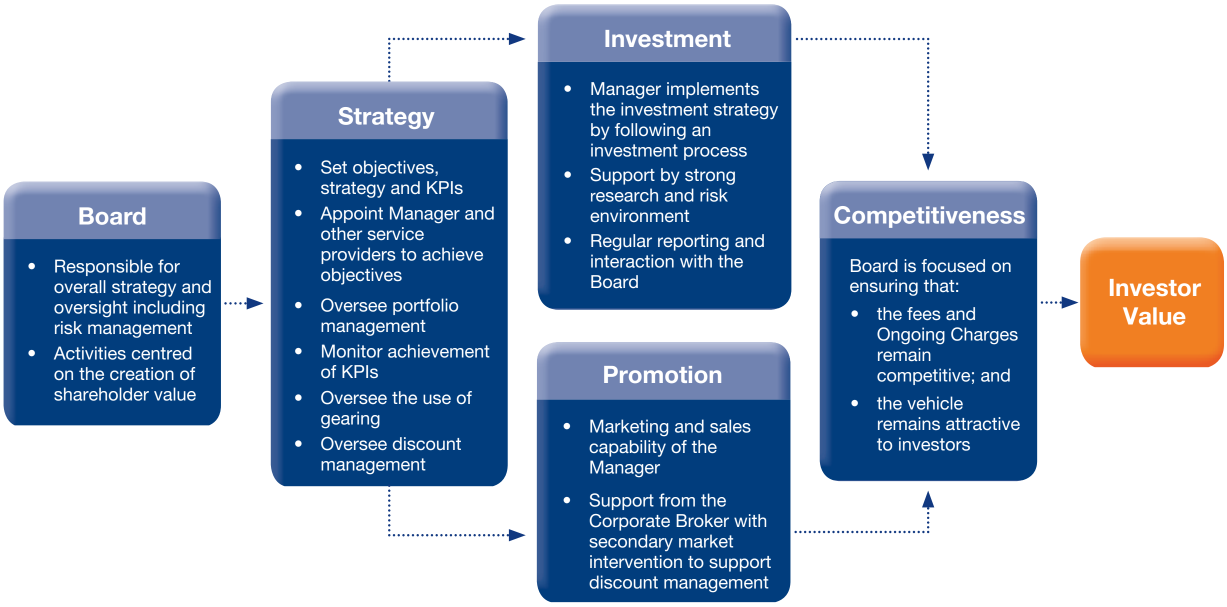
Business model

The Company carries on business as an investment trust. It has been approved by HM Revenue & Customs as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010, by way of a one-off application, and it is intended that the Company will continue to conduct its affairs in a manner which will enable it to retain this status.

The Company is domiciled in the UK and is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company is not a "close company" for taxation purposes.

It is not intended that the Company should have a limited life but the Directors consider it desirable that the shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Articles of Association contain provisions requiring the Directors to put a proposal for the continuation of the Company to shareholders at the Annual General Meeting in 2019 and thereafter at three yearly intervals.

The Company's business model may be demonstrated by the diagram below.



Investment objective and policy

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

The Board has appointed the Manager, Schroder Unit Trusts Limited, to implement the investment strategy and to manage the Company's assets in line with the appropriate restrictions placed on it by the Board, including limits on the type and relative size of holdings which may be held in the portfolio and on the use of gearing, hedging, cash, derivatives and other financial instruments as appropriate.

Investment approach

The Company's strategy has its foundations in the conviction that while there are many excellent companies in Asia, there is also a large percentage of stocks quoted in Asia that are fundamentally challenged and benchmark conscious investment is therefore flawed. Furthermore, the Asian stockmarkets have proved to be exceptionally volatile over the past thirty years. The strategy aims to invest in a portfolio of 40-70 well managed companies, chosen without reference to a benchmark and whose success, profitability, shareholder focus and shareholder returns come from the significant potential of North and South East Asia, India and Australasia (the "region"), It aims to add a degree of capital protection over the full market cycle through hedging market exposure - thus providing attractive stock returns and lower volatility than the wider Asian markets in the longer term.

The Company invests principally in equity and equity related securities of companies operating primarily in the region, wherever they may be listed, with exposure to small and mid cap companies. Volatility reduction and offering a degree of capital preservation is achieved through the strategic and tactical use of derivatives (principally futures and options on markets and forward foreign currency contracts) to hedge market risk with inputs from the use of quantitative models and a top-down overlay to stock selection. The fund may also seek to do this by significantly disinvesting from markets and holding high levels of cash.

Investment process – an overview

Key attributes of the investment process are as follows:

- Stock selection is unconstrained and driven by proprietary research and investment conviction
- Focus on stocks for absolute return potential, or stocks with significant alpha generation potential
- Decreases overall volatility and risks associated with investing in the Asian region through the use of derivatives for hedging
- A disciplined and repeatable investment process with strong risk controls

The Company's Portfolio Managers, Robin Parbrook in Hong Kong and King Fuei Lee in Singapore, seek strong fundamentals and value through the bottom-up analysis of companies that look likely to grow shareholder value in the long term. The Managers believe that Asian markets are not efficient, are subject to irrational sentiments and many of the best investment ideas are not well researched or understood by investors. This results in the Company having exposure to small and mid cap stocks.

The fund's investment idea generation process has a strong valuation discipline and uses a combination of quantitative screens (using valuation, momentum and quality ratios), and analyst stock ideas which tend to result in the fund exhibiting a tilt towards quality and value.

The Portfolio Managers are supported by an experienced team of 40 Asia Pacific ex Japan research analysts, based in Hong Kong, Singapore, Seoul, Sydney, Shanghai and Taipei, with an average of 15 years of experience. They also have access to the management of Asian companies – with over 5,200 meetings taking place throughout the Asia Pacific ex Japan region (in 2015); the thoroughness and depth of local investment research resources provides valuable insight into companies and their key issues, a competitive advantage in conducting fundamental bottom-up analysis.

The Portfolio Managers have wide scope in stock selection and are not constrained in terms of the fund's exposures by geography or sector. The fund is constructed by way of bottom-up stock selection without reference to index weightings. Individual stock positions are sized on an absolute basis around the Portfolio Managers' views on which investments offer the best potential risk adjusted returns and their level of conviction for each company they decide to invest in. By being indifferent to market indices and their constituents, the fund's unconstrained portfolio construction allows for significant participation in sectors and parts of the market in the Asian region that offer attractive growth and investment opportunities. Conversely, the Portfolio Managers are also free to move to more defensive holdings if market conditions prove to be challenging. Considerations around diversification and liquidity provide a risk management overlay to this unconstrained approach to portfolio construction.

The Portfolio Managers may at different junctures identify significant stock level opportunities or attractive entry levels as indicated by prevailing market valuations, and may exercise discretion in capitalising on these opportunities by increasing market exposure through bank borrowing or the use of contracts for difference within limits agreed by the Board.

The fund's strategy also aims to reduce volatility and offer a degree of capital preservation, and this is implemented through the strategic and tactical use of derivatives (principally futures and options on market indices and forward foreign currency contracts) to hedge market risks inherent in the fund's underlying equity holdings. Here the Portfolio Managers use quantitative models and a top-down overlay analysing economic and market trends to assess near and medium term market risks and its resultant impact on the fund's equity holdings, and decide on the level of hedging desired.

If the Portfolio Managers judge markets to be significantly overpriced or are facing material risks of a substantial correction, they may also choose to exit selected equity holdings and go into cash or cash equivalents to provide further downside protection.

Investment restrictions and spread of risk

In accordance with its investment objective, the Company invests in a diversified portfolio with the aim of spreading investment risk which is monitored by the Manager.

The key restrictions imposed on the Manager are that:

(a) no more than 15% of the Company's total net assets, at the date of acquisition, may be invested in any one single company or group of companies;

(b) subject to the approval of the Board, the Company may invest in collective vehicles. If it was to do so, however, no more than 10% of the Company's total net assets, at the date of acquisition, may be invested in UK listed closed-ended investment companies unless such companies have a stated investment policy not to invest more than 15% of their gross assets in other UK listed closed-ended investment companies;

(c) the Company will not invest more than 15% of its gross assets in UK listed closed-ended investment companies;

(d) no more than 50% of the Company's total net assets may be invested in equities listed on a single stock exchange; and

(e) the Manager will not invest in unlisted equities other than with the approval of the Board or when entitlements are received or immediately prior to a listing.

The Investment Portfolio on page 13 demonstrates that, as at 31 December 2016, the Company had holdings in 61 companies spread over a range of industry sectors. The largest investment, Taiwan Semiconductor Manufacturing, represented 4.1% of total investments. The Board therefore believes that the objective of spreading investment risk has been achieved.

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 Company seeks to achieve this through its Manager and Corporate Broker, which promote the shares of the Company through regular contact with both current and potential shareholders. The Board also seeks active engagement with investors and meetings with the Chairman are offered to investors where appropriate. These activities consist of investor lunches, one-on-one meetings, regional road shows and attendance at conferences for professional investors. In addition, the Company's shares are supported by the Manager's wider marketing of investment companies targeted at all types of investors; this includes maintaining close relationships with adviser and execution-only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on Schroders' website.

Details of the Board's approach to discount management and share issuance may be found in the Chairman's Statement on page 3 and in the Explanation of Special Business at the AGM on page 57.

Key performance indicators

The Board measures the development and success of the Company's business through achievement of the Company's investment objective which is considered to be the most significant key performance indicator for the Company. The Board also monitors the performance of the Company against the peer group average.

The performance objective is also reflected in the Manager's fee which rewards performance above an absolute hurdle. Further details of the fees paid to the Manager may be found in the Report of the Directors on page 24.

The Board continues to review the Company's Ongoing Charges to ensure that the total costs incurred by shareholders in the running of the Company remain competitive when measured against peer group funds. An analysis of the Company's costs, including management fees, Directors' fees and general expenses, is submitted to each Board meeting. Management and performance fees are reviewed at least annually.

Corporate and social responsibility

Board diversity

As at 31 December 2016, the Board comprised three men and two women. The Board's approach to diversity is that 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 specific criteria for the role being offered. Candidates are selected relative to a number of different criteria, including diversity of gender.

Responsible investment policy

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

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

The Board monitors the implementation of this policy through regular reporting by the Manager on its engagement activity, how it is integrated into the investment process, and the outcomes of the activity.

Anti-bribery and corruption policy

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

Greenhouse gas emissions

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

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 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 its strategic objectives. Both the principal risks and the monitoring system are also subject to robust review at least annually. The last review took place in February 2017.

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.

A summary of the principal risks and uncertainties faced by the Company, which have remained unchanged throughout the year, is set out below. This includes actions taken by the Board and, where appropriate, its Committees, to manage and mitigate these risks and uncertainties.

Risk	Mitigation and management
Strategic risk	
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 net asset value.	Appropriateness of the Company's investment remit periodically reviewed and success of the Company in meeting its stated objectives is monitored. Share price relative to net asset value monitored and use of buy back authorities considered on a regular basis. Marketing and distribution activity is actively reviewed.
Investment management risk	
The Manager's investment strategy, if inappropriate, may result in the Company underperforming the market and/or peer group companies, leading to the Company and its objectives becoming unattractive to investors.	Review of the Manager's compliance with the agreed investment restrictions, investment performance and risk against investment objectives and strategy; relative performance; the portfolio's risk profile; and appropriate strategies employed to mitigate any negative impact of substantial changes in markets. Annual review of the ongoing suitability of the Manager.
Financial and currency risk	
The Company is exposed to the effect of market and currency fluctuations due to the nature of its business. A significant fall in regional equity markets or substantial currency fluctuation could have an adverse impact on the market value of the Company's underlying investments.	Risk profile of the portfolio considered and appropriate strategies to mitigate any negative impact of substantial changes in markets discussed with the Manager. Derivative strategy employed by the Manager subject to review by the Board. Board considers overall hedging policy on a regular basis.
The Company's cost base could become uncompetitive, particularly in light of open ended alternatives.	Ongoing competitiveness of all service provider fees subject to periodic benchmarking against competitors. Annual consideration of management fee levels.
Custody risk	
Safe custody of the Company's assets may be compromised through control failures by the Depositary, including cyber hacking.	Depositary reports on safe custody of the Company's assets, including cash, and portfolio holdings are independently reconciled with the Manager's records. Review of audited internal controls reports covering custodial arrangements. Annual report from the Depositary on its activities, including matters arising from custody operations.

Risk	Mitigation and management
Gearing and leverage risk	
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 monitored and strict restrictions on borrowings imposed: gearing continues to operate within pre-agreed limits so as not to exceed 30% of net asset value. Board oversight of the Manager's use of derivatives.
Accounting, legal and regulatory risk	
In order to continue to qualify as an investment trust, the Company must comply with the requirements of Section 1158 of the Corporation Tax Act 2010. Breaches of the UK Listing Rules, the Companies Act or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes.	Confirmation of compliance with relevant laws and regulations by key service providers. Shareholder documents and announcements, including the Company's published Annual Report, are subject to stringent review processes. Procedures have been established to safeguard against disclosure of inside information.
Service provider risk	
The Company has no employees and has delegated certain functions to a number of service providers, principally the Manager, Depositary and Registrar. Failure of controls 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 reporting by key service providers and monitoring of the quality of services provided. Review of annual audited internal controls reports from key service providers, including confirmation of business continuity arrangements and follow up of remedial actions as required.

Risk assessment and internal controls

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Audit 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 Committee's ongoing risk assessment which has been in place throughout the financial year and up to the date of this Report.

A full analysis of the financial risks facing the Company is set out in note 21 to the accounts on pages 52 to 56.

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 December 2016 and the potential impacts of the principal risks and uncertainties it faces for the review period.

A period of five years has been chosen for the purposes of the assessment of viability as 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.

The Board believes that the Manager has the skills and depth of resource to achieve superior returns in the longer-term and that the portfolio risk profile, limits on gearing, counter-party exposures, liquidity risk and financial controls are robust. In addition, the Company's business model and investment policy provide some resilience to adverse economic cycles. The Directors have therefore 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 period to 31 December 2021.

Going concern statement

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

By Order of the Board

Schroder Investment Management Limited
Company Secretary

23 March 2017

Board of Directors

David Brief

Status: Independent Non-Executive Chairman

Length of service: 9 years, appointed a Director in November 2007 and Chairman in April 2015

Experience: Mr Brief has worked in investment management since 1979. He was Chief Investment Officer of BAE Systems Pension Fund Investment Management Limited from 2001 to 2011, having previously been Chief Investment Officer at both TRW (Lucas) and Courtaulds Pension Scheme. He is a non-executive director of The City of London Investment Trust plc. He was formerly an independent adviser to the British Coal Staff Superannuation Scheme, Rio Tinto Pension Schemes, and J Sainsbury Pension Scheme.

Committee membership: Management Engagement and Nominations Committees (Chairman)

Current remuneration: £40,000 per annum
Connections with the Manager: None
Material interests in any contract which is significant to the Company's business: None
Shared Directorships with any other Directors of the Company: None

Caroline Hitch

Status: Independent Non-Executive Director

Length of Service: 2 years, appointed a Director in February 2015

Experience: Ms Hitch is currently a Global Multi-Asset Analyst at HSBC Global Asset Management (UK) Ltd. Prior to this, she was Head of Wealth Portfolio Management at the same organisation and was responsible for multi asset portfolios including HSBC's flagship retail World Selection range. Prior to this, Caroline held several different investment roles including managing institutional global fixed income portfolios. Most of her career has been with the HSBC Group and she has worked in various locations including Jersey and Hong Kong.

Committee membership: Audit, Management Engagement and Nominations Committees

Current remuneration: £30,000 per annum
Connections with the Manager: None
Material interests in any contract which is significant to the Company's business: None
Shared Directorships with any other Directors of the Company: None

Mike Holt

Status: Independent Non-Executive Director and Chairman of the Audit Committee

Length of Service: 2 years, appointed a Director in July 2014 and Chairman of the Audit Committee in October 2014

Experience: Mr Holt is currently Group Finance Director of Low & Bonar PLC, an international performance materials group. Prior to joining Low & Bonar in 2010, he was Group Finance Director of Vp plc for six years and previously held a number of senior financial positions with Rolls-Royce Group plc in the UK, the USA and Hong Kong. He is a Fellow of The Institute of Chartered Accountants in England & Wales.

Committee membership: Audit (Chairman), Management Engagement and Nominations Committees

Current remuneration: £35,000 per annum
Connections with the Manager: None
Material interests in any contract which is significant to the Company's business: None
Shared Directorships with any other Directors of the Company: None

Board of Directors

Christopher Keljik, OBE

Status: Senior Independent Non-Executive Director

Length of Service: 9 years, appointed a Director in November 2007 and Senior Independent Director in April 2014

Experience: Mr Keljik is currently a non-executive director of Sanditon Investment Trust plc and of Waverton Investment Management Limited. He was previously a group executive director of Standard Chartered plc; the senior independent director of Foreign & Colonial Investment Trust plc and Millennium & Copthorne Hotels plc; and a non-executive director of Jardine Lloyd Thompson Group plc. He is a Fellow of the Institute of Chartered Accountants in England & Wales.

Committee membership: Audit, Management Engagement and Nominations Committees

Current remuneration: £30,000 per annum
Connections with the Manager: None
Material interests in any contract which is significant to the Company's business: None
Shared Directorships with any other Directors of the Company: None

Alexandra Mackesy

Status: Independent Non-Executive Director

Length of Service: 8 years, appointed a Director in November 2008

Experience: Mrs Mackesy is a non-executive director of The Scottish Oriental Smaller Companies Trust Plc and Murray International Trust plc. She was a former non-executive director of Rem Universal Growth plc and Empiric Student Property plc. Since 2000, she has worked as a part-time consultant in Asia. Prior to this, she held posts in Hong Kong with Credit Suisse as Director, Head of Hong Kong and China Equity Research, JP Morgan as Director, Asian Equity Research and with SBC Warburg/SG Warburg as Director, Hong Kong Equity Research.

Committee membership: Audit, Management Engagement and Nominations Committees

Current remuneration: £30,000 per annum
Connections with the Manager: None
Material interests in any contract which is significant to the Company's business: None
Shared Directorships with any other Directors of the Company: None

Report of the Directors

The Directors submit their Report and the audited financial statements of the Company for the year ended 31 December 2016. The name of the Company changed to Schroder Asian Total Return Investment Company plc on 21 September 2016.

Revenue and dividend

The net revenue return for the year, after finance costs and taxation, was £3,940,000 (2015: £3,236,000), equivalent to a revenue return per ordinary share of 5.40 pence (2015: 4.43 pence).

For the year ended 31 December 2016, the Directors have recommended a final dividend of 4.50 pence per ordinary share which, subject to approval by shareholders at the forthcoming Annual General Meeting, will be paid on 3 May 2017 to shareholders on the register on 7 April 2017.

Directors and their interests

The Directors of the Company and their biographical details can be found on pages 21 and 22. All Directors held office throughout the year under review. Details of Directors' share interests in the Company are set out in the Remuneration Report on page 33.

In accordance with best practice, all Directors will retire at the AGM and, being eligible, offer themselves for re-election.

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

Whilst the Board does not believe that length of service, by itself, necessarily affects a Director's independence of character or judgement, it has adopted a policy on succession and refreshment, which is set out in the Chairman's Statement. The Board has assessed the independence of all Directors. All Directors are considered to be independent in character and judgement.

The Board, having taken all relevant matters into account, considers that all Directors continue to demonstrate commitment to their roles, provide valuable contributions to the deliberations of the Board and remain free from conflicts with the Company and its Directors. It therefore recommends that shareholders vote in favour of their re-elections.

Share capital

As at the date of this Report, the Company had 72,779,141 ordinary shares of 5p in issue. A total of 12,425,671 shares were held in treasury. Accordingly, the total number of voting rights in the Company at the date of this Report is 72,779,141. Details of changes to the Company's share capital during the year under review are given in note 13 to the accounts on page 49.

Substantial share interests

As at the date of this Report, the Company has received notifications in accordance with the Financial Conduct Authority's ("FCA") Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital.

	Number of ordinary shares	Percentage of total voting rights
Lazard Asset Management LLC	4,345,338	5.98
F&C Asset Management plc	3,547,705	4.87
Investec Wealth & Investment Limited	2,743,593	3.77

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 six 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, 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 £397 billion (as at 31 December 2016) 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.

Under the terms of the AIFM Agreement, the Manager is entitled to a fee at a rate of 0.65% of gross assets less cash and cash equivalents.

A performance fee is payable amounting to 10% of any outperformance of the NAV over an annual hurdle of 7%, provided that the closing NAV per share exceeds the "high water mark" NAV at the date of the change of Manager on 15 March 2013 or, subsequently, the date when any performance fee was last paid. The sum of the base fee and any performance fee payable will be capped at 2% of the closing net assets.

If the Company invests in funds managed or advised by the Manager, any fees earned by the Manager from those investments are rebated to the Company.

The management fee payable in respect of the year ended 31 December 2016 amounted to £1,267,000 (2015: £1,036,000). A performance fee amounting to £2,650,000 (2015: nil) is payable for the year. The Manager is also entitled to a secretarial fee amounting to £75,000 (2015: same) per annum.

Details of all amounts payable to the Manager are set out in note 18 to the accounts on pages 50 and 51.

The Board has reviewed the performance of the Manager during the year under review and continues to consider that it has the appropriate depth of resource to deliver above average returns over the longer term. Therefore, the Board considers that the Manager's appointment under the terms of the AIFM Agreement, further details of which are set out above, is in the best interests of shareholders as a whole.

Depositary

HSBC Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority, carries out certain duties of a Depositary specified in the AIFM Directive including, in relation to the Company:

- safekeeping of the assets of the Company which are entrusted to it;
- cash monitoring and verifying the Company's cash flows; and
- oversight of the Company and the Manager.

The Company, the Manager and the Depositary may terminate the Depositary Agreement at any time by giving 90 days' notice in writing. The Depositary may only be removed from office when a new Depositary is appointed by the Company.

Corporate Governance Statement

The Board is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment trust in order to comply with the principles of the UK Corporate Governance Code. The Financial Reporting Council published a revised version of the UK Corporate Governance Code in September 2014 (the "Code") which applies to accounting periods beginning on or after 1 October 2014. The Code is published by the UK Financial Reporting Council and is available to download from www.frc.org.uk.

The Board has noted the publication of a further revised UK Corporate Governance Code in April 2016, which applies to financial years beginning on or after 17 June 2016. This latest update of the Code has been driven by the implementation of the EU's Audit Regulation and Directive and its impact on audit committees, and the Board is considering the Company's governance framework in light of the new provisions.

Compliance statement

The UK Listing Authority requires all UK listed companies to disclose how they have complied with the provisions of the Code. This Corporate Governance Statement, together with the Statement of Directors' Responsibilities, Viability Statement and Going Concern Statement set out on pages 30 and 20 respectively, indicates how the Company has complied with the principles of good governance of the Code and its requirements on Internal Control.

The Board believes that the Company has, throughout the year under review, complied with all relevant provisions set out in the Code.

Operation of the Board

Chairman

The Chairman is an independent non-executive Director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman's other significant commitments are detailed on page 21. He has no conflicting relationships.

Role and operation of the Board

The Board is the Company's governing body; it sets the Company's strategy and is collectively responsible to shareholders for its long term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to ensure that the investment objectives of the Company continue 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.

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

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

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

Training and development

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

Conflicts of interest

The Board has approved a policy on Directors' conflicts of interest. Under this policy, Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and approval. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate.

Board evaluation

In order to review the effectiveness of the Board, the Committees and the individual Directors, a thorough evaluation process is in place. This is implemented by way of a questionnaire and discussions with the Chairman. In respect of the Chairman himself, discussions are held between the Directors and the Senior Independent Director. The process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and performance of the Board and the Committees, the contribution of individual Directors and building and developing individual and collective strengths. The current evaluation, which is being facilitated by an external consultant, Lintstock, is currently underway. Lintstock has no other connection with the Company.

Directors' and officers' liability insurance and indemnity

Directors' and officers' liability insurance cover was in place for the Directors throughout the year. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the Court. This indemnity was in place throughout the year under review and to the date of this report.

Directors' attendance at meetings

Six Board meetings are usually scheduled each year to deal with matters including: the setting and monitoring of investment strategy, approval of borrowings and/or cash positions; review of investment performance, the level of discount of the Company's shares to underlying net asset value and promotion of the Company; and an evaluation of service providers. Additional meetings of the Board are arranged as required.

The number of meetings of the Board and its Committees held during the year under review, and the attendance of individual Directors, is shown below. Whenever possible all Directors attend the Annual General Meeting.

Director	Board	Nominations Committee	Audit Committee	Management Engagement Committee
David Brief	6/6	1/1	N/A	1/1
Caroline Hitch	6/6	1/1	2/2	1/1
Mike Holt	6/6	1/1	2/2	1/1
Christopher Keljik	6/6	1/1	2/2	1/1
Alexandra Mackesy	5/6	1/1	1/2	1/1

The Board is satisfied that the Chairman and each of the other Directors commits sufficient time to the affairs of the Company to fulfil their duties.

Relations with shareholders

Shareholder relations are given high priority by both the Board and the Manager. The Company communicates with shareholders through its webpage and the Annual Report which aims to provide shareholders with a clear understanding of the Company's activities and its results.

The Chairmen of the Board and its Committees, as well as the Senior Independent Director, attend the Annual General Meeting ("AGM") and are available to respond to queries and concerns from shareholders.

It is the intention of the Board that the Annual Report and Notice of the AGM be issued to shareholders so as to provide at least 20 working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary at the address given on the outside back cover.

The Company has adopted a policy which ensures that shareholder complaints and communications addressed to the Company Secretary, the Chairman or the Board are, in each case, considered by the Chairman and the Board.

Committees

In order to assist the Board in fulfilling its governance responsibilities, it has delegated certain functions to Committees. The roles and responsibilities of these Committees, together with details of work undertaken during the year under review, is outlined on pages 28 and 29.

The Committees of the Board have defined Terms of Reference which are available on the Company's webpage. Membership of the Committees is set out on pages 21 and 22 of this Report.

Nominations Committee

The Nominations Committee is responsible for succession planning, bearing in mind the balance of skills, knowledge, experience and diversity of the Board, and will recommend to the Board when changes to its composition are required. The Nominations Committee aims to maintain a balance of relevant skills, experience and length of service of the Directors serving on the Board, taking diversity, including gender, into account.

To discharge its duties the Nominations Committee met once during the year under review to discuss Board succession. The Chairman of the Board acts as Chairman of the Nominations Committee but does not participate when the Chairman's performance, re-election or successor is being considered.

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

Candidates are sourced through an external agency and interviewed by members of the Committee, which makes a recommendation to the Board.

Management Engagement Committee

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

To discharge its duties, the Management Engagement Committee met once during the year under review and considered the performance and suitability of the Manager, the terms and conditions of the management contract, services provided by other service providers and the Committee's Terms of Reference.

By Order of the Board

Schroder Investment Management Limited
Company Secretary

23 March 2017

Report of the Audit Committee

The responsibilities and work carried out by the Audit Committee in the year under review are set out in the following report. The duties and responsibilities of the Committee may be found in its Terms of Reference. Membership of the Committee is as set out on pages 21 and 22. The Board has satisfied itself that at least one of the Committee's members has recent and relevant financial experience.

The Audit Committee met twice during the year under review. The Audit Committee discharged its responsibilities by:

- considering its Terms of Reference;
- reviewing the operational controls maintained by the Manager and Depositary;
- reviewing the Half Year and Annual Report and Accounts and related audit plan and engagement letter;
- reviewing the need for an internal audit function;
- reviewing the independence of the Auditors;
- evaluating the Auditors' performance; and
- reviewing the principal risks faced by the Company and the system of internal control.

Annual report and financial statements

During its review of the Company's financial statements for the year ended 31 December 2016, the Audit Committee considered the following significant issues, including consideration of principal risks and uncertainties in light of the Company's activities, and issues communicated by the Auditors during its reporting:

Issue considered	How the issue was addressed
• Valuation and existence of holdings	• Review of portfolio holdings and assurance reports on controls from the Manager and Depositary.
• Recognition of investment income	• Consideration of dividends received against forecast and the allocation of special dividends to income or capital.
• Overall accuracy of the Annual Report and Accounts	• Consideration of the draft Annual Report and Accounts and the letter from the Manager in support of the letter of representation to the Auditors.
• Calculation of the investment management fee and performance fee	• Consideration of methodology used to calculate the fees, matched against the criteria set out in the AIFM Agreement.
• Internal controls and risk management	• Consideration of several key aspects of internal control and risk management operating within the Manager and Depositary.
• Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010	• Consideration of the Manager's report confirming compliance.

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 31 December 2016, 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 30.

Effectiveness of the independent audit process

The Audit Committee evaluated the effectiveness of the independent audit firm and process prior to making a recommendation on its re-appointment at the forthcoming AGM. This evaluation involved an assessment of the effectiveness of the Auditors' performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence. As part of the evaluation, the Committee considered feedback from the Manager on the audit process and the year end report from the Auditors, which details compliance with regulatory requirements, on safeguards that have been established, and on their own internal quality control procedures. The members of the Committee also met the Auditors without representatives of the Manager present.

Representatives of the Auditors attend the Audit Committee meeting at which the draft Annual Report and Accounts is considered. Having reviewed the performance of the Auditor as described above, the Committee considered it appropriate to recommend the firm's re-appointment.

The Auditors are required to rotate the Senior Statutory Auditor every five years. This is the second year that the Senior Statutory Auditor has conducted the audit of the Company's financial statements.

PricewaterhouseCoopers LLP has provided audit services to the Company from its incorporation in 1987 to date. The Statutory Auditors and Third Country Regulations 2016 (the "Regulations") were published on 17 June 2016 and take effect for financial periods commencing on or after that date. The Audit Committee has reviewed the impact of the Regulations on the Company's current policies, noting that they include mandatory periodic rotation of the Auditors and re-tendering of the audit contract. PricewaterhouseCoopers LLP will be replaced as the Company's Auditors for the audit in 2020 and the Audit Committee will put the audit contract out to tender prior to that date. The tender process will be overseen by the Committee which will invite a number of audit firms to participate before making a recommendation to the Board for approval. PricewaterhouseCoopers LLP is prevented from taking part in the process under the Regulations.

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

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. Accordingly, resolutions to re-appoint PricewaterhouseCoopers LLP as auditors to the Company, and to authorise the Directors to determine their remuneration, will be proposed at the AGM.

Provision of information to the Auditors

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

Provision of non-audit services

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

The Auditors have not provided non-audit services to the Company during the year (2015: £7,000 for taxation compliance work).

Internal audit

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

Mike Holt
Audit Committee Chairman

23 March 2017

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, Strategic Report, the Report of the Directors, the Corporate Governance Statement, the Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the return or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions in FRS 102, used in the preparation of the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Manager is responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on pages 21 and 22, confirm that to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Strategic Report contained in the Report and Accounts includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

By order of the Board

David Brief
Chairman

23 March 2017

Remuneration Report

Introduction

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

The following Remuneration Policy is currently in force and is subject to a binding vote every three years. An ordinary resolution to approve the Remuneration Policy will be put to shareholders at the forthcoming AGM and the current policy provisions will apply until that date (no changes are proposed). In addition, 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 30 April 2014, 99.67% 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 0.33% were against. 27,003 votes were withheld.

At the AGM held on 30 April 2016, 99.82% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Report on Remuneration for the year ended 31 December 2015 were in favour, while 0.18% were against. 937,217 votes were withheld.

Directors' remuneration policy

The determination of the Directors' fees is a matter dealt with by the Board.

It is the Board's policy to determine the level of Directors' remuneration having regard to amounts payable to non-executive directors in the industry generally, the role that individual directors fulfil in respect of Board and Committee responsibilities, and time committed to the Company's affairs, taking into account the aggregate limit of fees set out in the Company's Articles of Association. This aggregate level of Directors' fees is currently set at £250,000 per financial year and any increase in this level requires approval by the Board and the Company's shareholders. The Chairman of the Board and the Chairman of the Audit Committee each receive fees at a higher rate than the other Directors to reflect their additional responsibilities. Directors' fees are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary to promote the success of the Company in reaching its short and long term strategic objectives.

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

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

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

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

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

Directors' annual report on remuneration

This Report sets out how the Directors' remuneration policy was implemented during the year ended 31 December 2016.

Fees paid to Directors

The following amounts were paid by the Company to the Directors for services as non-executive Directors in respect of the year ended 31 December 2016 and the previous financial year:

	Salary/fees	
	2016 £	2015 £
David Brief[1]	**35,000**	29,194
Caroline Hitch[2]	**25,000**	18,935
Mike Holt	**28,500**	25,500
Christopher Keljik	**25,000**	22,500
Alexandra Mackesy	**25,000**	22,500
David Robins[3]	**–**	10,707
Total	**138,500**	129,336

[1]Appointed Chairman on 29 April 2015.
[2]Appointed as a Director on 26 February 2015.
[3]Retired as a Director on 29 April 2015.

The information in the above table has been audited.

Consideration of matters relating to Directors' remuneration

Directors' remuneration was last reviewed by the Board in December 2016. The members of the Board at the time that remuneration levels were considered were as set out on pages 21 and 22. Although no external advice was sought in considering the levels of Directors' fees, information on fees paid to Directors of other investment trusts managed by Schroders and peer group companies provided by the Manager and corporate broker was taken into consideration.

Following the annual review, the Board agreed that the fees paid to the Chairman would increase to £40,000 per annum, the fees paid to the Audit Committee Chairman would increase to £35,000 per annum and the fees paid to Directors would increase to £30,000 per annum. These increases took effect from 1 January 2017.

The Board is minded to consider fee increases on a three-year cycle. Fees will however continue to be reviewed on an annual basis.

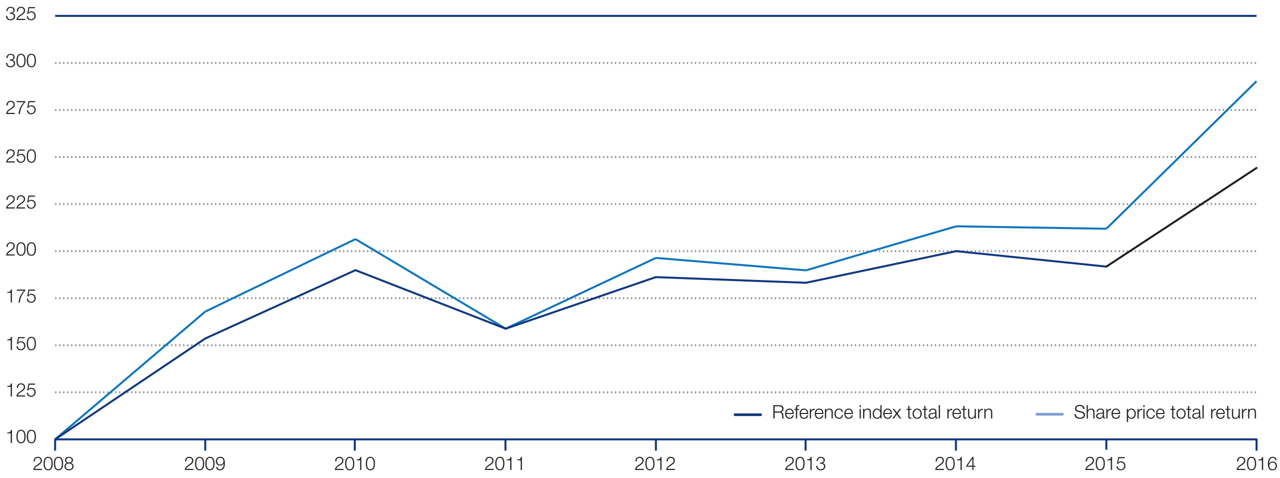
Expenditure by the Company on remuneration and distributions to shareholders

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

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000	% Change
Remuneration payable to Directors	**139**	129	7.8
Distributions paid to shareholders			
– Dividends	**2,772**	2,379	16.5
– Share buy-backs	**503**	496	1.4

Remuneration Report

Performance graph



At 31 December.
Source: Morningstar/Thomson Reuters. Rebased to 100 at 31 December 2008.
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 Asia ex-Japan Index (with gross income reinvested) sterling adjusted.

Directors' share interests

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

	At 31 December 2016	At 1 January 2016
David Brief	**36,171**	31,171
Caroline Hitch	**10,000**	10,000
Mike Holt	**10,000**	10,000
Christopher Keljik[1]	**121,116**	98,112
Alexandra Mackesy	**5,290**	5,290

Ordinary shares of 5p each.
[1] Since the end of the year, Mr Keljik has acquired an additional 2,222 ordinary shares through a savings plan purchase scheme and his current holding as at the date of this report is 123,338 ordinary shares.
The information in the above table has been audited (see Independent Auditors' Report on pages 34 to 38).

The Portfolio Managers and their family and connected interests in the Company were approximately 315,000 ordinary shares as at the date of this Report.

David Brief
Chairman

23 March 2017

Independent Auditors' Report to the Members of Schroder Asian Total Return Investment Company plc

Report on the financial statements

Our opinion

In our opinion, Schroder Asian Total Return Investment Company plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Report and Accounts (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Income Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

Overview

Materiality

- Overall materiality: £1.95 million which represents approximately 1% of net assets.

Audit scope

- The Company is a standalone Investment Trust Company and engages Schroder Unit Trusts Limited (the "Manager") to manage its assets.
- We conducted our audit of the financial statements using information from HSBC Securities Services ("HSS") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

Areas of focus

- Income from investments
- Valuation and existence of investments and put options
- Performance fee

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Independent Auditors' Report to the Members of Schroder Asian Total Return Investment Company plc

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Income from investments Refer to page 28 (Report of the Audit Committee), pages 43 to 45 (Accounting Policies) and page 45 (Notes to the Accounts). We focused on the occurrence and accuracy of gains/losses on investments and completeness and accuracy of dividend income and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"). This is because incomplete or inaccurate income (both revenue and capital) could have a material impact on the Company's net asset value.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we tested the valuation of the portfolio at the year end (see below), together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses. No misstatements were identified by our testing which required reporting to those charged with governance. We understood and assessed the design and implementation of key controls surrounding income recognition. In addition, we tested dividend income by agreeing dividend rates from a sample of investments to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We then tested the classification of revenue and capital special dividends to independent third party sources. We did not find any special dividends that were not treated in accordance with the AIC SORP.
Valuation and existence of investments and put options Refer to page 28 (Report of the Audit Committee), pages 43 and 44 (Accounting Policies) and pages 47 and 48 (Notes to the Accounts). The investment portfolio at the year end of £211 million comprised listed equity and equity related investments, participatory notes, put options, a collective investment fund, and forward currency contracts. We focused on the valuation and existence of investments because investments and put options represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the financial statements.	We tested the valuation of the investment portfolio as follows: • For listed equity investments, put options and for the fund, we agreed the prices used in the valuation to independent third party sources; • For participatory notes we agreed the underlying price of the listed equity investments to independent third party sources as these securities give the holder the right to indirectly hold the underlying asset on predefined terms. No misstatements were identified by our testing which required reporting to those charged with governance. We tested the existence of the investment portfolio by agreeing the holdings for investments, other than put options to an independent custodian confirmation from HSBC Bank plc and the put options to an independent broker confirmation. No differences were identified which required reporting to those charged with governance.
Performance fee Refer to page 28 (Report of the Audit Committee), page 43 (Accounting Policies) and page 45 (Notes to the accounts). A performance fee is payable for the year of £2.65m. We focused on this area because the performance fee is calculated using a complex methodology as set out in the Investment Management Agreement between the Company and the Manager.	We tested the calculation of the performance fee of £2.65m to ensure that it complies with the methodology as set out in the Investment Management Agreement, and agreed the inputs, including the Net Asset Value, to the calculation to independent third party sources, where applicable. No misstatements were identified by our testing which required reporting to those charged with governance.

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 types of investments within the Company, the involvement of the Manager and HSS, the accounting processes and controls, and the industry in which the Company operates.

The Company's accounting is delegated to HSS who maintains its own accounting records and controls and reports to the Manager and the Directors.

As part of our risk assessment, we assessed the control environment in place at both the Manager and HSS to the extent relevant to our audit. This assessment involved obtaining and reading the relevant control reports, issued by the independent auditor of the Manager and HSS in accordance with generally accepted assurance standards for such work, to gain an understanding of both the Manager's and HSS's control environment and to consider the operating and accounting structure at both the Manager and HSS. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

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 individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and 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 materiality	£1.95 million (2015: £1.5 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £97,000 (2015: £77,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' Statement, set out on page 20, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are also required to report to you if we have anything material to add or to draw attention to in relation to the Directors' Statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' Statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Other required reporting

Consistency of other information and compliance with applicable requirements

Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Report of the Directors. We have nothing to report in this respect.

Independent Auditors' Report to the Members of Schroder Asian Total Return Investment Company plc

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
• the statement given by the Directors on page 30, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on page 28, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

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

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the Directors' confirmation on page 18 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the Directors' explanation on page 20 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' Statement that they have carried out a robust assessment of the principal risks facing the Company and the Directors' Statement in relation to the longer term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' Remuneration Report – Companies Act 2006 opinion

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent Auditors' Report to the Members of Schroder Asian Total Return Investment Company plc

Other Companies Act 2006 reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement
Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 30, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Report of the Directors, we consider whether those reports include the disclosures required by applicable legal requirements.

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

23 March 2017

Notes:

- The maintenance and integrity of the Manager's website is the responsibility of the Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income Statement

for the year ended 31 December 2016

	Note	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Gains on investments held at fair value through profit or loss	2	–	46,666	46,666	–	2,704	2,704
Net (losses)/gains on derivative contracts		–	(485)	(485)	–	596	596
Net foreign currency losses		–	(2,289)	(2,289)	–	(940)	(940)
Income from investments	3	4,765	–	4,765	4,117	–	4,117
Other interest receivable and similar income	3	34	–	34	96	–	96
Gross return		4,799	43,892	48,691	4,213	2,360	6,573
Investment management fee	4	(317)	(950)	(1,267)	(259)	(777)	(1,036)
Performance fee	4	–	(2,650)	(2,650)	–	–	–
Administrative expenses	5	(564)	–	(564)	(520)	–	(520)
Net return before finance costs and taxation		3,918	40,292	44,210	3,434	1,583	5,017
Finance costs	6	(42)	(126)	(168)	(33)	(100)	(133)
Net return on ordinary activities before taxation		3,876	40,166	44,042	3,401	1,483	4,884
Taxation on ordinary activities	7	64	–	64	(165)	–	(165)
Net return on ordinary activities after taxation		3,940	40,166	44,106	3,236	1,483	4,719
Return per share – basic and diluted	9	5.40p	55.07p	60.47p	4.43p	2.03p	6.46p

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 items of other comprehensive income, and therefore the net return on ordinary activities after taxation is also the total comprehensive income for the year.

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

The notes on pages 43 to 56 form an integral part of these accounts.

Statement of Changes in Equity

for the year ended 31 December 2016

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2014	4,260	5	11,646	29,182	97,133	10,116	152,342
Repurchase of the Company's own shares into treasury	–	–	–	–	(496)	–	(496)
Net return on ordinary activities	–	–	–	–	1,483	3,236	4,719
Dividend paid in the year	–	–	–	–	–	(2,379)	(2,379)
At 31 December 2015	4,260	5	11,646	29,182	98,120	10,973	154,186
Repurchase of the Company's own shares into treasury	–	–	–	–	(503)	–	(503)
Net return on ordinary activities	–	–	–	–	40,166	3,940	44,106
Dividend paid in the year	–	–	–	–	–	(2,772)	(2,772)
At 31 December 2016	**4,260**	**5**	**11,646**	**29,182**	**137,783**	**12,141**	**195,017**

The notes on pages 43 to 56 form an integral part of these accounts.

Statement of Financial Position

at 31 December 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	**207,947**	155,403
Current assets	11		
Debtors		**1,255**	409
Cash at bank and in hand		**7,310**	6,101
Derivative financial instruments held at fair value through profit or loss		**2,681**	403
		11,246	6,913
Current liabilities	12		
Creditors: amounts falling due within one year		**(24,176)**	(8,055)
Derivative financial instruments held at fair value through profit or loss		**–**	(75)
		(24,176)	(8,130)
Net current liabilities		**(12,930)**	(1,217)
Total assets less current liabilities		**195,017**	154,186
Net assets		**195,017**	154,186
Capital and reserves			
Called-up share capital	13	**4,260**	4,260
Share premium	14	**5**	5
Capital redemption reserve	14	**11,646**	11,646
Special reserve	14	**29,182**	29,182
Capital reserves	14	**137,783**	98,120
Revenue reserve	14	**12,141**	10,973
Total equity shareholders' funds		**195,017**	154,186
Net asset value per share:	15		
Undiluted		**268.07p**	211.36p
Diluted		**267.09p**	N/a

The accounts were approved and authorised for issue by the Board of Directors on 23 March 2017 and signed on its behalf by:

David Brief
Chairman

The notes on pages 43 to 56 form an integral part of these accounts.

Registered in England and Wales

Company registration number: 02153093

Cash Flow Statement

for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Net cash inflow from operating activities	16	**3,037**	2,201
Servicing of finance			
Interest paid		**(161)**	(131)
Net cash outflow from servicing of finance		**(161)**	(131)
Investment activities			
Purchases of investments		**(61,360)**	(61,996)
Sales of investments		**54,721**	59,787
Cash flows on derivative instruments		**(2,839)**	405
Net cash outflow from investment activities		**(9,478)**	(1,804)
Dividend paid		**(2,772)**	(2,379)
Net cash outflow before financing		**(9,374)**	(2,113)
Financing			
Bank loan drawn down		**10,776**	6,775
Repurchase of the Company's own shares into treasury		**(503)**	(496)
Net cash inflow from financing		**10,273**	6,279
Net cash inflow in the year	17	**899**	4,166

The notes on pages 43 to 56 form an integral part of these accounts.

Notes to the Accounts

1. Accounting Policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), in particular in accordance with Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP") issued by the Association of Investment Companies in November 2014. All of the Company's operations are of a continuing nature.

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

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

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 31 December 2015.

(b) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as "held at fair value through profit or loss". Investments are included initially at fair value which is taken to be their cost. Subsequently, investments are valued at fair value, which are quoted bid prices at 24:00 hours on the accounting date, for investments traded in active markets. Participatory notes are valued using the quoted bid prices of the underlying securities.

All purchases and sales are accounted for on a trade date basis.

(c) Accounting for reserves

Gains and losses on sales of investments are included in the Income Statement and in capital reserves within "gains and losses on sales of investments". Increases and decreases in the valuation of investments held at the year end are included in the Income Statement and in capital reserves within "holding gains and losses on investments".

Foreign exchange gains and losses on loans, cash and deposit balances are included in the Income Statement and in capital reserves.

The cost of repurchasing the Company's own shares for cancellation or to hold in treasury, including the related stamp duty and transactions costs is charged to a distributable capital reserve.

(d) Income

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

Dividends from overseas companies are included gross of any withholding tax.

Where the Company has elected to receive dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

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

(e) Expenses

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

- The management fee is allocated 25% to revenue and 75% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- Any performance fee is allocated 100% to capital.
- Expenses incidental to the purchase of an investment are included within the cost of the investment and those incidental to the sale are deducted from the sale proceeds. These expenses are commonly referred to as transaction costs and mainly comprise brokerage commission. Details of transaction costs are given in note 10 on pages 47 and 48.

(f) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest method in accordance with FRS 102.

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

(g) Other financial instruments

Other debtors and creditors do not carry any interest, are short-term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Cash at bank and in hand may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Bank loans and overdrafts 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.

(h) Taxation

The tax charge for the year includes a provision for all amounts expected to be received or paid.

Deferred tax is accounted for in accordance with FRS 102.

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date.

Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised.

Tax relief is allocated to expenses charged to capital on the "marginal basis". On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to capital.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(i) Value added tax ("VAT")

Expenses are disclosed inclusive of any related irrecoverable VAT.

(j) Foreign currency

In accordance with FRS 102, the Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency and the currency in which the accounts are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates as at the date of the transaction. Monetary assets, liabilities and equity investments, denominated in foreign currencies at the year end, are translated at the rates of exchange prevailing at the year end.

(k) Dividends payable

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

(l) Repurchases of the Company's own shares for cancellation

The cost of repurchasing shares for cancellation, including the related stamp duty and transactions costs, is dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of share capital repurchased and cancelled is transferred out of "called-up share capital" and into "capital redemption reserve".

(m) Repurchases of shares into treasury and subsequent reissues

The cost of repurchasing shares into treasury, including the related stamp duty and transaction costs, is dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. Where shares held in treasury are subsequently cancelled, the nominal value of those shares is transferred out of "called-up share capital" and into "capital redemption reserve".

The sales proceeds of treasury shares reissued are treated as a realised profit up to the amount of the purchase price of those shares and is transferred to capital reserves. The excess of the sales proceeds over the purchase price is transferred to "share premium".

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

	2016 £'000	2015 £'000
Gains on sales of investments based on historic cost	6,607	3,586
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	797	(3,958)
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	7,404	(372)
Net movement in investment holding gains and losses	39,262	3,076
Gains on investments held at fair value through profit or loss	46,666	2,704

3. Income

	2016 £'000	2015 £'000
Income from investments:		
Overseas dividends	4,712	4,101
Stock dividends	53	16
	4,765	4,117
Other interest receivable and similar income		
Stock lending fees	30	73
Deposit interest	4	5
Other income	–	18
	34	96
	4,799	4,213

4. Investment management and performance fees

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	317	950	1,267	259	777	1,036
Performance fee	–	2,650	2,650	–	–	–
	317	3,600	3,917	259	777	1,036

The bases for calculating the investment management and performance fees are set out in the Report of the Directors on page 24 and details of all amounts payable to the Manager are given in note 18 on page 50.

5. Administrative expenses

	2016 £'000	2015 £'000
Administration expenses	261	241
Directors' fees[1]	139	129
Secretarial fee	75	75
Custody fees	63	43
Auditors' remuneration for audit services	26	25
Auditors' remuneration for taxation compliance services	–	7
	564	520

[1]Details of all amounts payable to Directors are given in the Remuneration Report on page 32.

6. Finance costs

	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Interest on bank loans and overdrafts	**42**	**126**	**168**	33	100	133

7. Taxation on ordinary activities

	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
(a) Analysis of charge in the year:						
Irrecoverable overseas tax	**253**	**–**	**253**	165	–	165
Taiwainese withholding tax recovered	**(317)**	**–**	**(317)**	–	–	–
Tax charge for the year	**(64)**	**–**	**(64)**	165	–	165

The Company has no corporation tax liability for the year ended 31 December 2016 (2015: nil).

(b) Factors affecting tax charge for the year

The standard rate of corporation tax in the UK is 20% effective from 1 April 2015. Accordingly, the Company's profits for this accounting year would be taxed at a rate of 20% (2015: 20.25%). However the corporation tax charge for the year is nil (2015: nil), as dividends and capital gains are not subject to corporation tax. The tax charge comprises irrecoverable withholding tax deducted at source from dividends receivable. During the year, the Company recovered certain amounts of Taiwanese withholding tax relating to prior years and which has all been credited to the tax charge in the current year.

The table below shows how taxable income is reduced to zero by reconciling the expected corporation tax due on the net return before tax based on current tax rates, to the actual tax charge for the year.

	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Net return on ordinary activities before taxation	**3,876**	**40,166**	**44,042**	3,401	1,483	4,884
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 20.00% (2015: 20.25%)	**775**	**8,033**	**8,808**	689	300	989
Effects of:						
Capital returns on investments	**–**	**(8,778)**	**(8,778)**	–	(478)	(478)
Income not subject to taxation	**(885)**	**–**	**(885)**	(834)	–	(834)
Overseas withholding tax	**253**	**–**	**253**	165	–	165
Taiwainese withholding tax recovered	**(317)**	**–**	**(317)**	–	–	–
Unrelieved expenses	**110**	**745**	**855**	145	178	323
Tax charge for the year	**(64)**	**–**	**(64)**	165	–	165

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £5,412,000 (2015: £2,433,000) based on a prospective corporation tax rate of 17% (2015: 18%). The reduction in the standard rate of corporation tax was substantively enacted in September 2016 and is effective from 1 April 2020.

The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

Given the Company's intention to meet the conditions required to retain its status as an investment trust company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends

Dividends paid and declared	2016 £'000	2015 £'000
2015 final dividend of 3.80p (2014: 3.25p), paid out of revenue profits	2,772	2,379

	2016 £'000	2015 £'000
2016 final dividend proposed of 4.50p (2015: 3.80p), to be paid out of revenue profits[1]	3,274	2,772

[1]The proposed final dividend amounting to £3,274,000 (2015: £2,772,000) is the amount used for the basis of determining whether the Company has satsified the distribution requirements of Section 1158 of the Corporation Tax Act 2010. The revenue available for distribution by way of dividend for the year is £3,947,000 (2015: £3,236,000).

The Company changed its Articles of Association during the year and is now permitted to pay dividends out of distributable capital reserves.

9. Return per share

	2016 £'000	2015 £'000
Revenue return	3,940	3,236
Capital return	40,166	1,483
Total return	44,106	4,719
Weighted average number of shares in issue during the year	72,931,791	73,104,209
Revenue return per share	5.40p	4.43p
Capital return per share	55.07p	2.03p
Total return per share	**60.47p**	**6.46p**

There is no dilution to the above returns per share when the diluted returns are calculated in accordance with the requirements of IAS 33, as is required by FRS 102.

Details of the potentially dilutive treasury shares in issue are given in note 15 on page 50.

10. Investments held at fair value through profit or loss

	2016 £'000	2015 £'000
Opening book cost	144,119	138,094
Opening investment holding gains	11,284	12,166
Opening valuation	155,403	150,260
Purchases at cost	61,413	62,012
Sales proceeds	(55,535)	(59,573)
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	7,404	(372)
Net movement in investment holding gains and losses	39,262	3,076
Closing valuation	207,947	155,403
Closing book cost	156,604	144,119
Closing investment holding gains	51,343	11,284
Total investments held at fair value through profit or loss	**207,947**	**155,403**

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

	2016 £'000	2015 £'000
On acquisitions	**96**	100
On disposals	**125**	134
	221	234

11. Current assets

Debtors	2016 £'000	2015 £'000
Securities sold awaiting settlement	**987**	173
Dividends and interest receivable	**173**	224
Taxation recoverable	**78**	5
Other debtors	**17**	7
	1,255	409

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

Cash at bank and in hand
The carrying amount of cash, amounting to £7,310,000 (2015: £6,101,000), represents its fair value.

Derivative financial instruments held at fair value through profit or loss	2016 £'000	2015 £'000
Index put options	**2,167**	403
Forward foreign currency contracts	**514**	–
	2,681	403

Details of index put options and forward foreign currency contracts held at the year end are given on page 13.

Details of the Company's strategy for managing currency risk are given in note 21(a)(i) on page 52.

12. Current liabilities

Creditors: amounts falling due within one year	2016 £'000	2015 £'000
Bank loan	**21,042**	7,667
Performance fee payable	**2,650**	–
Other creditors and accruals	**484**	388
	24,176	8,055

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

The bank loan comprises US$26.0 million (2015: US$11.3 million) drawn down on the Company's £25 million, 364 day multi-currency credit facility with Scotiabank.

The facility is unsecured but is subject to covenants and restrictions which are customary for a facility of this nature, all of which have been complied with during the year. Further details of this facility are given in note 21(a)(ii) on page 54.

Derivative financial instrument held at fair value through profit or loss	2016 £'000	2015 £'000
Forward foreign currency contracts	**–**	74
Index futures	**–**	1
	–	75

Notes to the Accounts

13. Called-up share capital

	2016 £'000	2015 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 5p each:		
Opening balance of 72,949,141 (2015: 73,199,141) shares	3,647	3,660
Repurchase of 200,000 (2015: 250,000) shares into treasury	(10)	(13)
Subtotal of 72,749,141 (2015: 72,949,141) shares	3,637	3,647
12,455,671 (2015: 12,255,671) shares held in treasury	623	613
Closing balance[1]	4,260	4,260

[1]Represents 85,204,812 (2015: 85,204,812) shares of 5p each, including 12,455,671 (2015: 12,255,671) held in treasury. During the year, the Company purchased 200,000 of its own shares, nominal value £10,000, to hold in treasury for a total consideration of £503,000, representing 0.27% 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.

14. Reserves

				Capital reserves		
	Share premium[1] £'000	Capital redemption reserve[1] £'000	Special reserve[2] £'000	Gains and losses on sales of investments[2] £'000	Investment holding gains and losses[3] £'000	Revenue reserve[4] £'000
Opening balance	5	11,646	29,182	88,105	10,015	10,973
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	7,404	–	–
Net movement in investment holding gains and losses	–	–	–	–	39,262	–
Transfer on disposal of investments	–	–	–	(797)	797	–
Realised losses on derivatives	–	–	–	(1,439)	–	–
Unrealised gains on open derivative contracts	–	–	–	–	954	–
Realised exchange gains on cash and short-term deposits	–	–	–	310	–	–
Exchange losses on foreign currency loans	–	–	–	(1,151)	(1,448)	–
Repurchase of the Company's own shares into treasury	–	–	–	(503)	–	–
Management fee and finance costs allocated to capital	–	–	–	(1,076)	–	–
Performance fee	–	–	–	(2,650)	–	–
Dividend paid	–	–	–	–	–	(2,772)
Revenue for the year	–	–	–	–	–	3,940
Closing balance	5	11,646	29,182	88,203	49,580	12,141

[1]These reserves are not distributable.
[2]These are realised (distributable) capital reserves which may be used for the payment of dividends or to repurchase the Company's own shares.
[3]This reserve comprises holding gains on liquid investments (which may be deemed to be realised) and other amounts which are unrealised. An analysis has not been made between those amounts that are realised (and may be used for the payment of dividends or to repurchase the Company's own shares) and those that are unrealised.
[4]The revenue reserve may be used for the payment of dividends or to repurchase the Company's own shares.

15. Net asset value per share

	2016	2015
Undiluted		
Total equity shareholders' funds (£'000)	195,017	154,186
Shares in issue at the year end	72,749,141	72,949,141
Net asset value per share	268.07p	211.36p
Diluted		
Total equity shareholders' funds assuming reissue of any dilutive treasury shares (£'000)	213,790	N/A
Potential shares in issue at the year end	80,044,055	N/A
Net asset value per share	267.09p	N/A

The diluted net asset value per share assumes that 7,294,914 treasury shares were reissued at a discount of 4% to the net asset value per share at the year end. At a General Meeting on 15 November 2016, the Company was granted authority to reissue up to 7,294,914 ordinary shares from treasury (representing approximately 10% of the shares in issue as at 15 November 2016), at a discount of no greater than 4% to the net asset value per ordinary share at the time of sale. Prior to this, the Company's policy was that treasury shares would only be reissued at a premium to net asset value. Since the year end, 100,000 ordinary shares have been issued at a discount to net asset value under this new authority.

16. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	2016 £'000	2015 £'000
Total return on ordinary activities before finance costs and taxation	44,210	5,017
Less capital return on ordinary activities before finance costs and taxation	(40,292)	(1,583)
Stock dividends received as income	(53)	(16)
Decrease/(increase) in prepayments and accrued income	45	(196)
(Increase)/decrease in other debtors	(14)	12
Increase/(decrease) in creditors	88	(90)
Management fee allocated to capital	(950)	(777)
Taiwainese withholding tax recovered	317	–
Overseas withholding tax deducted at source	(314)	(166)
Net cash inflow from operating activities	**3,037**	2,201

17. Analysis of changes in net debt

	2015 £'000	Cash flow £'000	Exchange movements £'000	2016 £'000
Cash at bank and in hand	6,101	899	310	7,310
Bank loan	(7,667)	(10,776)	(2,599)	(21,042)
Net debt	(1,566)	(9,877)	(2,289)	(13,732)

18. Transactions with the Manager

Under the terms of the Alternative Investment Fund Manager Agreement, the Manager is entitled to receive management, secretarial and performance fees. Details of the basis of these calculations are given in the Report of the Directors on page 24. If the Company invests in funds managed or advised by the Manager, any fees earned by the Manager from those investments are rebated to the Company. The management fee payable in respect of the year ended 31 December 2016 amounted to £1,267,000 (2015: £1,036,000) of which £358,000 (2015: £247,000) was outstanding at the year end.

The secretarial fee payable for the year amounted to £75,000 (2015: £75,000) of which £19,000 (2015: £19,000) was outstanding at the year end. A performance fee amounting to £2,650,000 (2015: nil) is payable for the year, and the whole of this amount was outstanding at the year end.

No Director of the Company served as a director of any company within the Schroder Group at any time during the year.

19. Related party transactions

Details of the remuneration payable to Directors are given in the Remuneration Report on page 32 and details of Directors' shareholdings are given in the Remuneration Report on page 33. Details of transactions with the Manager are given in note 18 on page 50. There have been no other transactions with related parties during the year (2015: nil).

20. Disclosures regarding financial instruments measured at fair value

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

FRS 102 requires financial instruments to be categorised into a hierarchy consisting of the three levels below. Note that the criteria used to categorise investments include an amendment to paragraph 34.22 of FRS 102, issued by the Financial Reporting Council in March 2016, and which the Company has early adopted.

Level 1 – valued using unadjusted quoted prices in active markets for identical assets.
Level 2 – valued using observable inputs other than quoted prices included within Level 1.
Level 3 – valued using inputs that are unobservable.

Details of the Company's policy for valuing investments and derivative instruments are given in note 1(b) on page 43 and 1(g) on page 44.

The following table sets out the fair value measurements using the FRS 102 hierarchy at 31 December:

		2016		
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial instruments held at fair value through profit or loss				
Equity investments and derivative financial instruments	**200,492**	**–**	**–**	**200,492**
Participatory notes[1]	**–**	**10,136**	**–**	**10,136**
Total	**200,492**	**10,136**	**–**	**210,628**

		2015		
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments and derivative financial instruments	141,907	–	–	141,907
Participatory notes[1]	–	13,824	–	13,824
Total	141,907	13,824	–	155,731

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

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

In pursuing its objective, the Company is exposed to a variety of financial risks including 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 process for managing risk is unchanged from the previous year. The Company's financial instruments comprise:

- investments in equities and equity related securities which are held in accordance with the Company's investment objective;
- short-term debtors, creditors and cash arising directly from its operations;
- a multi-currency overdraft facility with HSBC, the purpose of which is to assist in financing the Company's operations;
- a multi-currency credit facility with Scotiabank, the purpose of which is to assist in financing the Company's operations;
- index put options used to protect the capital value of the portfolio; and
- forward foreign currency contracts, the purpose of which is to manage the currency risk arising from the Company's investment activities.

(a) Market risk

Market risk comprises three elements – currency risk, interest rate risk and market price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) to (iii) of this note, together with sensitivity analyses where appropriate.

(i) Currency risk

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

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board. The Board has authorised the use of hedging of the Company's currency exposure as part of the investment strategy.

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

	2016								
	Hong Kong Dollars £'000	US Dollars £'000	Taiwan Dollars £'000	South Korean Won £'000	Thai Baht £'000	Singapore Dollars £'000	Australian Dollars £'000	Other £'000	Total £'000
Current assets	862	438	1,168	428	987	–	39	–	3,922
Current liabilities	–	(21,042)	–	–	–	–	–	–	(21,042)
Derivative financial instruments held at fair value through profit or loss	(17,839)	35,578	–	–	–	–	(17,225)	–	514
Foreign currency exposure on net monetary items	(16,977)	14,974	1,168	428	987	–	(17,186)	–	(16,606)
Investments held at fair value through profit or loss	52,958	56,703	31,976	12,674	7,188	3,792	30,048	11,607	206,946
Derivative instruments held at fair value through profit or loss – index put options	2,017	–	87	–	–	–	63	–	2,167
Total net foreign currency exposure	37,998	71,677	33,231	13,102	8,175	3,792	12,925	11,607	192,507

	2015								
	Hong Kong Dollars £'000	US Dollars £'000	Taiwan Dollars £'000	South Korean Won £'000	Thai Baht £'000	Singapore Dollars £'000	Australian Dollars £'000	Other £'000	Total £'000
Current assets	2,349	82	14	427	–	53	–	–	2,925
Current liabilities	–	(7,667)	–	–	–	–	–	–	(7,667)
Derivative financial instrument held at fair value through profit or loss	–	14,425	–	–	–	–	(14,499)	–	(74)
Foreign currency exposure on net monetary items	2,349	6,840	14	427	–	53	(14,499)	–	(4,816)
Investments held at fair value through profit or loss	48,695	36,345	25,859	–	12,336	4,480	16,496	11,192	155,403
Derivative instruments held at fair value through profit or loss – index put options	89	–	107	181	–	–	25	–	402
Total net foreign currency exposure	51,133	43,185	25,980	608	12,336	4,533	2,022	11,192	150,989

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

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% (2015: 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:

	2016 £'000	2015 £'000
Income Statement – return after taxation		
Revenue return	**479**	392
Capital return	**(1,673)**	(492)
Total return after taxation	**(1,194)**	(100)
Net assets	**(1,194)**	(100)

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

	2016 £'000	2015 £'000
Income Statement – return after taxation		
Revenue return	**(479)**	(392)
Capital return	**1,673**	492
Total return after taxation	**1,194**	100
Net assets	**1,194**	100

In the opinion of the Directors, the above sensitivity analyses with respect to monetary financial assets and liabilities is broadly representative of the whole of the current and comparative year. The sensitivity with regard to the Company's investments, index futures and index put options to changes in foreign currency exchange rates is subsumed into market price risk sensitivity below.

(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 rates are re-set.

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Board would not expect gearing to exceed 30% 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 its overdraft facility or its credit facility. However, amounts drawn on these facilities are for short-term periods and therefore exposure to interest rate risk is not significant.

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:

	2016 £'000	2015 £'000
Exposure to floating interest rates:		
Cash at bank and in hand	**7,310**	6,101
Creditors: amounts falling due within one year – borrowings on the credit facility	**(21,042)**	(7,667)
Total exposure	**(13,732)**	(1,566)

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2015: same).

During the year, the Company extended its £25 million multi-currency credit facility with Scotiabank which now expires on 11 April 2017. Amounts are normally drawn down on the facility for one month periods. Interest is payable at a rate of LIBOR as quoted in the market for the relevant currency and period, plus a margin, plus Mandatory Costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. At 31 December 2016, the Company had drawn down US$26.0 million (£21.0 million) at an interest rate of 1.29%, repayable on 19 January 2017. At 31 December 2015, the Company had drawn down US$11.3 million (£7.7 million) at an interest rate of 1.12%, repayable on 29 January 2016.

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

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

	2016 £'000	2015 £'000
Maximum interest rate exposure during the year – net debt	**(18,164)**	(12,431)
Minimum interest rate exposure during the year – net debt	**(8,896)**	(1,566)

Interest rate sensitivity
The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2015: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and finanacial 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.

	2016		2015	
	0.5% increase in rate £'000	**0.5% decrease in rate £'000**	0.5% increase in rate £'000	0.5% decrease in rate £'000
Income statement – return after taxation				
Revenue return	**10**	**(10)**	21	(21)
Capital return	**(79)**	**79**	(29)	29
Total return after taxation	**(69)**	**69**	(8)	8
Net assets	**(69)**	**69**	(8)	8

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

(iii) Market price risk

Market price risk includes changes in market prices, other than those arising from interest rate risk, which may affect the value of equity investments.

Management of market price risk
The Board meets on at least six occasions each year to consider the asset allocation of the portfolio and the risk associated with particular countries and industry sectors. The Board has authorised the Manager to enter derivative transactions as a means of seeking capital preservation, subject to limits on the percentage of the portfolio hedged and the duration of derivatives used.

Market price risk exposure
The Company's total exposure to changes in market prices at 31 December comprises the following investments:

	2016 £'000	2015 £'000
Investments held at fair value through profit or loss	**207,947**	155,403
Derivative financial instruments held at fair value through profit or loss – index futures and index put options	**2,167**	402
	210,114	155,805

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

An analysis of the Company's investments is given on page 13. This shows that the portfolio mainly comprises investments quoted on Asian stockmarkets. 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 classification.

Market price risk sensitivity
The following table illustrates the sensitivity of net return after taxation for the year and net assets to an increase or decrease of 10% (2015: 10%) in the fair values of the Company's investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's investments, adjusting for the hedging effect of the index put options and including the resulting effect on the management fee, but with all other variables held constant.

	2016		2015	
	10% increase in fair value £'000	**10% decrease in fair value £'000**	10% increase in fair value £'000	10% decrease in fair value £'000
Income statement – return after taxation				
Revenue return	**(30)**	**24**	(18)	16
Capital return	**18,293**	**(14,888)**	10,977	(9,799)
Total return after taxation and net assets	**18,263**	**(14,864)**	10,959	(9,783)
Percentage change in net asset value	**9.4%**	**(7.6%)**	7.1%	(6.3%)

(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 overdraft and credit facilities.

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 2016 £'000	Three months or less 2015 £'000
Creditors: amounts falling due within one year		
Borrowings on the credit facility – including interest	**21,071**	7,667
Other creditors and accruals	**3,134**	388
Open forward currency contracts	**–**	75
	24,205	8,130

(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.

This risk is not significant and is managed as follows:

The Company invests in markets that operate a "Delivery Versus Payment" settlement process which mitigates the risk of losing the principal of a trade during settlement.

Counterparties are subject to daily credit analysis by the Manager. Cash balances are deposited with the Custodian of the Company's assets, HSBC Bank plc, which has Long Term Credit Ratings of AA– with Fitch and Aa2 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.

The amounts shown in the balance sheet under cash at bank and in hand and debtors represents the maximum exposure to credit risk at the current and comparative year ends. No debtors are past their due date and none have been provided for.

The value of securities on loan at 31 December 2016 amounted to £4.0 million (2015: £5.0 million). The highest value of securities on loan during the year ended 31 December 2016 amounted to £12.9 million (2015: £9.7 million). Under the Stock Lending Agreement, collateral is called in on a daily basis and may comprise cash, equities, certifcates of deposit or sovereign debt to a value of 105% of the value of the securities on loan. The Company ceased stock lending after the year end.

(d) Fair values of financial assets and financial liabilities
All financial assets and liabilities are either carried in the balance sheet at fair value or the balance sheet amount is a reasonable approximation of fair value.

22. Capital management policies and procedures

The Company's capital is represented by its net assets and borrowings, which are managed to achieve the Company's investment objective, as set out on the inside front cover of this annual report.

The Company has overdraft and credit facilities in place which may be used to maximise the return to shareholders through an appropriate level of gearing. The Board would not expect the level of gearing to exceed 30%, where gearing is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

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 – Explanation of Special Business

The Annual General Meeting ("AGM") of the Company will be held on Wednesday, 26 April 2017 at 12.00 noon. The formal Notice of Meeting is set out on pages 58 and 59.

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.

Special business to be proposed at the AGM

Resolution 13: Directors' authority to allot shares, on a non pre-emptive basis, including by way of a reissue of shares out of treasury (special resolution)

A special resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £363,895 (being 10% of the issued share capital as at the date of the Notice of the AGM) on a non pre-emptive basis. This authority includes shares that the Company sells or transfers that have been held in treasury. The Board has established guidelines for treasury shares and will only reissue shares held in treasury, on a non pre-emptive basis, at a price that is equal to or less than a 4% discount to the net asset value ("NAV') per ordinary share at the latest practicable date before such sale. The Directors do not intend to allot ordinary shares or sell treasury shares, on a non pre-emptive basis, pursuant to this authority 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 as a whole.

If approved, this authority will expire at the conclusion of the AGM in 2018 unless renewed, varied or revoked earlier.

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

At the AGM held on 29 April 2016, the Company was granted authority to make market purchases of up to 10,935,076 ordinary shares of 5p each for cancellation. A total of 200,000 shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 10,735,076 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 net asset value and the purchase of ordinary shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at the date of the Notice of the AGM (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 2017 AGM will lapse at the conclusion of the AGM in 2018 unless renewed, varied or revoked earlier.

Notice of Annual General Meeting

Notice is hereby given that the thirtieth Annual General Meeting of Schroder Asian Total Return Investment Company plc will be held on Wednesday, 26 April 2017 at 12.00 noon at 31 Gresham Street, London EC2V 7QA to consider the following resolutions, of which resolutions 1 to 12 will be proposed as ordinary resolutions, and resolutions 13 and 14 will be proposed as special resolutions:

1. To receive the Report of the Directors and the audited Accounts for the year ended 31 December 2016.
2. To approve a final dividend of 4.50 pence per share for the year ended 31 December 2016.
3. To approve the Directors' Remuneration Policy.
4. To approve the Directors' Annual Report on Remuneration for the year ended 31 December 2016.
5. To approve the re-election of David Brief as a Director of the Company.
6. To approve the re-election of Caroline Hitch as a Director of the Company.
7. To approve the re-election of Mike Holt as a Director of the Company.
8. To approve the re-election of Christopher Keljik as a Director of the Company.
9. To approve the re-election of Alexandra Mackesy as a Director of the Company.
10. To re-appoint PricewaterhouseCoopers LLP as Auditors to the Company.
11. To authorise the Directors to determine the remuneration of PricewaterhouseCoopers LLP as Auditors to the Company.
12. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

    "THAT in substitution for all existing authorities the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to an aggregate nominal amount of £363,895 (being 10% of the issued ordinary share capital at the date of this Notice) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2018, but that the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Board may allot relevant securities in pursuance of that offer or agreement."
13. To consider and, if thought fit, pass the following resolution as a special resolution:

    "THAT, in addition to any existing power and authority granted to the Directors, the Directors be and are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551 of the Act), including by way of a sale of ordinary shares held by the Company as treasury shares (as defined in section 724 of the Act ("treasury shares")), for cash as if section 561 of the Act did not apply to any such sale, provided that:

    (a) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired;

    (b) this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £363,895 being 10% of the issued ordinary share capital of the Company as at the date of this Notice; and

    (c) where any treasury shares are sold pursuant to this power at a discount to the prevailing net asset value of an ordinary share in the capital of the Company, such discount shall not be greater than a 4% discount to the net asset value per ordinary share at the latest practicable date before such sale.

Notice of Annual General Meeting

14. To consider and, if thought fit, to pass the following resolution as a special resolution:
"THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 5p 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 which may be purchased is 10,909,593, representing 14.99% of the Company's issued ordinary share capital as at the date of this Notice (excluding treasury shares);
    (b) the maximum price (exclusive of expenses) which may be paid for a Share shall not exceed the higher of;
        i) 105% of the average of the middle market quotations for the Shares as taken from the London Stock Exchange Daily Official List for the five business days preceding the date of purchase; and
        ii) the higher of the last independent bid and the highest current independent bid on the London Stock Exchange;
    (c) the minimum price (exclusive of expenses) which may be paid for a Share shall be 5p, being the nominal value per Share;
    (d) this authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2018 (unless previously renewed, varied or revoked by the Company prior to such date);
    (e) the Company may make a contract to purchase Shares under the authority hereby conferred which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract; and
    (f) any Shares so purchased will be cancelled or held in treasury."

By order of the Board
For and on behalf of
Schroder Investment Management Limited
Registered Number: 02153093
23 March 2017

Registered Office:
31 Gresham Street,
London EC2V 7QA

Explanatory Notes to the Notice of Meeting

1. Ordinary shareholders are entitled to attend and vote at the meeting and to appoint one or more proxies, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting.

   A proxy form is attached. If you wish to appoint a person other than the Chairman as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on 0800 032 0306 or +44(0) 121 415 0179 for overseas callers, or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

   On a vote by show of hands, every ordinary shareholder who is present in person has one vote and every duly appointed proxy who is present has one vote. On a poll vote, every ordinary shareholder who is present in person or by way of a proxy has one vote for every share of which he/she is a holder.

   The "Vote Withheld" option on the proxy form is provided to enable you to abstain on any particular resolution. However it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

   A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 hours before the time fixed for the meeting, or an adjourned meeting. Shareholders may also appoint a proxy to vote on the resolutions being put to the meeting electronically at www.sharevote.co.uk. Shareholders who are not registered to vote electronically, will need to enter the Voting ID and Shareholder Reference ID set out in their personalised proxy form. Alternatively, shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at www.shareview.co.uk using their user ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on-screen instructions. The on-screen instructions give details on how to complete the appointment process. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 12.00 noon on 24 April 2017. If you have any difficulties with online voting, you should contact the shareholder helpline on 0800 032 0306 (or +44(0) 121 415 0179 for overseas callers).

   If an ordinary shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.

   Shareholders may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than expressly stated.

   Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the Annual General Meeting.

2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

   The statement of the rights of ordinary shareholders in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by ordinary shareholders of the Company.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of members of the Company at 6.30 p.m. on 24 April 2017, or 6.30 p.m. two days prior to the date of an adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.30 p.m. on 24 April 2017 shall be disregarded in determining the right of any person to attend and vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com. A CREST message appointing a proxy (a "CREST proxy instruction") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments.

5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of his family interests in the shares of the Company, will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.

6. The biographies of the Directors offering themselves for re-election are set out on pages 21 and 22 of the Company's Annual Report and Accounts for the year ended 31 December 2016.

7. As at 23 March 2017, 72,779,141 ordinary shares of 5 pence each were in issue (12,425,671 shares were held in treasury). Therefore the total number of voting rights of the Company as at 23 March 2017 was 72,779,141.

8. A copy of this Notice of meeting, which includes details of shareholder voting rights, together with any other information as required under Section 311A of the Companies Act 2006, is available from the Company's webpage, www.schroders.co.uk/satric.

9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

Shareholder Information

Webpage and share price information

The Company has a dedicated webpage, which may be found at www.schroders.co.uk/satric. The webpage has been designed to be used as the Company's primary method of electronic communication with shareholders. It contains details of the Company's ordinary share price and copies of 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 site contains links to announcements made by the Company to the market, Equiniti's shareview service and Schroders' website. There is also a section entitled "How to Invest".

The Company releases its net asset value 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 at the Company's webpage.

A glossary of terms used in this Annual Report may be found on the Company's webpage.

ISA status

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

Non-Mainstream Pooled Investments Status

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

Financial calendar

Annual results announced	March
Annual General Meeting	April
Final dividend paid	May
Half year results announced	September
Financial year end	31 December

Alternative Investment Fund Managers ("AIFM") Directive

Certain pre-sale, regular and periodic disclosures required by the AIFM Directive may be found either in this Annual Report or on the website www.schroders.co.uk/its.

The Company's leverage policy and details of limits on leverage required under the AIFM Directive are published on the website at www.schroders.co.uk/its.

Preferential treatment of investors

The Company's investors purchase shares on the open market and therefore the Company is not in a position to influence the treatment of investors. No investor receives preferential treatment.

Liquidity risk management

The Company's shares are traded on the London Stock Exchange through market intermediaries. There are no special rights to redemption.

Periodic and regular disclosure under the Directive

(a) none of the Company's assets are subject to special arrangements arising from their illiquid nature;
(b) there are no new arrangements for managing the liquidity of the Company including, but not limited to, any material changes to the liquidity management systems and procedures employed by the Manager in place. Shareholders will be notified immediately where the issue, cancellation, sale and redemption of shares is suspended, when redemptions are suspended or where other similar special arrangements are activated;
(c) the current risk profile of the Company and the risk management systems employed by the Manager to manage those risks can be found in the Strategic Report; and
(d) the total amount of leverage employed by the Company may be found in the AIFM disclosures on the website www.schroders.co.uk/its.

Any changes to the following information will be provided through a regulatory news service without undue delay and in accordance with the Directive:

(a) the maximum level of leverage which the Manager may employ on behalf of the Company; and
(b) the right of re-use of collateral or any changes to any guarantee granted under any leveraging arrangement.

Remuneration disclosures

The information required under the AIFM Directive to be made available to investors in the Company on request in respect of remuneration paid by the AIFM to its staff, and, where relevant, carried interest paid by the Company, can be found on the website www.schroders.co.uk/its.

www.schroders.co.uk/satric

Advisers

Alternative Investment Fund Manager (the "Manager")
Schroder Unit Trusts Limited
31 Gresham Street
London EC2V 7QA

Investment Manager and Company Secretary
Schroder Investment Management Limited
31 Gresham Street
London EC2V 7QA
Telephone: 020 7658 4430

Registered Office
31 Gresham Street
London EC2V 7QA

Depositary and Custodian
HSBC Bank plc
8 Canada Square
London E14 5HQ

Lending Bank
Scotiabank Europe PLC
201 Bishopsgate
6th Floor
London EC2M 3NS

Registrars
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Shareholder Helpline: 0800 032 0306*
Website: www.shareview.co.uk
*Calls to this number are free of charge from UK landlines

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at the address and telephone number above.

Corporate Broker
Winterflood Investment Trusts
The Atrium Building
Canon Bridge House
Dowgate Hill
London EC4R 2GA

Independent Auditors
PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Shareholder enquiries
General enquiries about the Company should be addressed to the Company Secretary at the Company's Registered Office.

Dealing Codes

ISIN:	GB0008710799
SEDOL:	0871079
Ticker:	ATR

Global Intermediary Identification Number (GIIN)
TRPJG6.99999.SL.826

Legal Entity Identifier (LEI)
549300TQNNGZ0JHO2L78

Schroders