

Schroders

# Schroder AsiaPacific Fund plc

## Half Year Report and Accounts

For the six months ended  
31 March 2019



## Investment objective

The Company's principal investment objective is to achieve capital growth through investment primarily in equities of companies located in the continent of Asia (excluding the Middle East and Japan), together with the Far Eastern countries bordering the Pacific Ocean, with the aim of achieving growth in excess of the MSCI All Countries Asia excluding Japan Index in sterling terms over the longer term.

## Investment policy

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

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





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# Financial Highlights

## Total returns for the six months ended 31 March 2019<sup>1</sup>



**Net asset value  
("NAV") per share  
total return<sup>2</sup>**



**Share price  
total return<sup>2</sup>**



**Benchmark<sup>3</sup>**

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

<sup>2</sup>Source: Morningstar.

<sup>3</sup>Source: Thomson Reuters. The Company's benchmark is the MSCI All Countries Asia excluding Japan Index (with net income reinvested), sterling adjusted.

## Other financial information

	31 March 2019	30 September 2018	% Change
Shareholders' funds (£'000)	825,559	825,042	+0.1
Ordinary shares in issue	167,470,716	167,570,716	(0.1)
NAV per share (pence)	492.96	492.35	+0.1
Share price (pence)	445.00	430.00	+3.5
Share price discount to NAV per share (%)	9.7	12.7	
(Net cash)/gearing (%) <sup>1</sup>	(6.4)	2.6	

<sup>1</sup>Borrowings used for investment purposes, less cash, expressed as a percentage of net assets. If the figure so calculated is negative, this is shown as a "net cash" position.

# Interim Management Report – Chairman’s Statement



“The reduction in the discount... reflects a pick up in interest in the Company’s shares”

## Performance

During the six month period ended 31 March 2019, the Company’s net asset value (“NAV”) produced a total return of 2.2% compared to a total

return of 1.9% for the benchmark. The marginal outperformance was driven by stock selection.

Further analysis of performance may be found in the Manager’s Review.

## Management fee

Following its annual review of management arrangements, the board has agreed a reduction in management fee charged to shareholders. The first tier will be removed and fees will be charged at the rate of 0.80% per annum on the first £600 million of assets and 0.75% per annum thereafter, compared to the current fee of 0.90% per annum on the first £300 million, 0.80% on £300 million - £600 million and 0.75% thereafter. The fee will continue to be charged on the value of the Company’s assets under management, net of current liabilities other than short-term borrowings.

This will result in a saving for the Company of £300,000 per annum and the change took effect from 1 April 2019.

## Discount management

During the period, the board continued to monitor the discount and on 18 December 2018 repurchased 100,000 shares for cancellation. Over the period, the discount reduced from 12.7% at the start of the period to 9.7%. The reduction in the discount, and the share price total return of 6.0% reflects a pick up in interest in the Company’s shares.

## Board appointment

The board continues to review its ongoing composition in line with its succession policy. As outlined in my statement in the 2018 annual report, during the period, the nomination committee undertook a search for a new director. I am pleased to welcome Vivien Gould to the board following her appointment by the board, as announced on 21 May 2019. In accordance with the Company’s articles of association, a resolution to elect her

as a director of the Company will be proposed at the 2020 Annual General Meeting.

## Gearing

The Company was 2.6% geared at the beginning of the period, and as at 31 March 2019 the Company held 6.4% net cash. Average gearing during the period was 2.3%. The level of gearing continues to operate within pre-agreed levels so that net gearing does not represent more than 20% of shareholders’ funds.

After the period end, on 24 April 2019 the Company renewed its loan facility, increasing the committed amount from £75 million to £100 million. This will allow the Company to continue to take advantage of attractive opportunities in the market as they arise.

## Change in independent auditor

Following a competitive tender process which excluded the incumbent, PwC LLP, on the grounds of length of service, the board approved the appointment of Ernst & Young LLP as the Company’s auditor for the financial year ending 30 September 2019.

The appointment of Ernst & Young LLP as auditor for the financial year ending 30 September 2020 will be subject to approval by shareholders at the Company’s next Annual General Meeting, to be held in January 2020. The board would like to thank PwC LLP, which formally ceased to hold office as the Company’s auditor on 31 May 2019, for its professional service to the Company during its tenure in office. In accordance with legislative requirements, a copy of PwC’s resignation letter, including a statement of its reasons for ceasing to hold office, is being circulated to all shareholders.

## Outlook

There is a sense that the trade frictions between China and the US are approaching a pivotal moment. While the outcome is hard to anticipate, and will remain a major influence on short-term market movements, we want the portfolio to stay true to what created its historic success: finding Asia’s winners.

Asia is full of companies ideally placed to create or exploit the technologies of the future and the continued growth of the local economies. Your Company will continue to provide investors with a carefully selected portfolio of the best of them.

**Nicholas Smith**  
Chairman

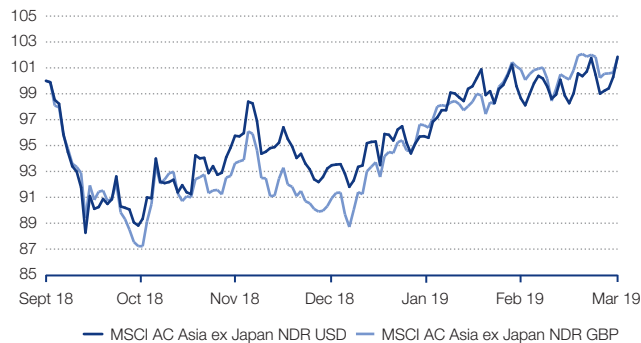
3 June 2019

# Interim Management Report – Manager’s Review

“Amid volatile market conditions, we have sought to build up oversold high conviction holdings...”

The net asset value per share of the Company recorded a total return of +2.2% over the six months to end March 2019. This was modestly ahead of the performance of the benchmark, which was up +1.9% over the same period. (Source: Morningstar, net of fees).

## Benchmark performance – 30 September 2018 to 31 March 2019

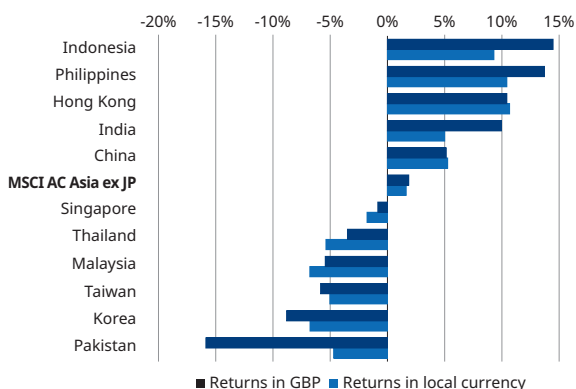


Source: Thomson Datastream as at 31 March 2019. Net dividends reinvested.

Pacific ex Japan equities ended slightly up over the period as a whole, but this disguises a high level of volatility. Concerns over tightening global liquidity, a stronger dollar, slower growth across developed markets outside the United States, slowing data from China, rising trade tensions and weaker trade trends weighed on regional markets in the latter months of 2018.

Come the turn of the year, there was a sharp rebound despite little economic recovery being immediately evident and continued downward revisions in corporate earnings. However, valuations had fallen to historically attractive levels which under-pinned the case for modest recovery and a shift to a less hawkish stance by the US Federal Reserve (the “Fed”) undoubtedly helped sentiment. Other factors included some signs of a loosening in credit conditions in China along with other measures including tax cuts and targeted infrastructure spending.

## Country returns – 30 September 2018 to 31 March 2019



Source: FactSet.

Indonesia, the Philippines and Hong Kong have been the outstanding performers. In the former, growing confidence over the Presidential election (which the more market friendly Jokowi indeed won) and stability in the currency supported returns. The Philippines has proved a ‘safe haven’ amid global economic uncertainty, while a more dovish outlook for interest rates and liquidity aided the asset heavy Hong Kong market. Weak performances in Korea and Taiwan reflected their trade sensitivity and, more specifically, the downturn in the semiconductor cycle. A combination of political uncertainty and weak external balances undermined Pakistan.

## Performance and portfolio activity

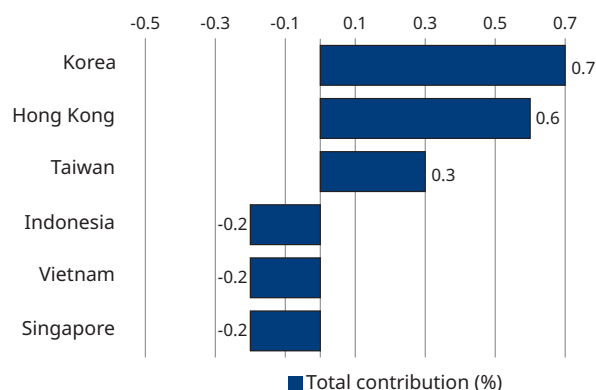
Stock selection in Korea added significant value, while the Company benefitted from the overweight position in Hong Kong despite stock selection slightly lagging in that market. Underweights in Taiwan and Malaysia, along with the exposure to Australian resources also added value. Factors on the negative side included stock selection in Singapore, the out-of-index Vietnam exposure and the underweight in Indonesia. Underweights in India and China were headwinds, but in aggregate this was more than compensated for by robust stock performance.

Over the period as a whole, we moved from a modestly geared position to net cash, with sales particularly in China and Korea, and thus moving even more underweight in both markets. Amid volatile market conditions, we have sought to build up oversold high conviction holdings, funded from a number of smaller positions where, for a variety of reasons, our confidence has faded. Areas where we added included Hong Kong, Singapore and India. Among the major markets the Company closed the period overweight Hong Kong, underweight China and Korea, modestly underweight Taiwan and neutral in India. In sector terms key overweights are in information technology, consumer discretionary and (marginally) industrials, while being underweight communication services, consumer staples and utilities.

# Interim Management Report – Manager’s Review

“...beyond the shorter-term stocks’ both financial and economic, we remain confident in the underlying prospects for the region.”

## Top 3 contributors and top 3 detractors, 6 months to 31 March 2019 (% points)



Source: FactSet PA3.

## Outlook and policy

As mentioned above, a shift in policy stance from the Fed and the Chinese authorities towards more accommodative positions have marked a significant reversal in sentiment coming into 2019. A more dovish Fed commentary has significantly lowered market expectations for future interest rate increases, and long bond yields have come down from their November highs. A flattening yield curve, with short interest rates close to long bond yields, points to slower global growth, but as the US dollar remains the key reserve currency it allows Asian monetary authorities scope to adjust their own policy stances given that inflationary pressures are uniformly subdued.

There has also been an important shift in China’s policy stance in the last few months. Reserve requirement ratios have been cut and banks have been encouraged to lend more aggressively to small and medium-sized enterprises (“SMEs”) and the private sector. The sharp pick-up in total social financing in year-to-date data suggests that local financial institutions are responding to this top-down guidance. Fiscal spending also appears to be picking up to support growth, with lower taxes for consumers and SMEs being announced and an acceleration of some infrastructure spending coming through.

Having appeared to be progressing relatively smoothly, at the time of writing the trade negotiations have clearly hit something of an impasse. Conspiracy theories abound, and the one thing we can be sure of is that the various parties are putting the best spin possible to their own actions. It remains very unclear whether China has stepped back from what the US took to be firm promises, or whether strong domestic equity markets and economy emboldened Trump to seek more concessions. Irrespective of the causes, while regional markets do not look expensive severe trade disruption has the capacity to lead markets substantially lower, particularly as prospects for a reversal in negative earnings revisions recedes.

However, beyond the shorter-term shocks, both financial and economic, we remain confident in the underlying prospects for the region. Trade tension may well simply accelerate the longer-term trends on which regional prosperity will depend: the emergence of Asia (most specifically China and India) as massive domestic markets, with other lower cost economies round the region benefiting from relocation of manufacturing and rising fixed asset investment based on intra-regional competitive advantages. Furthermore, both national external balances and corporate cash generation and balance sheets are relatively strong. Given the portfolio’s current net cash position, it is in a good position to take advantage of the potential volatility.

## Country weights

Market	NAV weighting (%)		Benchmark Index weight (%) 31 March 2019
	31 March 2019	30 September 2018	
Hong Kong	23.7	22.0	12.0
China	22.8	30.4	37.3
Korea	13.3	18.5	14.7
India	10.5	8.3	10.4
Taiwan	9.4	10.5	12.8
Singapore	4.0	2.8	3.9
Thailand	3.3	4.1	2.7
Other*	3.1	2.8	-
Australia	1.9	2.5	-
Indonesia	1.4	1.1	2.5
Philippines	0.2	0.2	1.2
Malaysia	-	-	2.5
Other net assets/ (liabilities)	6.4	(3.2)	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Schroders, MSCI, 31 March 2019.

\*Vietnam, Netherlands, Sri Lanka and a unit trust.

## Schroder Investment Management Limited

3 June 2019

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

# Interim Management Report

## Principal risks and uncertainties

The principal risks and uncertainties with the Company's business fall into the following categories: strategy and competitiveness risk; investment management risk; financial and currency risk; accounting, legal and regulatory risk; custodian and depositary risk; and service provider risk, including cyber risk. A detailed explanation of the risks and uncertainties in each of these categories can be found on pages 12 and 13 of the Company's published Annual Report and Accounts for the year ended 30 September 2018.

These risks and uncertainties have not materially changed during the six months ended 31 March 2019.

## Going concern

Having assessed the principal risks and uncertainties, and the other matters discussed in connection with the viability statement as set out on page 14 of the published Annual Report and Accounts for the year ended 30 September 2018, the directors consider it appropriate to adopt the going concern basis in preparing the accounts.

## Related party transactions

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 31 March 2019.

## Directors' responsibility statement

The directors confirm that, to the best of their knowledge, this set of condensed financial statements has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and with the Statement of Recommended Practice, "Financial Statements of Investment Companies and Venture Capital Trusts" issued in November 2014 and updated in February 2018, and that this Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules.



# Interim Management Statement

## Investment Portfolio as at 31 March 2019

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 64.3% (30 September 2018: 59.6% and 31 March 2018: 56.6%) of total investments and derivative financial instruments.

	£'000	%		£'000	%
<b>Hong Kong</b>			<b>India</b>		
<b>AIA</b>	<b>42,615</b>	<b>5.5</b>	<b>HDFC Bank</b>	<b>25,553</b>	<b>3.3</b>
<b>Swire Pacific</b>	<b>26,852</b>	<b>3.5</b>	<b>ICICI Bank</b>	<b>16,430</b>	<b>2.1</b>
<b>Galaxy Entertainment</b>	<b>19,689</b>	<b>2.6</b>	<b>Zee Entertainment Enterprises</b>	<b>14,449</b>	<b>1.9</b>
<b>Jardine Strategic<sup>1</sup></b>	<b>17,370</b>	<b>2.2</b>	Apollo Hospitals Enterprise	8,867	1.1
<b>Standard Chartered</b>	<b>16,763</b>	<b>2.2</b>	Petronet LNG	7,174	0.9
<b>Kerry Properties</b>	<b>15,813</b>	<b>2.0</b>	Gujarat Pipavav Port	7,035	0.9
<b>Techtronic Industries</b>	<b>14,697</b>	<b>1.9</b>	Container Corporation of India	5,313	0.7
BOC Hong Kong	13,862	1.8	Multi Commodity Exchange of India	1,734	0.2
Fortune Real Estate Investment Trust	13,650	1.8	<b>Total India</b>	<b>86,555</b>	<b>11.1</b>
Prada	5,074	0.7	<b>Taiwan</b>		
ASM Pacific Technology	4,429	0.6	<b>Taiwan Semicon Manufacturing</b>	<b>51,620</b>	<b>6.7</b>
Johnson Electric	4,143	0.5	Hon Hai Precision Industries	13,189	1.7
Chow Sang Sang	961	0.1	Largan Precision	12,943	1.7
<b>Total Hong Kong</b>	<b>195,918</b>	<b>25.4</b>	<b>Total Taiwan</b>	<b>77,752</b>	<b>10.1</b>
<b>China</b>			<b>Singapore</b>		
<b>Alibaba (ADR)</b>	<b>47,726</b>	<b>6.2</b>	<b>Oversea-Chinese Banking</b>	<b>17,639</b>	<b>2.3</b>
<b>Tencent Holdings<sup>2</sup></b>	<b>34,126</b>	<b>4.4</b>	<b>Keppel</b>	<b>15,048</b>	<b>1.9</b>
<b>China Pacific Insurance<sup>2</sup></b>	<b>23,585</b>	<b>3.0</b>	<b>Total Singapore</b>	<b>32,687</b>	<b>4.2</b>
<b>Midea, including A shares and (LEPO)<sup>3</sup></b>	<b>22,547</b>	<b>2.9</b>	<b>Thailand</b>		
<b>Huazhu Group (ADR)</b>	<b>19,025</b>	<b>2.5</b>	Bangkok Bank (NVDR)	9,541	1.2
China Petroleum & Chemical H <sup>2</sup>	14,019	1.8	Kasikornbank	8,984	1.2
Hangzhou HIK-Vision (LEPO)	13,760	1.8	Intouch	8,342	1.1
Shenzou International Group <sup>2</sup>	8,931	1.2	<b>Total Thailand</b>	<b>26,867</b>	<b>3.5</b>
Baozun (ADR)	4,703	0.6	<b>Australia</b>		
<b>Total China</b>	<b>188,422</b>	<b>24.4</b>	BHP <sup>4</sup>	16,110	2.1
<b>Korea</b>			<b>Total Australia</b>	<b>16,110</b>	<b>2.1</b>
<b>Samsung Electronics</b>	<b>39,688</b>	<b>5.1</b>	<b>Vietnam</b>		
SK Innovation	13,411	1.7	Dragon Capital Vietnam Enterprise Investments <sup>4</sup>	13,124	1.7
SK Holdings	12,747	1.6	<b>Total Vietnam</b>	<b>13,124</b>	<b>1.7</b>
Samsung Electronics (preference shares)	8,445	1.1	<b>Indonesia</b>		
Naver	7,803	1.0	Bank Mandiri	11,779	1.5
LG Chemical	6,184	0.8	<b>Total Indonesia</b>	<b>11,779</b>	<b>1.5</b>
Medy-Tox	5,514	0.7	<b>Global<sup>5</sup></b>		
Netmarble Games	5,497	0.7	Schroder Small Cap Discovery Fund Z Acc	8,382	1.1
Hyosung Chemical	4,334	0.6	<b>Total Global</b>	<b>8,382</b>	<b>1.1</b>
Hyosung TNC	3,782	0.5			
Amorepacific Group (preference shares)	2,400	0.3			
<b>Total Korea</b>	<b>109,805</b>	<b>14.1</b>			

# Interim Management Statement

## Investment Portfolio as at 31 March 2019

	£'000	%
<b>Netherlands</b>		
ASML	4,167	0.5
<b>Total Netherlands</b>	<b>4,167</b>	<b>0.5</b>
<b>Philippines</b>		
Holcim Philippines	1,428	0.2
<b>Total Philippines</b>	<b>1,428</b>	<b>0.2</b>
<b>Total Investments</b>	<b>772,996</b>	<b>99.9</b>
<b>Derivative Financial Instruments</b>		
<b>Forward Currency Contracts</b>		
Purchase of USD 53.3 million for KRW 59.3 billion for settlement on 11 April 2019	580	0.1
Purchase of USD 40.0 million for CNY 269.2 million for settlement on 13 June 2019	(49)	-
<b>Total forward currency contracts</b>	<b>531</b>	<b>0.1</b>
<b>Total Investments and Derivative Financial Instruments<sup>6</sup></b>	<b>773,527</b>	<b>100.0</b>

<sup>1</sup> Listed in Singapore.

<sup>2</sup> Listed in Hong Kong.

<sup>3</sup> Listed in the USA.

<sup>4</sup> Listed in the United Kingdom.

<sup>5</sup> Predominantly invested in Asia.

<sup>6</sup> Total investments and derivative financial instruments comprises the following:

	£'000	%
Equities, including ADR, LEPO and NVDR	740,645	95.7
Collective investment funds	21,506	2.8
Preference shares	10,845	1.4
Derivative financial instruments	531	0.1
<b>Total investments and derivative financial instruments</b>	<b>773,527</b>	<b>100.0</b>

# Income Statement

	(Unaudited) For the six months ended 31 March 2019			(Unaudited) For the six months ended 31 March 2018			(Audited) For the year ended 30 September 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	-	16,575	16,575	-	46,740	46,740	-	26,589	26,589
Net foreign currency gains/ (losses)	-	579	579	-	1,029	1,029	-	(2,644)	(2,644)
Income from investments	3,682	971	4,653	4,429	-	4,429	21,092	293	21,385
Other interest receivable and similar income	71	-	71	16	-	16	42	-	42
<b>Gross return</b>	<b>3,753</b>	<b>18,125</b>	<b>21,878</b>	<b>4,445</b>	<b>47,769</b>	<b>52,214</b>	<b>21,134</b>	<b>24,238</b>	<b>45,372</b>
Investment management fee	(800)	(2,399)	(3,199)	(891)	(2,673)	(3,564)	(1,748)	(5,243)	(6,991)
Administrative expenses	(505)	-	(505)	(474)	-	(474)	(1,022)	-	(1,022)
<b>Net return before finance costs and taxation</b>	<b>2,448</b>	<b>15,726</b>	<b>18,174</b>	<b>3,080</b>	<b>45,096</b>	<b>48,176</b>	<b>18,364</b>	<b>18,995</b>	<b>37,359</b>
Finance costs	(77)	(232)	(309)	(111)	(332)	(443)	(289)	(867)	(1,156)
<b>Net return on ordinary activities before taxation</b>	<b>2,371</b>	<b>15,494</b>	<b>17,865</b>	<b>2,969</b>	<b>44,764</b>	<b>47,733</b>	<b>18,075</b>	<b>18,128</b>	<b>36,203</b>
Taxation (note 3)	(256)	(770)	(1,026)	49	(1,270)	(1,221)	(1,190)	(529)	(1,719)
<b>Net return on ordinary activities after taxation</b>	<b>2,115</b>	<b>14,724</b>	<b>16,839</b>	<b>3,018</b>	<b>43,494</b>	<b>46,512</b>	<b>16,885</b>	<b>17,599</b>	<b>34,484</b>
<b>Return per share (note 4)</b>	<b>1.26p</b>	<b>8.79p</b>	<b>10.05p</b>	<b>1.80p</b>	<b>25.96p</b>	<b>27.76p</b>	<b>10.08p</b>	<b>10.50p</b>	<b>20.58p</b>

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

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

# Statement of Changes in Equity

## For the six months ended 31 March 2019 (unaudited)

	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2018	16,757	100,956	3,387	8,704	31,575	646,421	17,242	825,042
Repurchase and cancellation of the Company's own shares	(10)	-	10	-	(412)	-	-	(412)
Net return on ordinary activities after taxation	-	-	-	-	-	14,724	2,115	16,839
Dividend paid in the period (note 5)	-	-	-	-	-	-	(15,910)	(15,910)
<b>At 31 March 2019</b>	<b>16,747</b>	<b>100,956</b>	<b>3,397</b>	<b>8,704</b>	<b>31,163</b>	<b>661,145</b>	<b>3,447</b>	<b>825,559</b>

## For the six months ended 31 March 2018 (unaudited)

	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2017	16,757	100,956	3,387	8,704	31,575	628,822	9,741	799,942
Net return on ordinary activities after taxation	-	-	-	-	-	43,494	3,018	46,512
Dividend paid in the period (note 5)	-	-	-	-	-	-	(9,384)	(9,384)
<b>At 31 March 2018</b>	<b>16,757</b>	<b>100,956</b>	<b>3,387</b>	<b>8,704</b>	<b>31,575</b>	<b>672,316</b>	<b>3,375</b>	<b>837,070</b>

## For the year ended 30 September 2018 (audited)

	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2017	16,757	100,956	3,387	8,704	31,575	628,822	9,741	799,942
Net return on ordinary activities after taxation	-	-	-	-	-	17,599	16,885	34,484
Dividend paid in the year (note 5)	-	-	-	-	-	-	(9,384)	(9,384)
<b>At 30 September 2018</b>	<b>16,757</b>	<b>100,956</b>	<b>3,387</b>	<b>8,704</b>	<b>31,575</b>	<b>646,421</b>	<b>17,242</b>	<b>825,042</b>

# Statement of Financial Position

	(Unaudited) 31 March 2019 £'000	(Unaudited) 31 March 2018 £'000	(Audited) 30 September 2018 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	772,996	873,130	851,031
<b>Current assets</b>			
Debtors	3,797	2,641	2,128
Cash at bank and in hand	52,601	10,809	20,439
Derivative financial instruments held at fair value through profit or loss	885	-	-
	<b>57,283</b>	13,450	22,567
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	(4,366)	(49,510)	(48,556)
Derivative financial instruments held at fair value through profit or loss	(354)	-	-
	<b>(4,720)</b>	(49,510)	(48,556)
<b>Net current assets/(liabilities)</b>	<b>52,563</b>	(36,060)	(25,989)
<b>Total assets less current liabilities</b>	<b>825,559</b>	837,070	825,042
<b>Net assets</b>	<b>825,559</b>	837,070	825,042
<b>Capital and reserves</b>			
Called-up share capital (note 6)	16,747	16,757	16,757
Share premium	100,956	100,956	100,956
Capital redemption reserve	3,397	3,387	3,387
Warrant exercise reserve	8,704	8,704	8,704
Share purchase reserve	31,163	31,575	31,575
Capital reserves	661,145	672,316	646,421
Revenue reserve	3,447	3,375	17,242
<b>Total equity shareholders' funds</b>	<b>825,559</b>	837,070	825,042
<b>Net asset value per share (note 7)</b>	<b>492.96p</b>	499.53p	492.35p

Registered in England and Wales as a public company limited by shares  
Company Registration Number: 3104981

# Notes to the Accounts

## 1. Financial Statements

The information contained within the accounts in this half year report has not been audited or reviewed by the Company's independent auditor.

The figures and financial information for the year ended 30 September 2018 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

## 2. Accounting policies

### Basis of accounting

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

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

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 30 September 2018.

## 3. Taxation

The Company's effective corporation tax rate is nil, as deductible expenses exceed taxable income. The taxation charge comprises irrecoverable overseas withholding tax on dividends receivable, and overseas capital gains tax.

## 4. Return per share

	(Unaudited) Six months ended 31 March 2019	(Unaudited) Six months ended 31 March 2018	(Audited) Year ended 30 September 2018
Revenue return (£'000)	2,115	3,018	16,885
Capital return (£'000)	14,724	43,494	17,599
<b>Total return (£'000)</b>	<b>16,839</b>	<b>46,512</b>	<b>34,484</b>
Weighted average number of shares in issue during the period	167,513,024	167,570,716	167,570,716
Revenue return per share	1.26p	1.80p	10.08p
Capital return per share	8.79p	25.96p	10.50p
<b>Total return per share</b>	<b>10.05p</b>	<b>27.76p</b>	<b>20.58p</b>

# Notes to the Accounts

## 5. Dividends paid

(Unaudited) Six months ended 31 March 2019 £'000	(Unaudited) Six months ended 31 March 2018 £'000	(Audited) Year ended 30 September 2018 £'000
15,910	9,384	9,384

2018 final dividend paid of 9.50p (2017: 5.60p)

No interim dividend has been declared in respect of the six months ended 31 March 2019 (2018: nil).

## 6. Called-up share capital

(Unaudited) Six months ended 31 March 2019	(Unaudited) Six months ended 31 March 2018	(Audited) Year ended 30 September 2018
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### Ordinary shares of 10p each, allotted, called-up and fully paid:

Opening balance of shares in issue	167,570,716	167,570,716	167,570,716
Shares repurchased and cancelled	(100,000)	-	-
<b>Closing balance of shares in issue</b>	<b>167,470,716</b>	167,570,716	167,570,716

## 7. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds by the number of shares in issue at 31 March 2019 of 167,470,716 (31 March 2018 and 30 September 2018: 167,570,716).

## 8. Financial instruments measured at fair value

The Company's financial instruments that are held at fair value comprise its investment portfolio. At 31 March 2019, all investments in the Company's portfolio were categorised as Level 1 in accordance with the criteria set out in paragraph 34.22 (amended) of FRS 102. That is, they are all valued using unadjusted quoted prices in active markets for identical assets (31 March 2018 and 30 September 2018: same).

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

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

# Notes





## Directors

Nicholas Smith (Chairman)  
Keith Craig  
Rosemary Morgan  
Martin Porter  
James Williams

## Advisers

### Alternative Investment Fund Manager ("Manager")

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

### Investment Manager and Company Secretary

Schroder Investment Management Limited  
1 London Wall Place  
London EC2Y 5AU  
Telephone: 020 7658 3847

### Registered Office

1 London Wall Place  
London EC2Y 5AU

### Depositary and Custodian

HSBC Bank plc  
8 Canada Square  
London E14 5HQ

### Lending Bank

Scotiabank Europe PLC  
201 Bishopsgate  
London EC2M 3NS

### Corporate Broker

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

## Registrar

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA  
Shareholder Helpline  
0800 032 0641\*  
Website: [www.shareview.co.uk](http://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 Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

## Independent Auditor

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

Certain pre-sale, regular and periodic disclosures required by the AIFM Directive may be found on its webpages.

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

## Dealing codes

ISIN Number: GB0007918872  
SEDOL Number: 0791887  
Ticker: SDP

## Global Intermediary Identification Number (GIIN)

SWLQRM.99999.SL.826

## Legal Entity Identifier (LEI)

549300A71N7LE35KWU14

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

