



Schroder AsiaPacific Fund plc

Matthew Dobbs, Fund Manager
January 2020

Schroders in the Far East

Strong regional presence

- Matthew Dobbs has over 38 years of investment experience with Schroders, 30 of which has been spent following Far Eastern markets
- Richard Sennitt has 26 years of investment experience all of which have been spent following the Far Eastern markets and all at Schroders
- 37¹ ex Japan analysts based in six offices across the region

Schroders office

Tokyo

Opened 1974

Seoul

Opened 1987

Beijing

Opened 1996

Mumbai²

Opened 2012

Taipei

Opened 1989

Shanghai

Opened 1994

Hong Kong

Opened 1971

Singapore

Opened 1977

Jakarta

Opened 1991

Sydney

Opened 1963

Melbourne

Opened 2007

○ Investment office

○ Representative office

²A joint venture fund management company with Axis Asset Management Company

Source: Schroders, as at 31 December 2019.

¹December 2019. Includes a joint-venture team of Indian equity specialists at Axis Asset Management (Axis AMC) in Mumbai. The Axis AMC team is fully integrated and provides support and coverage for Indian stocks within our research universe.

Asia Pacific ex Japan Equities research

Our research team

Analyst	Location	Coverage	Years of Experience	Years with Schroders
Raymond MAGUIRE	Hong Kong	Head of Research	23	5
Jay LUONG ¹	Hong Kong	Regional Financials	20	12
Sherry LIN	Hong Kong	Regional Financials	26	10
Alice LIU	Hong Kong	China Equity	10	1
Maggie LI, CFA	Hong Kong	China Equity	6	6
Maurien YAU, CFA	Hong Kong	China Equity	28	15
Ashley CHUNG	Hong Kong	China Equity	14	2
Wei LI	Hong Kong	China Equity	9	2
Jose PUN	Hong Kong	China Equity	9	1
Sarah LIU	Shanghai	China Equity	14	6
Candice CHEN	Shanghai	China Equity	6	2
Kelly ZHANG, CFA	Shanghai	China Equity	8	4
Nina YAN	Shanghai	China Equity	12	1
Jingyi SONG	Shanghai	China Equity	3	1
Jack LEE, CFA ²	Shanghai	China Equity	21	7
Chen-Hsiu CHEN, CFA	Taipei	Regional Technology	22	20

Depth of research, 37 career analysts in 6 offices

Source: Schroders, as at December 2019.

¹Jay Luong also has fund management role.

²Head of China-A shares Research and reports directly to Louisa Lo.

³Joint venture fund management company with Axis Asset Management Company.

⁴Head of Australian Equities.

⁵Deputy Head of Australian Equities.

⁶Head of Australian Research.

Analyst	Location	Coverage	Years of Experience	Years with Schroders
Sameer KAKAKHEL, CFA	Singapore	Regional Energy and Materials	25	8
Jeonghoon (Matthew) YANG	Hong Kong	Korean Equity	12	6
Siok Mei LIM, CFA	Singapore	Philippines, Thailand and Vietnam Domestic	25	24
Siew Ling TAN, CFA	Singapore	Indonesian and Malaysia Domestic	11	6
Chuanyao LU, CFA	Singapore	Singapore Domestic	12	2
Gina KIM, CFA	Singapore	Asian Small Caps	20	7
Martin CONLON ⁴	Sydney	Australian Domestic	31	26
Andrew FLEMING ⁵	Sydney	Australian Domestic	31	12
Joseph KOH	Sydney	Australian Domestic	23	10
Justin HALLIWELL ⁶	Sydney	Australian Domestic	23	23
Ray DAVID	Sydney	Australian Domestic	18	7
Daniel PETERS, CFA	Sydney	Australian Domestic	20	11
Sally WARNEFORD	Sydney	Australian Domestic	26	2
Joseph WRIGHT	Sydney	Australian Domestic	8	3
Vana MAKARIC	Sydney	Australian Domestic	10	3
Ashish NAIK	Mumbai ³	India Domestic	13	10
Nitin ARORA	Mumbai ³	India Domestic	11	2
Deepak AGRAWAL	Mumbai ³	India Domestic	13	5
Hitesh DAS	Mumbai ³	India Domestic	9	5
Mayank HYANKI	Mumbai ³	India Domestic	12	4
Vinayak JAYANATH	Mumbai ³	India Domestic	5	3
Average			16	7

Schroders



Performance

Schroder AsiaPacific Fund plc

NAV performance

Benchmark: MSCI AC Asia ex Japan Index¹ (net dividends reinvested)

Current value: £857,294,118

Inception date: 20 November 1995

Returns to 31 December 2019 (£)

	3 months %	1 year %	3 years % p.a.	5 years % p.a.	Since inception % p.a.
Schroder AsiaPacific Fund plc ²	4.1%	15.0%	12.1%	12.2%	8.2%
MSCI AC Asia ex Japan	4.0%	13.6%	10.2%	10.2%	5.6%
Relative performance	0.1%	1.4%	1.9%	2.0%	2.6%



Past performance is not a guide to future performance. The value of investment can go down as well as up and is not guaranteed.

Source: Morningstar, Schroders. Source for ratings: Morningstar and Citywire, as at 31 December 2019. Please see Morningstar disclaimer at the end of the presentation. ¹Prior to 28 February 2011 Benchmark was MSCI AC Far East ex Japan. ²Cum-income fair NAV Total Return (since inception Total Return NAV), net of fees, GBP.

Schroder AsiaPacific Fund plc

NAV performance

Calendar year returns (£)

	Q4 2018 – Q4 2019 %	Q4 2017 – Q4 2018 %	Q4 2016 – Q4 2017 %	Q4 2015 – Q4 2016 %	Q4 2014 – Q4 2015 %
Schroder AsiaPacific Fund plc²	15.0%	-11.7%	38.7%	27.6%	-1.0%
MSCI AC Asia ex Japan¹	13.6%	-9.1%	29.5%	26.1%	-3.6%
Relative performance	1.4%	-2.6%	9.2%	1.5%	2.6%

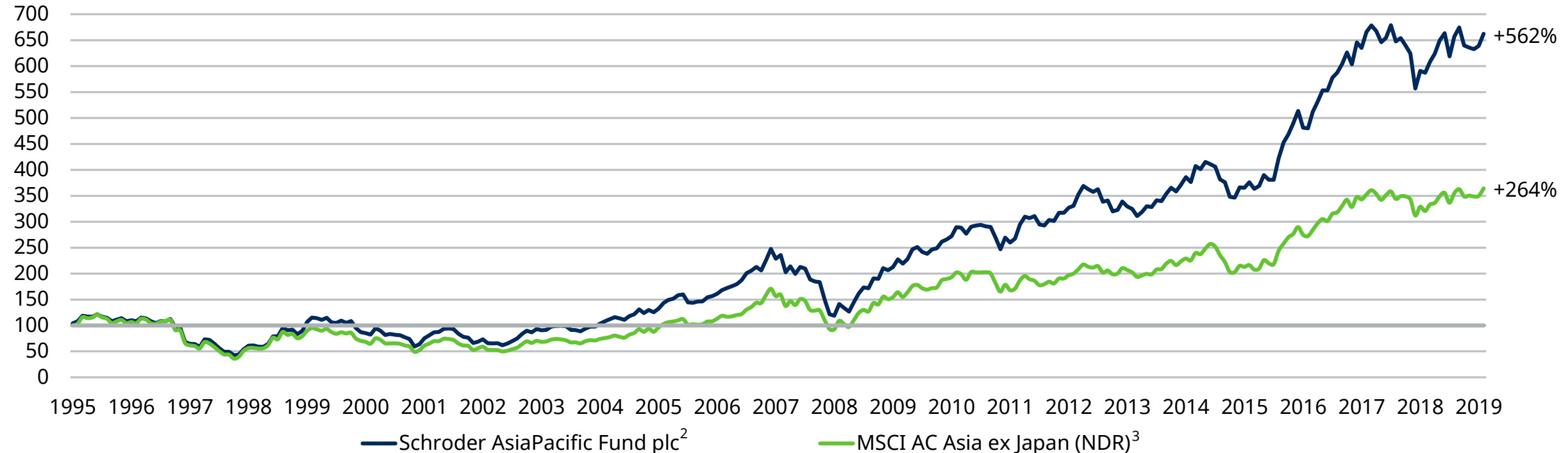
Past performance is not a guide to future performance. The value of investment can go down as well as up and is not guaranteed.

Source: Morningstar, Schroders. ¹Prior to 31 January 2011 Benchmark was MSCI AC Far East ex Japan. ²Cum-income fair NAV Total Return, net of fees, GBP.

Schroder AsiaPacific Fund plc

Performance – Since inception¹ to December 31, 2019

Index 100 = 20 November 1995



Past performance is not a guide to future performance. The value of investment can go down as well as up and is not guaranteed.

¹ 20 November 1995

² Total Return NAV, net of fees, GBP.

³ Prior to 31/01/2011 Benchmark was MSCI AC Far East ex Japan

Source: Morningstar, Schroders

Schroder AsiaPacific Fund plc

Risk factors

- 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 amount originally invested.
- Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk.
- The trust can be exposed to different currencies. Changes in foreign exchange rates could create losses.
- The trust may be concentrated in a limited number of geographical regions, industry sectors, markets and/or individual positions. This may result in large changes in the value of the fund, both up or down, which may adversely impact the performance of the fund.
- The trust may borrow money to invest in further investments, this is known as gearing. Gearing will increase returns if the value of the investments purchased increase in value by more than the cost of borrowing, or reduce returns if they fail to do so.
- Investments such as warrants, participation certificates, guaranteed bonds, etc will expose the fund to the risk of the issuer of these instruments defaulting on paying the capital back to the fund.

Schroders

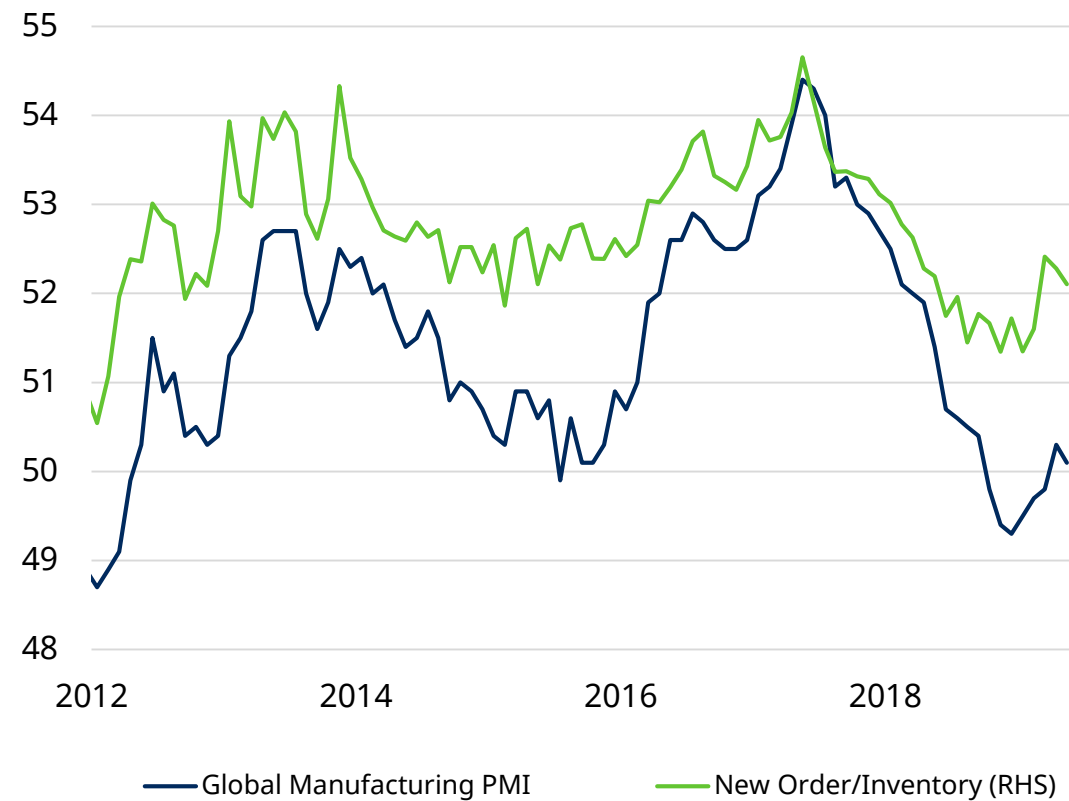


Outlook

Asian outlook

Global monetary easing point to better global growth – a positive for Asia

Global Manufacturing PMI*¹



Central Bank cuts point to PMI improvement²

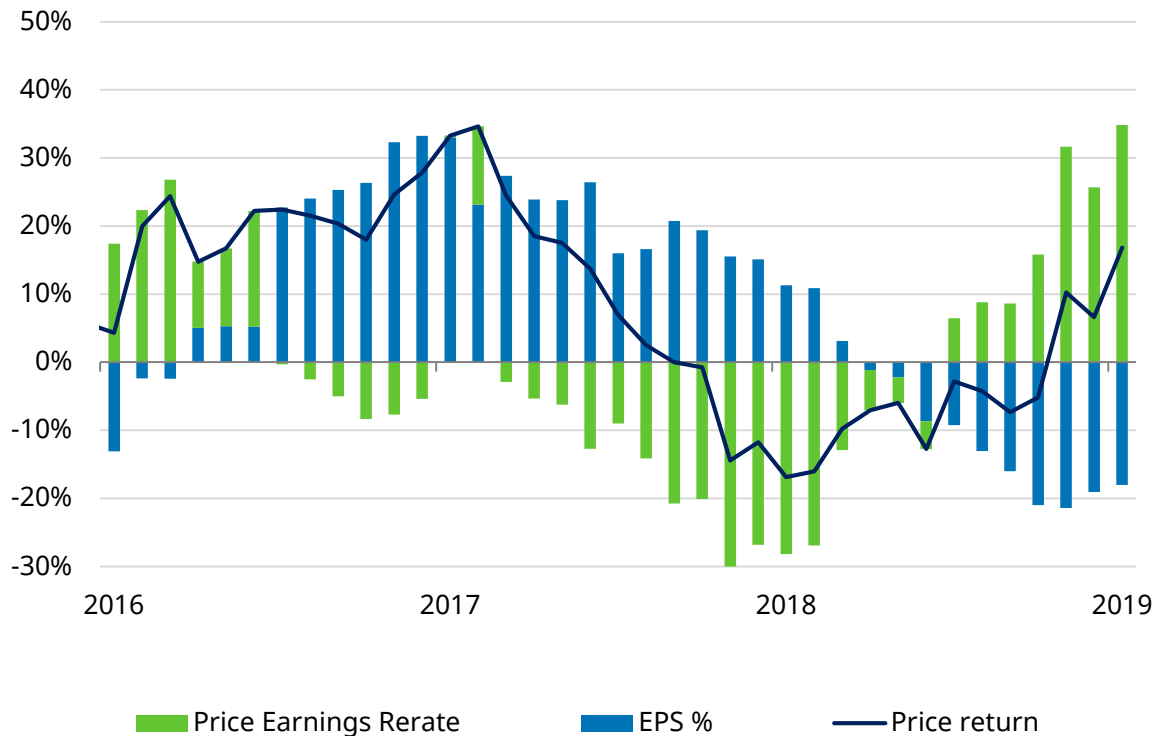


Source: ¹Refinitiv Datastream, as at 31 December 2019. ²Credit Suisse November 2019. *PMI – Purchasing Managers Index

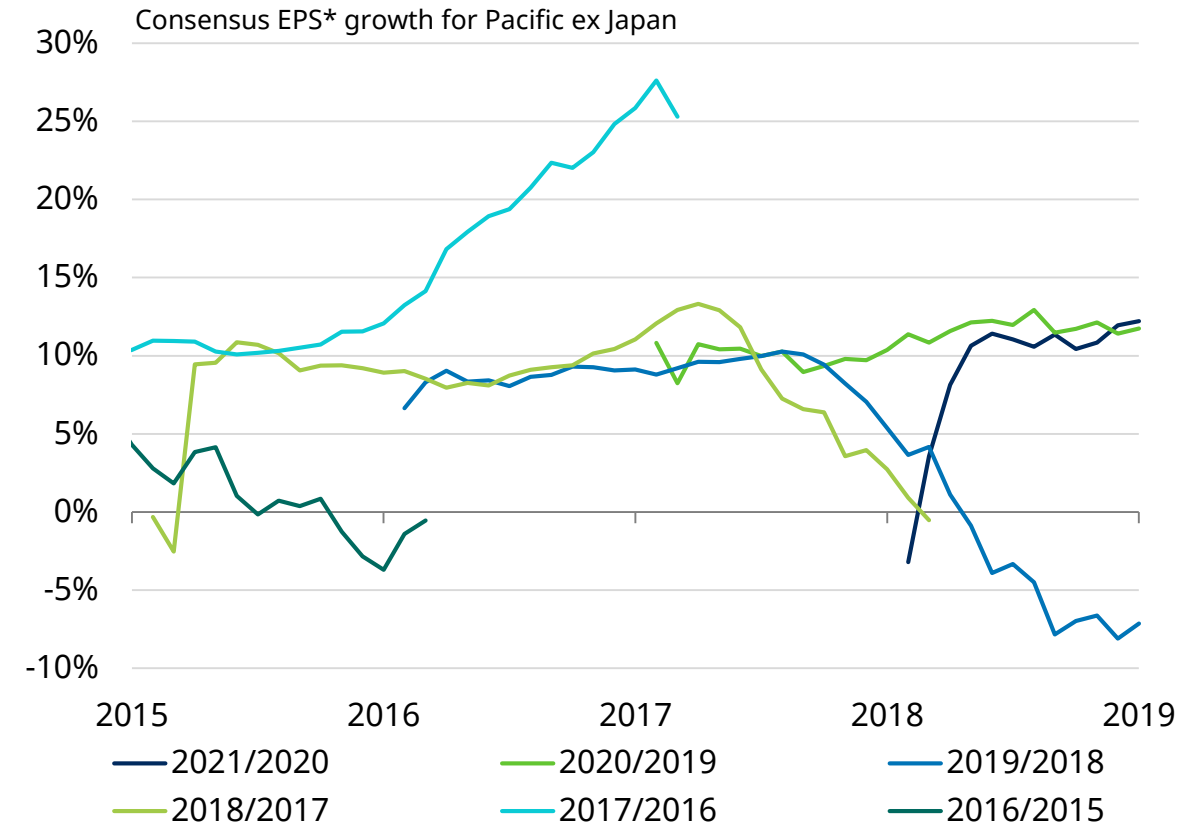
Asian Outlook

However market already anticipating recovery

Changes in valuations have dominated¹



Therefore earnings need to grow²



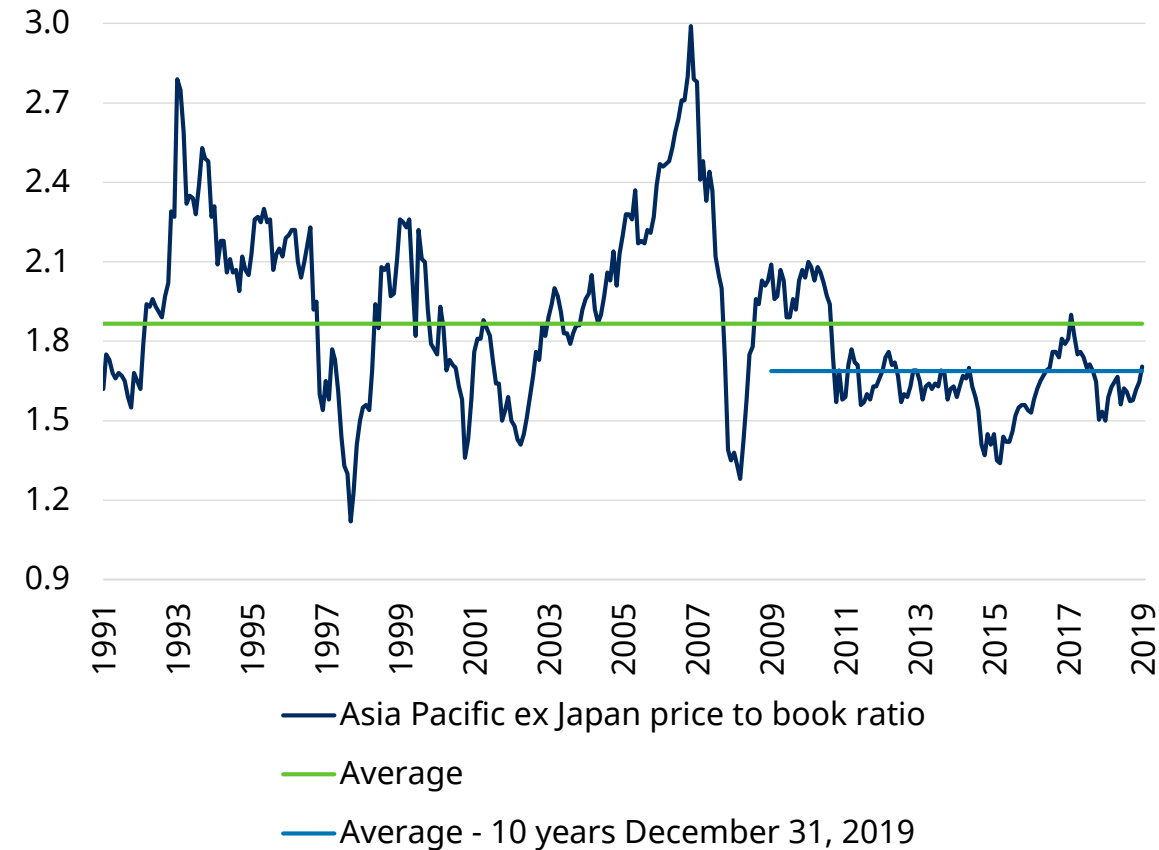
Past performance is not a guide to future performance. The value of investment can go down as well as up and is not guaranteed.

Source: ¹Schroders, Bloomberg, December 31, 2019. Data is based on the MSCI AC Pacific ex Japan Index. ²FactSet Estimates, MSCI, as at December 31, 2019. *Earnings Per Share (EPS)

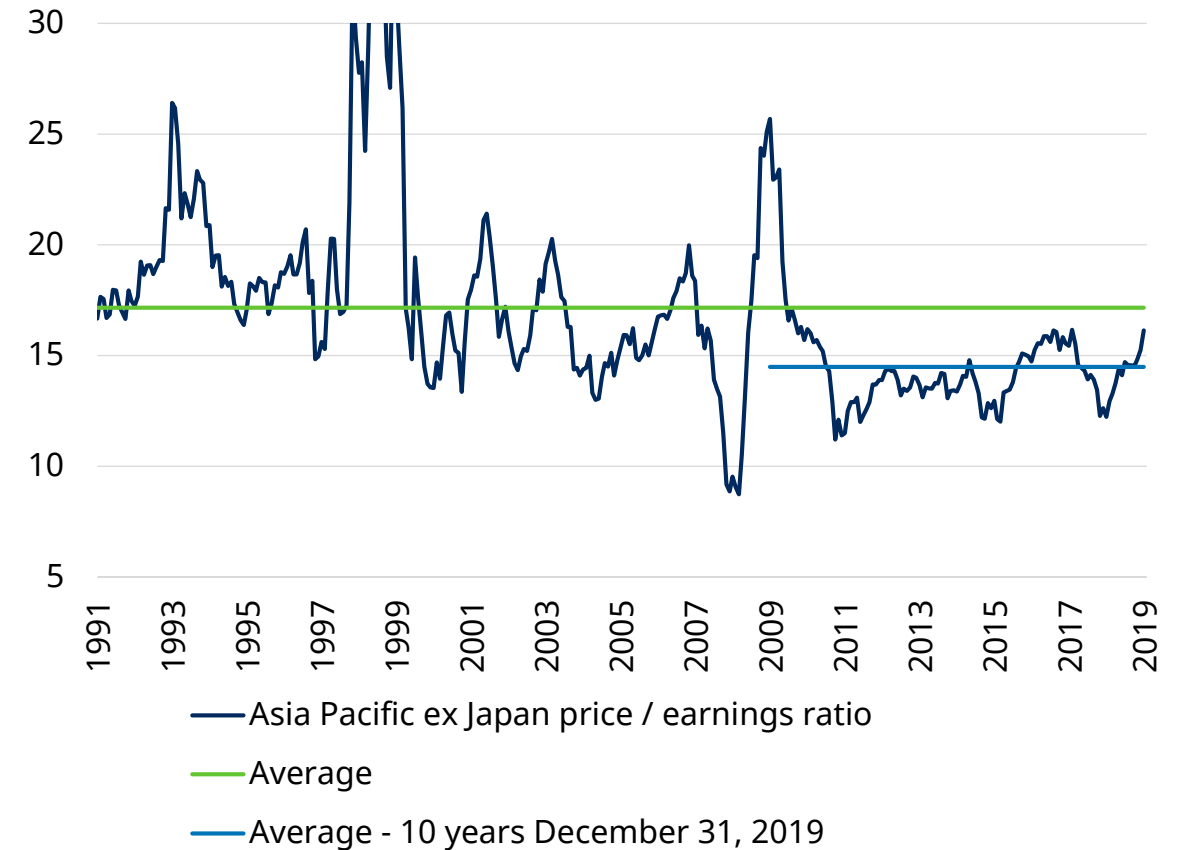
Asian outlook

Valuations now at or above 10 year averages

Price to book (x)



Historic price/earnings¹ (x)

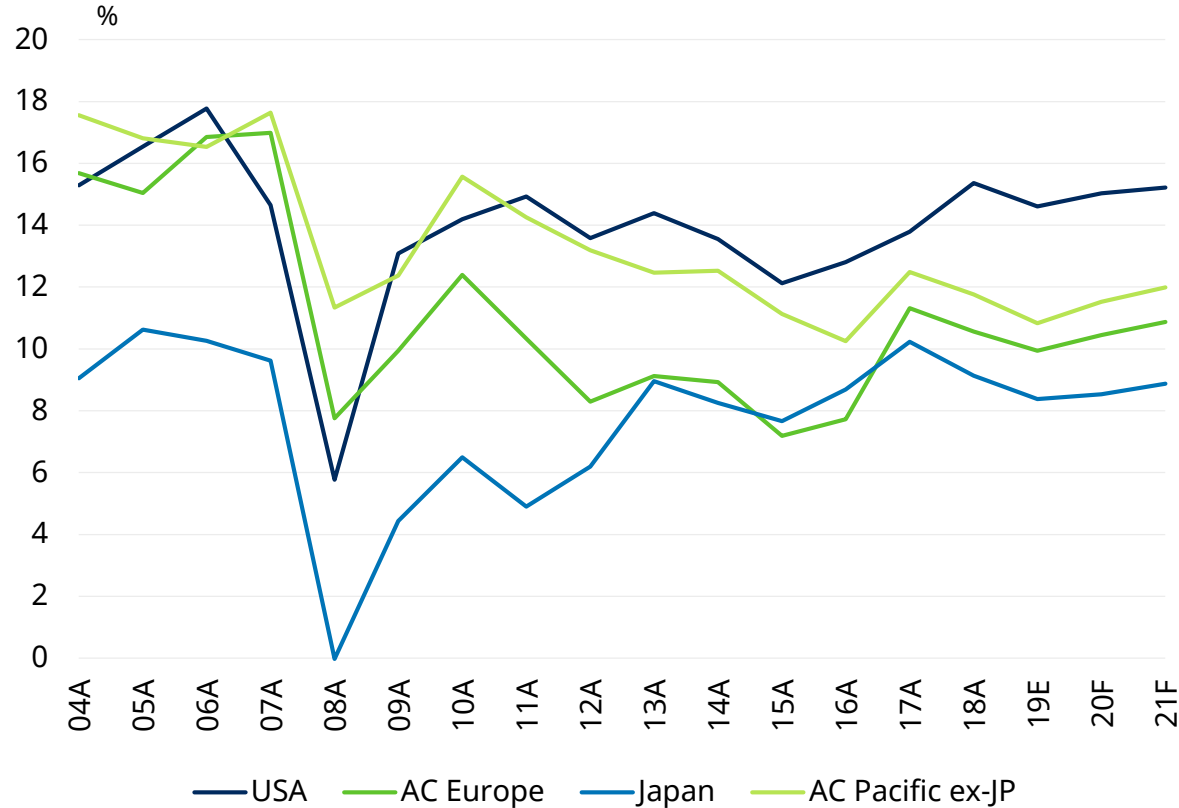


Source: Citi Investment Research, as at 31 December 2019.

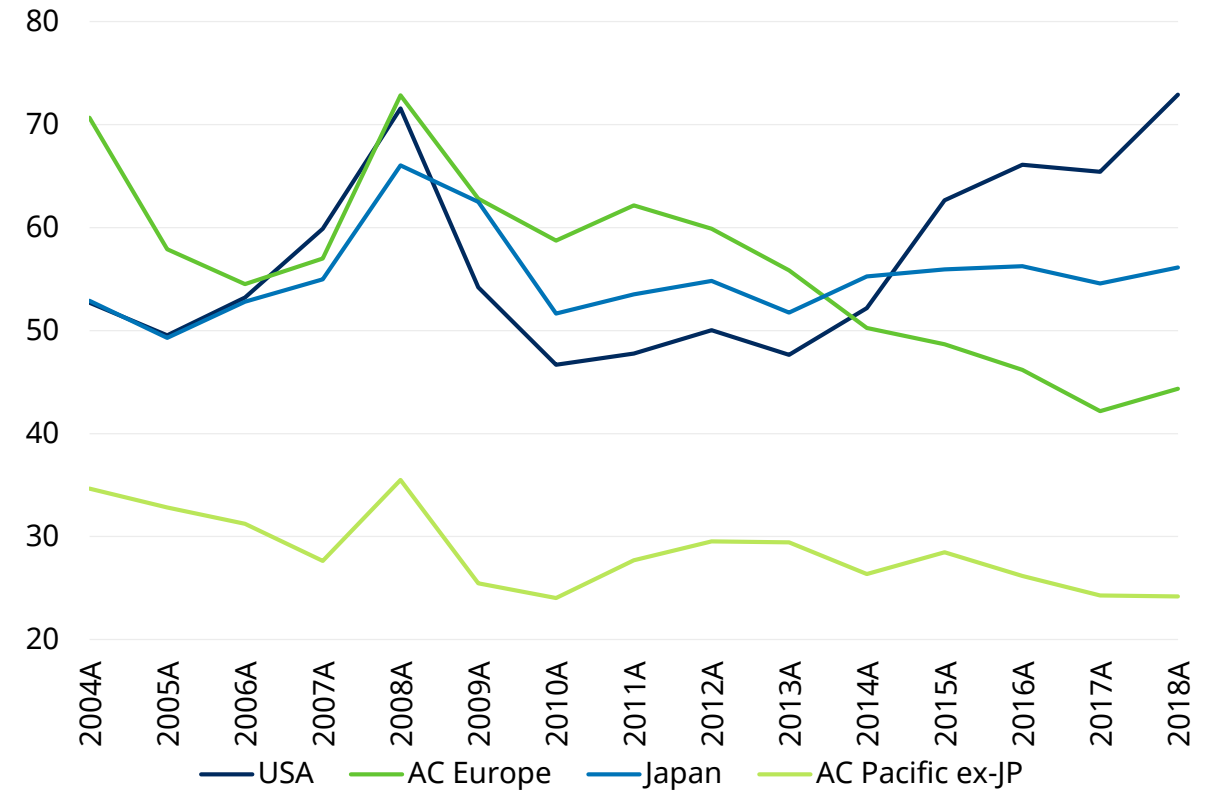
Asian Outlook

Some positive factors for Asian markets

MSCI regions (incl-fin) – Return of Equity trends



MSCI regions (ex-fin) – net gearing trend



Source: Jefferies, FactSet, January 2020.

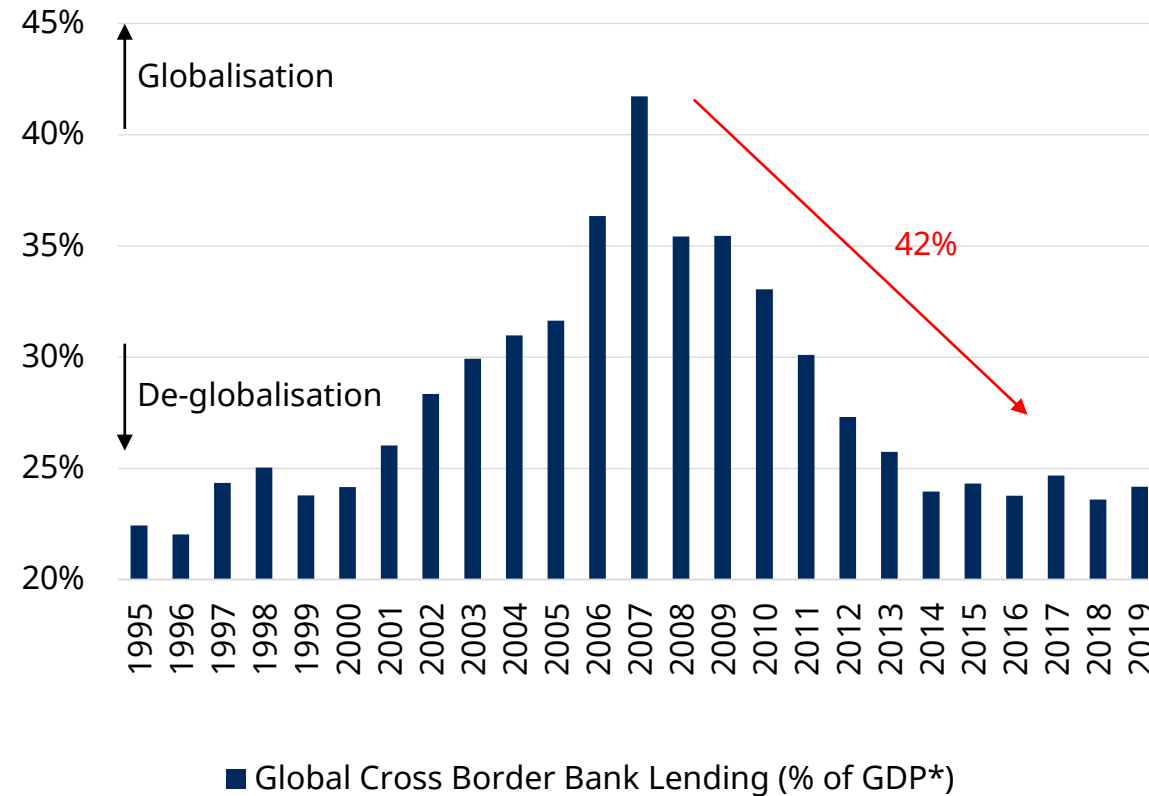
Note: ROE and net gearing data is bottom up aggregated with freefloat adjustment based on current MSCI universe.

The forecast should be regarded as illustrative of trends. Actual figures will differ from forecasts. Please refer to the important information slide at the end of this presentation

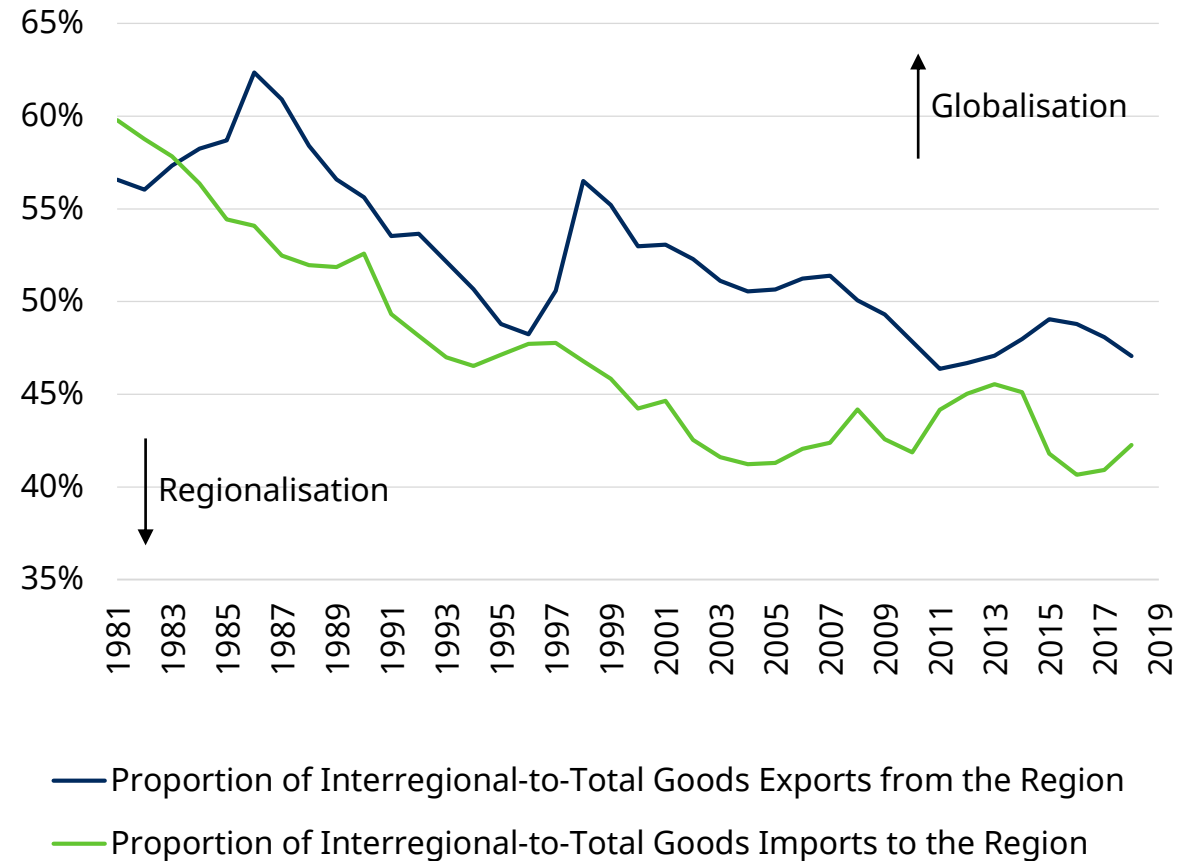
Asian Outlook

“De-globalisation” – nothing wildly new

Global cross border lending¹



Asia its own trading bloc²



Source: ¹BofA Global Research, IMF, January 2020. ²BofA Global Research, IMF, Bloomberg. Based on MSCI AC World and MSCI Frontier Markets countries. January 2020. *Gross domestic product (GDP).

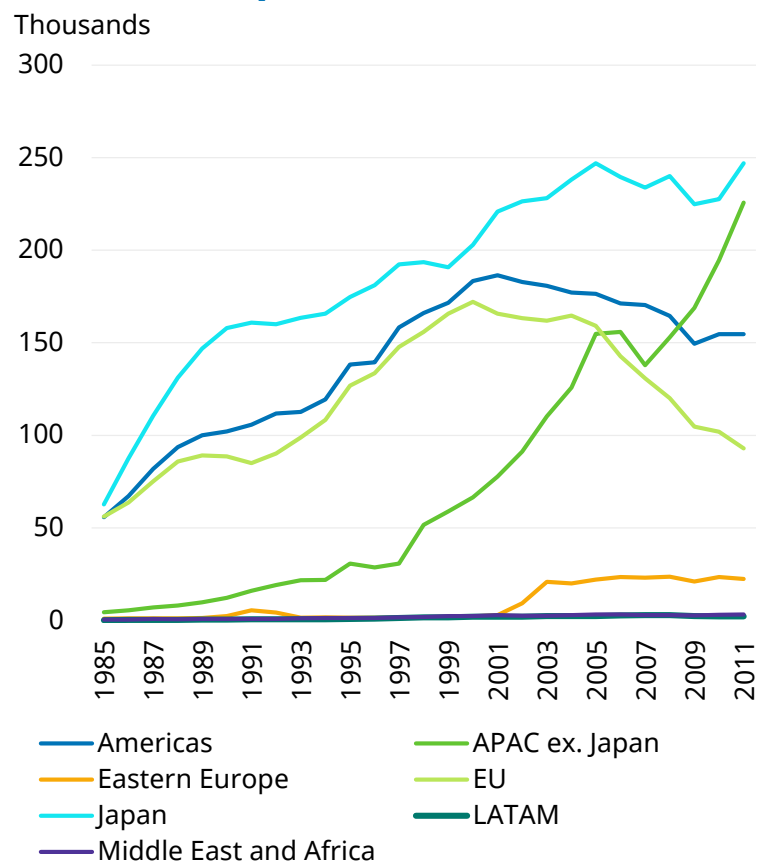
Asian Outlook

North Asia – rising R&D and upskilling should help support growth. Brains vs. brawn

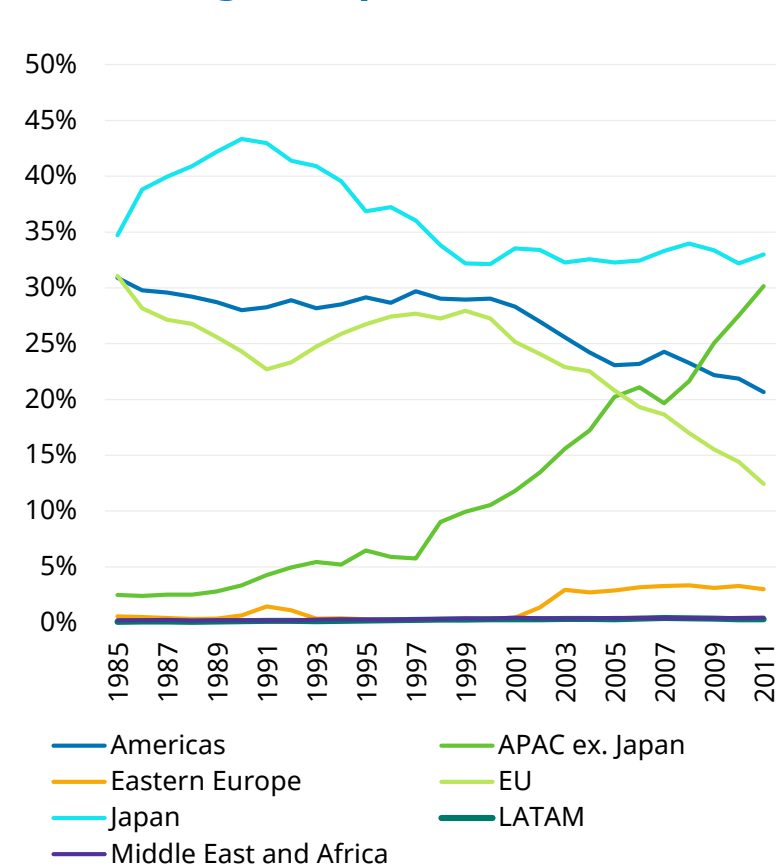
R&D spending as a % of GDP^{1,3}

	2000	2008	2012	2017
Korea	2.2%	3.1%	4.0%	4.6%
Japan	2.9%	3.3%	3.2%	3.2%
Taiwan	1.9%	2.7%	3.0%	3.3%
US	2.6%	2.8%	2.7%	2.8%
Germany	2.4%	2.6%	2.9%	3.0%
France	2.1%	2.1%	2.2%	2.2%
Singapore	1.8%	2.6%	2.0%	2.2% ⁴
Australia	1.5%	2.2%	2.1%	1.9% ⁵
China	0.9%	1.4%	1.9%	2.1%
Canada	1.9%	1.9%	1.8%	1.6%
UK	1.6%	1.6%	1.6%	1.7%
Spain	0.9%	1.3%	1.3%	1.2%
Italy	1.0%	1.2%	1.3%	1.4%
Russia	1.0%	1.0%	1.0%	1.1%
India	0.8%	0.9%	0.8%	0.6% ⁵
Hong Kong	0.5%	0.7%	0.7%	0.8%
South Africa	0.7%	0.9%	0.7%	0.8% ⁵
Turkey	0.5%	0.7%	0.8%	1.0%
Malaysia	0.5%	0.8%	1.1%	1.3% ⁵
Mexico	0.3%	0.5%	0.5%	0.5% ⁶
Thailand	0.2%	0.2%	0.4%	0.6% ⁶
Egypt	0.2%	0.3%	0.5%	0.6%
Philippines	0.1%	0.1%	0.1%	0.1% ³
Indonesia	0.1%	0.1%	0.1%	0.1% ³

Number of patents filed²



Share of global patents filed²

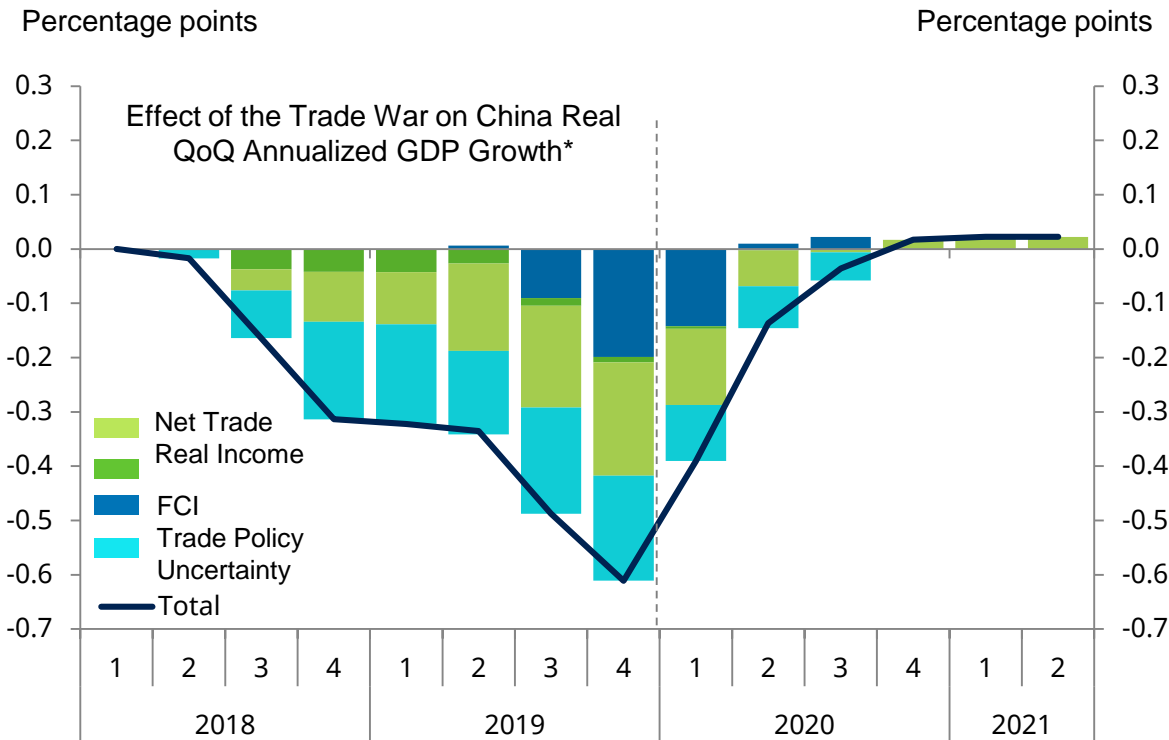


Source: ¹World Bank, OECD, Macquarie Research, June 2019. ²Patsnap, February 2017. ³Gross domestic product (GDP). Regions shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell. ⁴Latest data point is as of 2013. ⁵Latest data point is as of 2015. ⁶Latest data point is as of 2016.

Asian Outlook

China – slower but more sustainable growth – easing trade drag

Effects of the trade war in China



*Assumes 25% tariff on List 1-3 remains and a rollback of 15% tariff on list 4A, no more escalation

A slower but more balanced growth for 2020

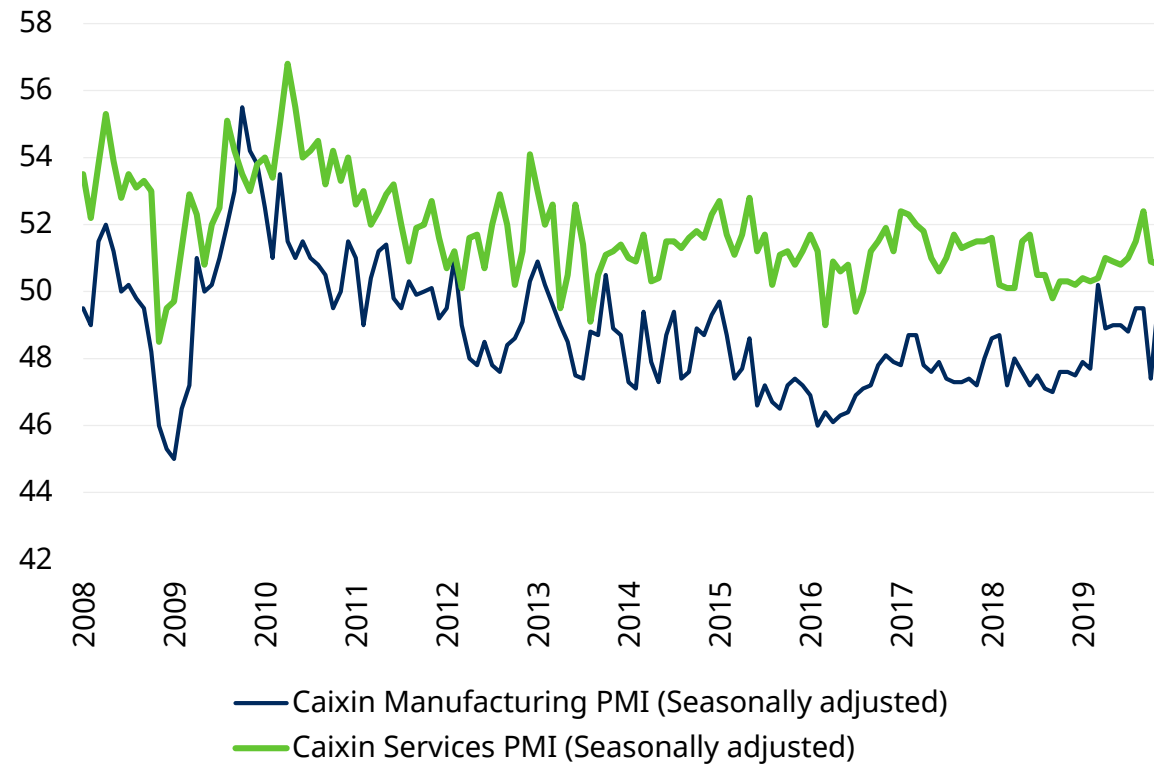
		2018	2019e	2020e	2021e
GDP by expenditure	%YoY	6.6	6.1	5.8	5.7
Domestic demand	%YoY	7.4	5.4	5.6	5.5
Consumption	%YoY	9.8	7.5	7.6	7.6
Gross capital form.	%YoY	4.4	2.9	3.0	2.8
Net exports	PPT	-0.6	0.7	0.3	0.2
Exports	%YoY	4.7	1.0	2.5	3.5
Imports	%YoY	8.6	-3.0	1.0	2.5
Fixed Asset Investment (FAI) forecasts					
Headline FAI	%YoY	5.9	4.8	4.6	4.4
Manufacturing	%YoY	9.5	2.5	5.0	6.0
Infrastructure	%YoY	3.5	5.0	5.0	5.0
Real Estate	%YoY	9.5	10.0	6.0	5.0
Others	%YoY	1.2	3.5	2.0	0.0

Source: Goldman Sachs Global Investment Research, January 2020. The forecast should be regarded as illustrative of trends. Actual figures will differ from forecasts. Please refer to the important information slide at the end of this presentation.

Asian Outlook

China managing a tricky transition

China Purchasing Managers' Index (PMI)



China real wage growth



Source: DSG Asia, January 2020.

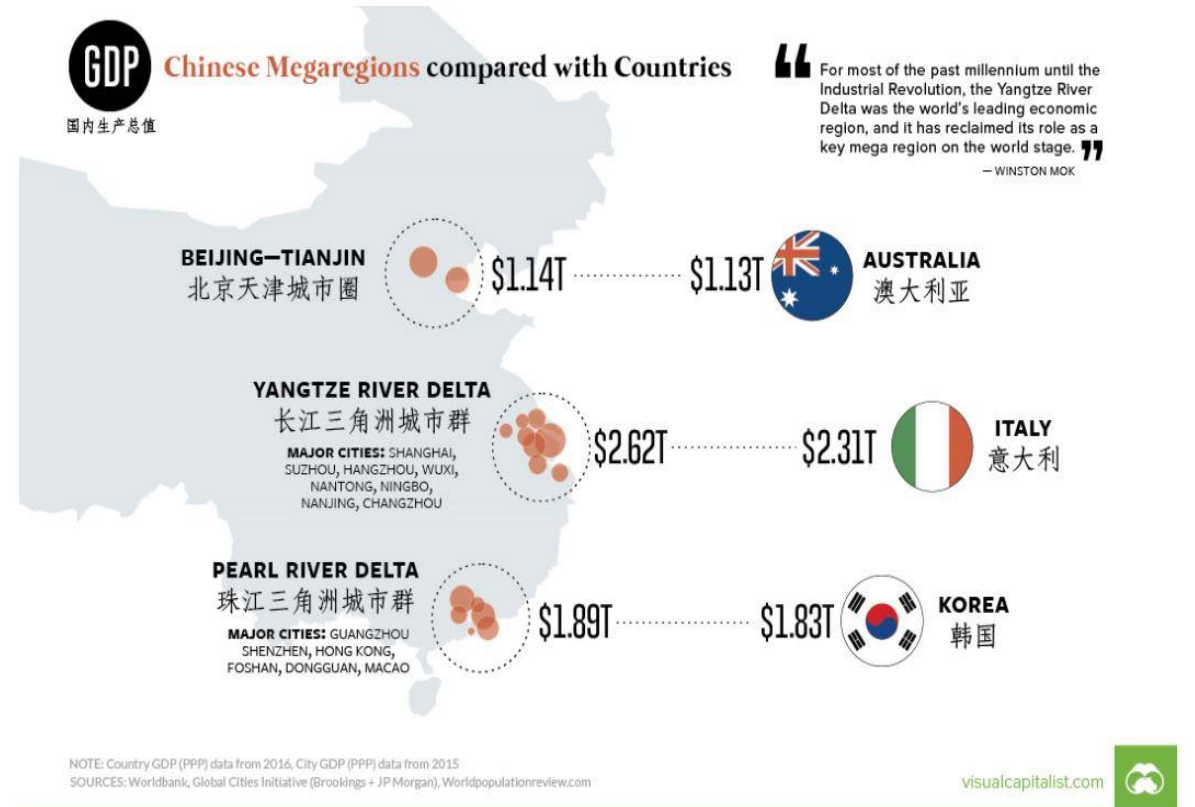
Asian Outlook

China increasingly a credible and substantial end market

Chinese growth 'needed'¹



Domestic economy not to be underestimated²



Source: ¹HSBC, January 2019. ²Visualcapitalist.com, May 2019. Regions and countries shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell. The forecast should be regarded as illustrative of trends. Actual figures will differ from forecasts. Please refer to the important information slide at the end of this presentation.

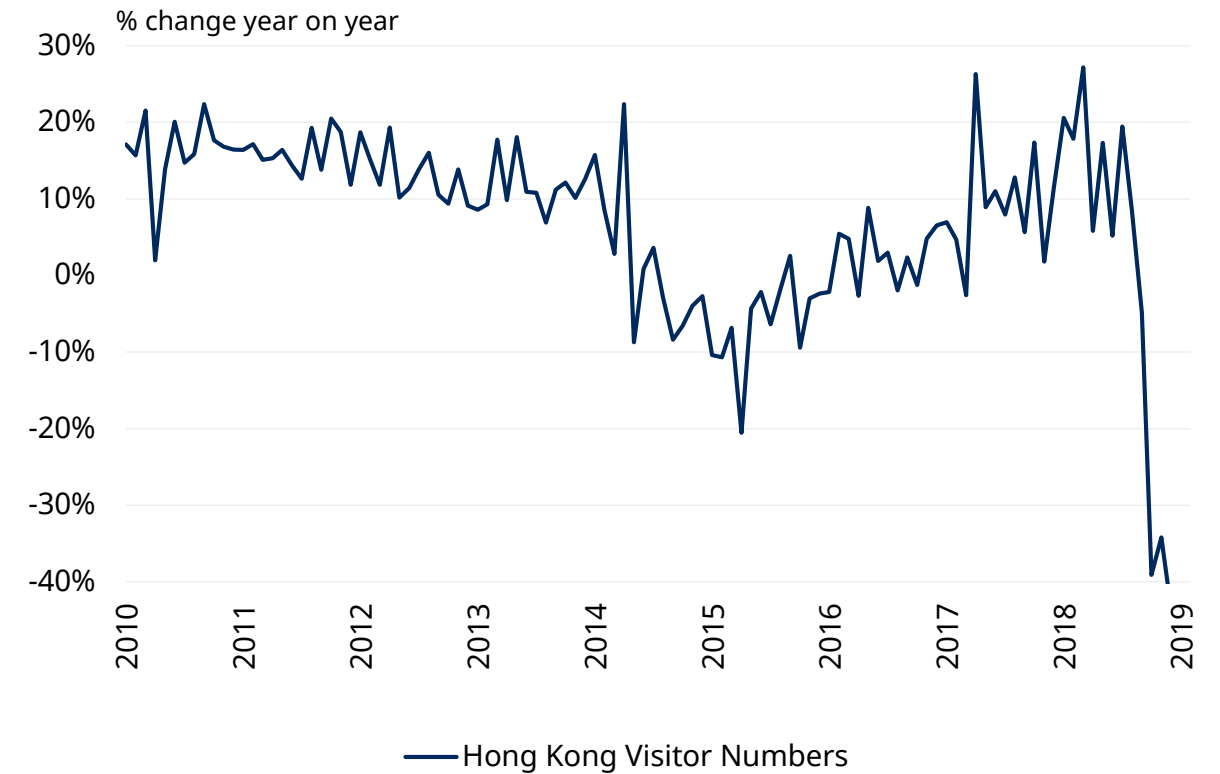
Asian Outlook

Hong Kong economy has been hit hard

Hong Kong Retail Sales



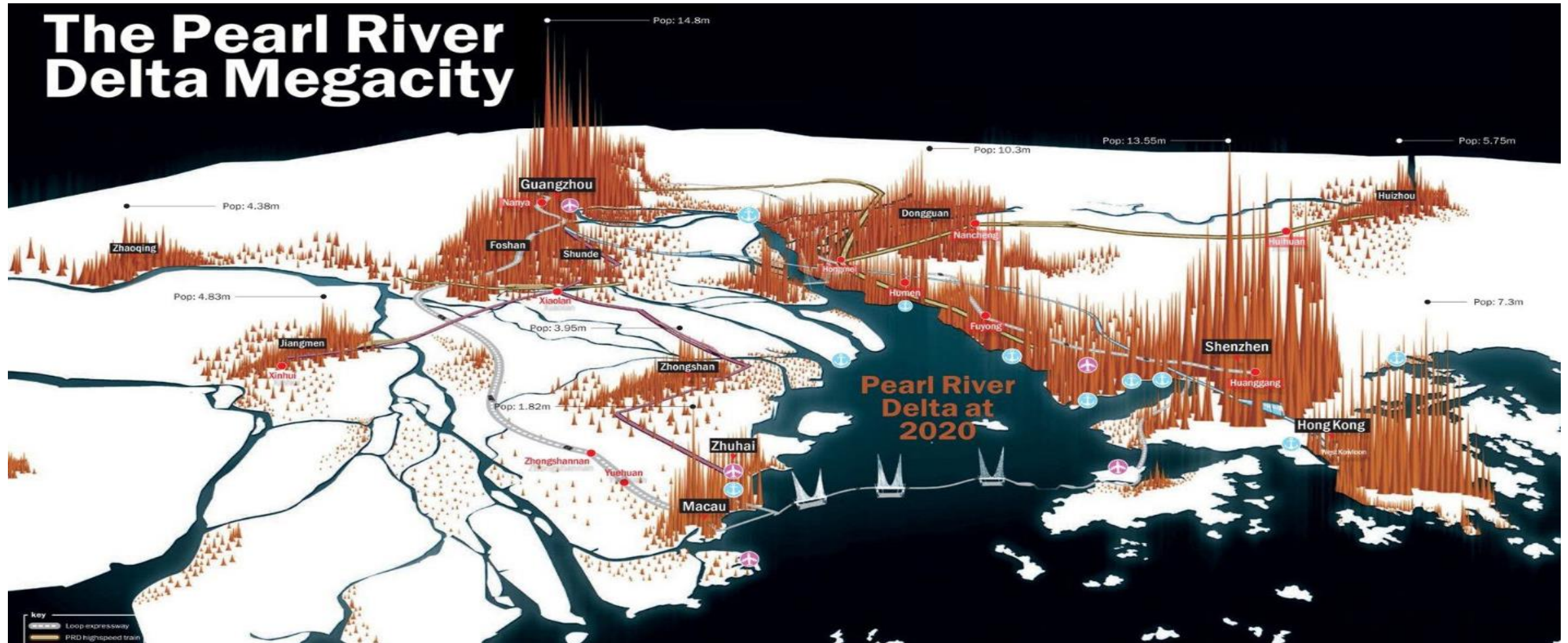
Hong Kong Visitor Arrivals



Source: Thomson Reuters Datastream, January 2020.

Asian Outlook

The future for Hong Kong as the mainland sees it – perhaps not so bad?



Source: Visual Capitalist, August 2018.

ESG integration

Embedded in our culture and investment process

Thematic research

- Examines key sustainability trends and challenges current thinking
- Focused on investment impacts



Communication

- ESG specialists sit amongst investment teams to facilitate regular dialogue
- Research and engagements shared on global research platform
- Monthly Sustainability Investor Group meeting to discuss research insights and upcoming agenda



Proprietary ESG tools

- ESG guidance document covering 170+ GICS sub-sectors
- Investment-driven ESG tool, CONTEXT
- Country Sustainability Dashboard
- SustainEx



ESG Analysis

- ESG specialists work with research analysts to understand key ESG issues and evaluate impact on the investment case
- ESG analysis included in research notes
- ESG specialists periodically review to highlight best practice and suggest improvements



Training

- ESG training for new joiners and existing analysts
- Sector specific training
- Investment desk training
- Regular sector specific news and updates



Monitoring

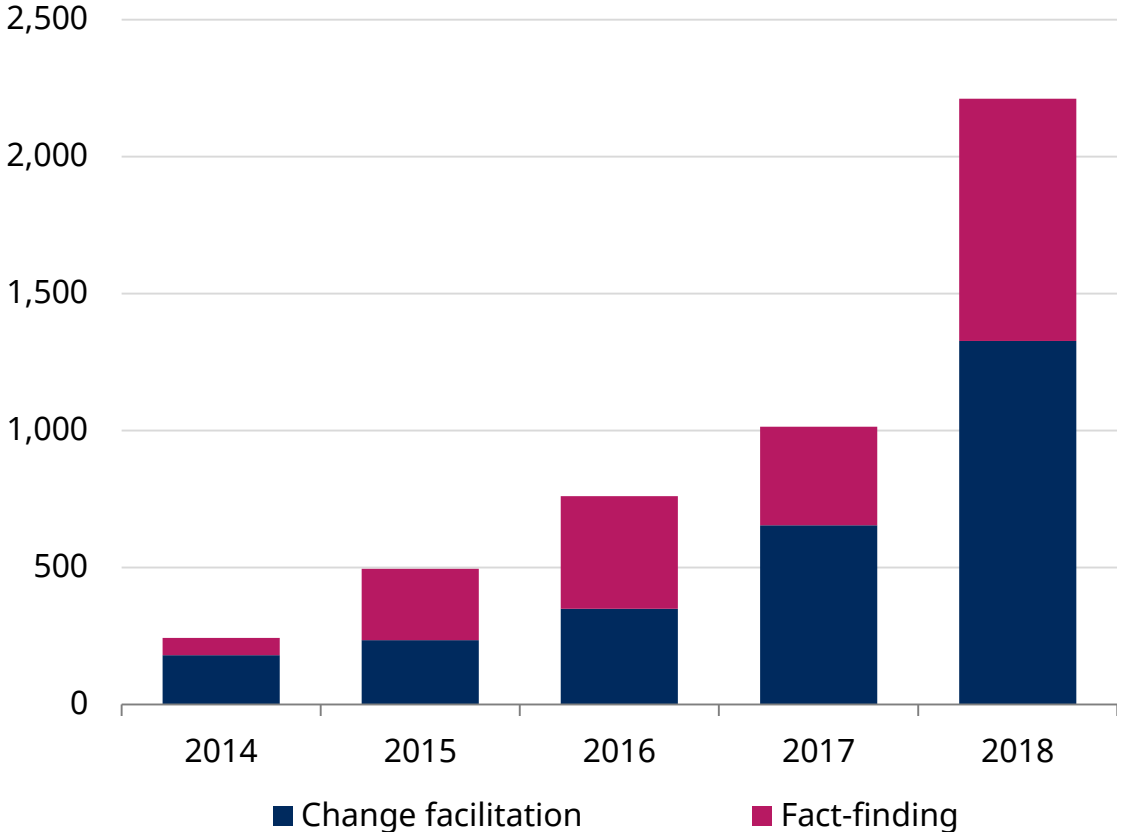
- Ongoing monitoring of companies to identify emerging issues and candidates for engagement
- Collaboration with Data Insights team to track sustainability trends and negative events
- Quarterly screening of desk portfolios to identify holdings with poor ESG ratings



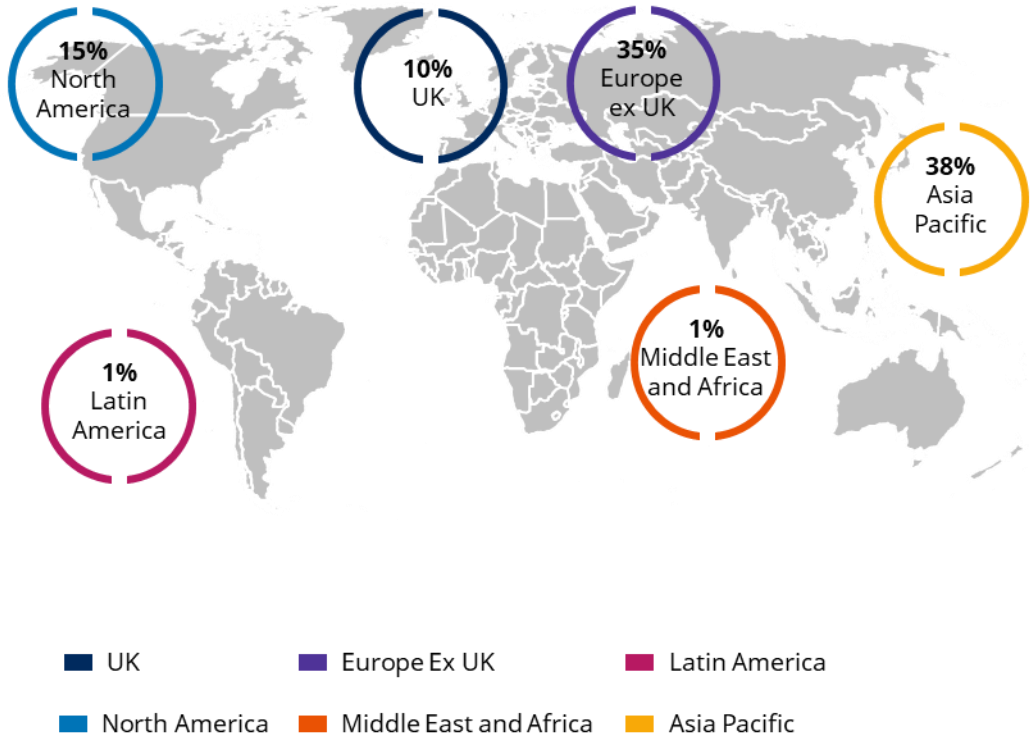
ESG integration

More than 2,200 engagements across 52 countries

Number of engagements



Company engagements by region



Source: Schroders, as at 31 December 2018.

ESG integration

Governance is key

Ownership Structures in Asia are quite different from developed markets so a greater scrutiny of Governance is always the starting point in our work

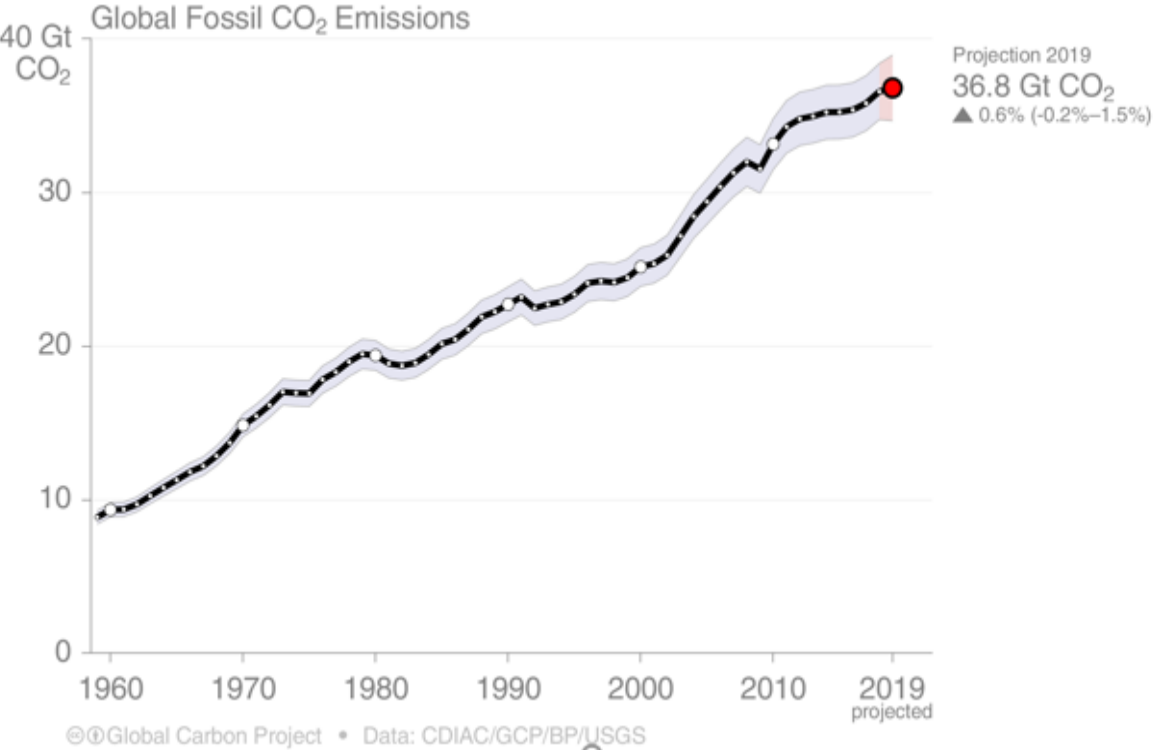
Measure	Emerging Asia	All	US	UK
Family firm	360	1243	264	46
Founder firm	256	1483	668	87
State owned enterprise	336	624	6	5
Any of the above	790	2914	847	123
Total companies	983	7780	3002	536
Family/founder/state owned as % of total	80%	37%	28%	23%

Source: Schroders, April 2019.

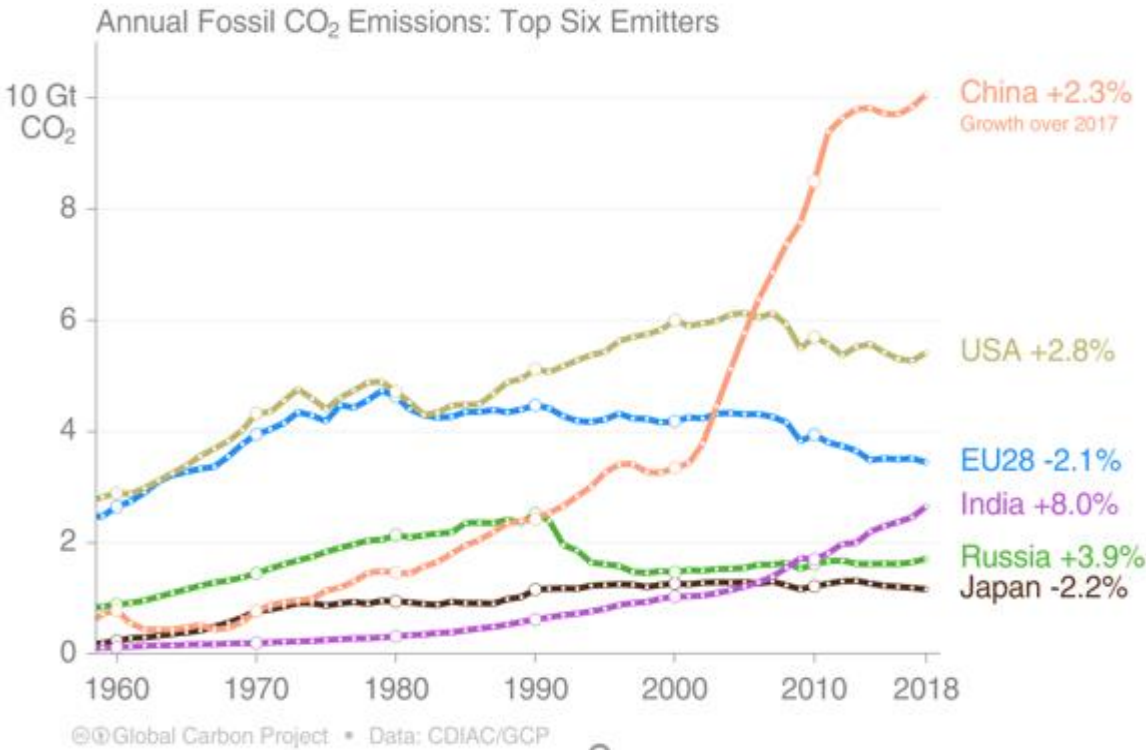
ESG integration

Asia's environmental impact

Carbon Emissions¹



Top Six Carbon Emitters²

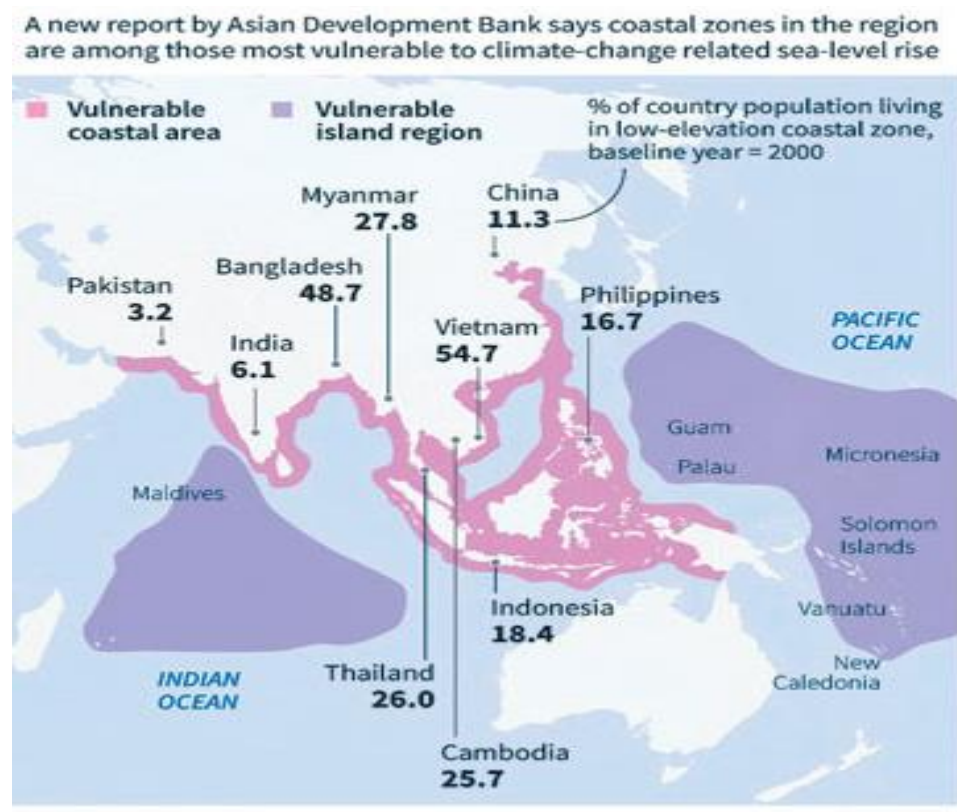


Source: ¹CDIAC; Friedlingstein et al 2019; Global Carbon Budget 2019. ²CDIAC; Peters et al 2019; Friedlingstein et al 2019; Global Carbon Budget 2019. January 2020

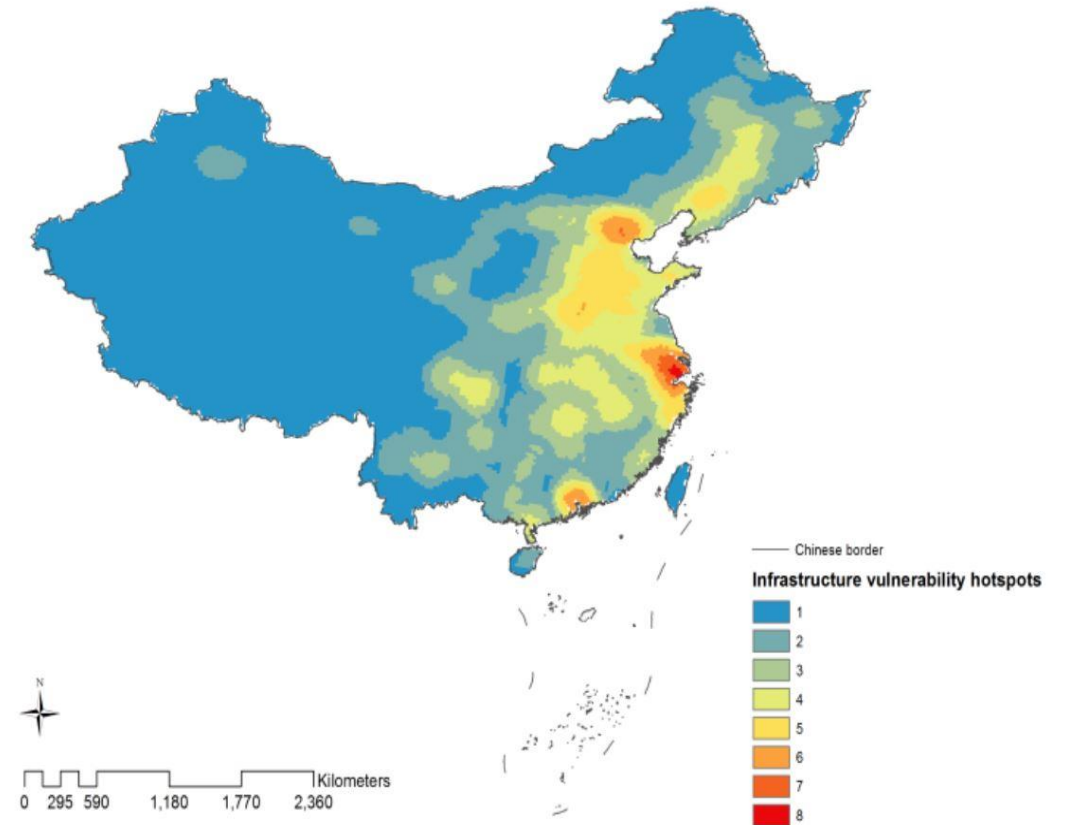
ESG integration

Environmental vulnerability of Asia

Asia-Pacific coastal zones at risk¹



China has to face the challenge²

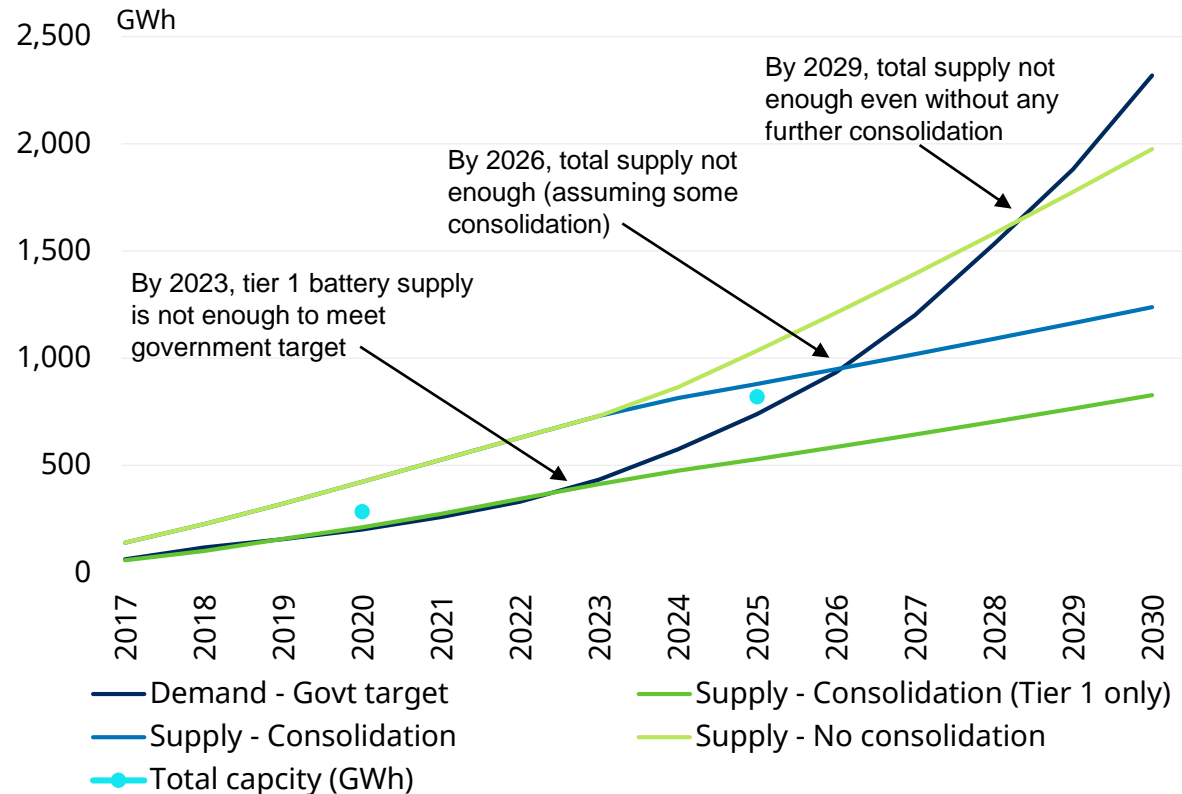


Source: ¹Asian Development Bank, World Bank, July 2017. ²Researchgate.net, October 2015.

ESG integration

Asia is part of the solution

EV+ESS* Battery Supply and Demand¹



¹Source: Bernstein, January 2020.

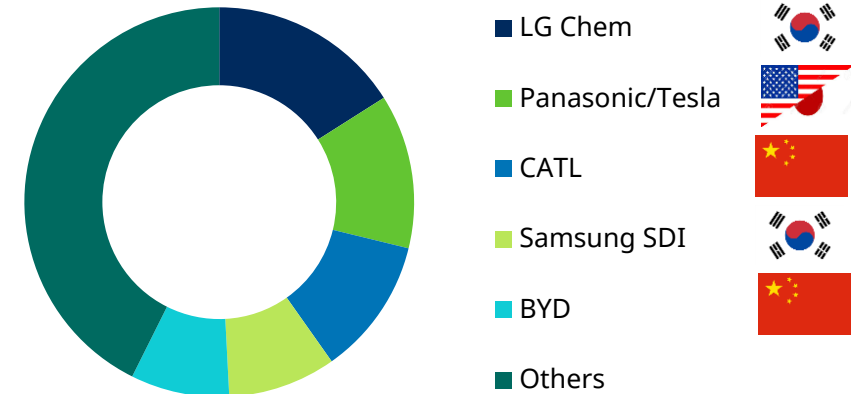
²Source: McKinsey Global Institute, January 2020.

*Electric Vehicles (EV), Energy Storage System (ESS)

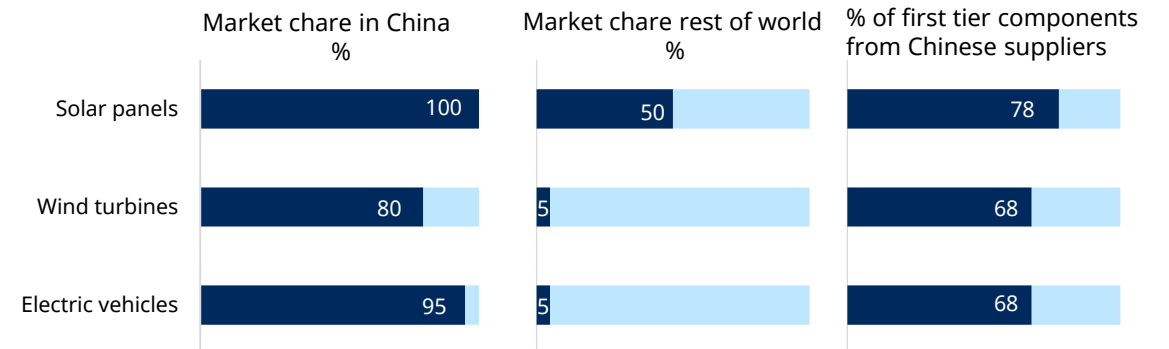
The forecast should be regarded as illustrative of trends. Actual figures will differ from forecasts. Please refer to the important information slide at the end of this presentation

Battery capacity¹

% (Capacity in GWh – 2023 estimates)



China technology producers market share²



Schroders

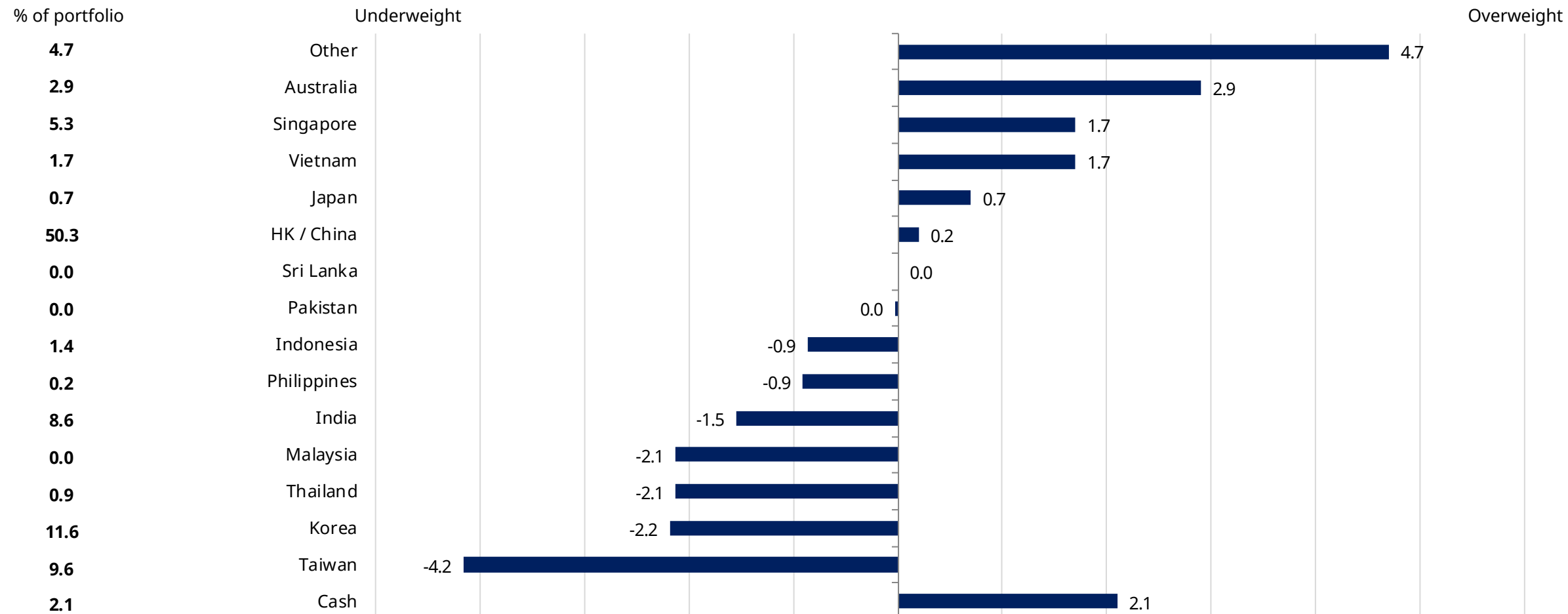


Positioning

Schroder AsiaPacific Fund plc

Active country positions as at 31 December 2019

Overweight/underweight positions



Source: Schroders. Fund position less benchmark weight. Based on unaudited data. Country examples are for illustrative purposes only and are not a recommendation to buy or sell.

Schroder AsiaPacific Fund plc

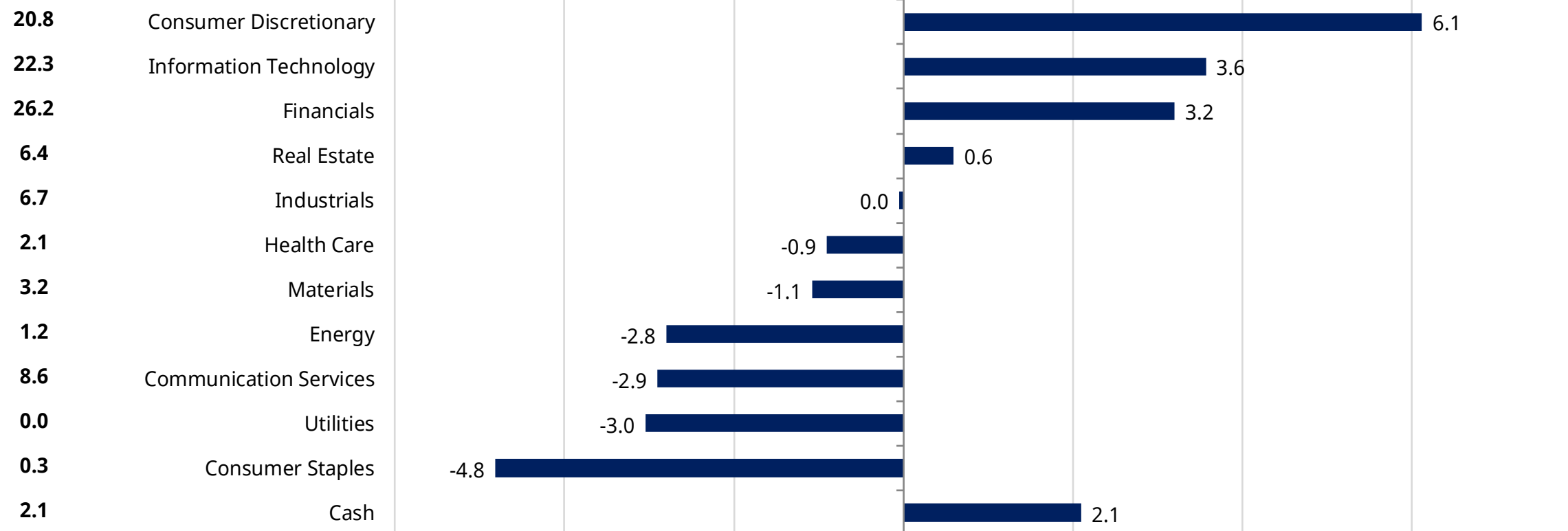
As at 31 December 2019

Overweight/underweight positions

% of portfolio

Underweight

Overweight



Source: Schroders. Fund position less benchmark weight. Based on unaudited data. Sector examples are for illustrative purposes only and are not a recommendation to buy or sell.

Schroder AsiaPacific Fund plc

Top 20 holdings as at 31 December 2019

Top 20 holdings

Company name	Country	% portfolio
Alibaba Group Hldg	China	8.0
Samsung Electronic	Korea	7.5
Taiwan Semicon Man	Taiwan	7.2
Tencent Hldgs Ltd	China	6.5
Aia Group Ltd	Hong Kong	3.7
Galaxy Entertainment	Hong Kong	3.1
Icici Bank	India	3.0
Midea Group Co Ltd	China	3.0
Boc Hong Kong Hldg	Hong Kong	2.7
Bhp Billiton	Australia	2.6

Company name	Country	% portfolio
Ping An Insurance	China	2.3
Hdfc Bank	India	2.3
Samsung Sdi	Korea	2.2
Kerry Properties	Hong Kong	2.1
Oversea-Chinese Bk	Singapore	2.0
Hong Kong Exchange	Hong Kong	2.0
Swire Pacific	Hong Kong	1.9
Hon Hai Precision	Taiwan	1.9
Prada Spa	Hong Kong	1.9
Keppel Corp	Singapore	1.9
Total of top 20		67.8

Source: Schroders. FactSet PA3. Based on unaudited data. Stock examples are for illustrative purposes only and are not a recommendation to buy or sell.

Important information

Marketing material.

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 amount originally invested. Exchange rate changes may cause the value of any overseas investments to rise or fall.

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Important information – Schroder AsiaPacific Fund plc

Risk Factors: Schroder AsiaPacific Fund plc:

- Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk.
- The trust can be exposed to different currencies. Changes in foreign exchange rates could create losses.
- The trust may be concentrated in a limited number of geographical regions, industry sectors, markets and/or individual positions. This may result in large changes in the value of the fund, both up or down, which may adversely impact the performance of the fund.
- The trust may borrow money to invest in further investments, this is known as gearing. Gearing will increase returns if the value of the investments purchased increase in value by more than the cost of borrowing, or reduce returns if they fail to do so.
- Investments such as warrants, participation certificates, guaranteed bonds, etc will expose the fund to the risk of the issuer of these instruments defaulting on paying the capital back to the fund.

Important information

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<http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf>

For disclosure and detailed information about this fund please refer to full Morningstar Global Fund Report:

<http://essentials.morningstar.com/file/downloadEuAnalystRatingReport?IsUKCOUNTRY=false&univ=FO&isFullReport=true&msgType=514,639&MstarId=F0GBR04DLC&countryId=GBR&languageId=EN>

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