



Schroder AsiaPacific Fund plc

Richard Sennitt, Fund Manager

Abbas Barkhordar, Assistant Fund Manager

January 2022

Schroders in Asia

Strength of resources both in Asia and London

Schroders Asian team exceptionally well resourced

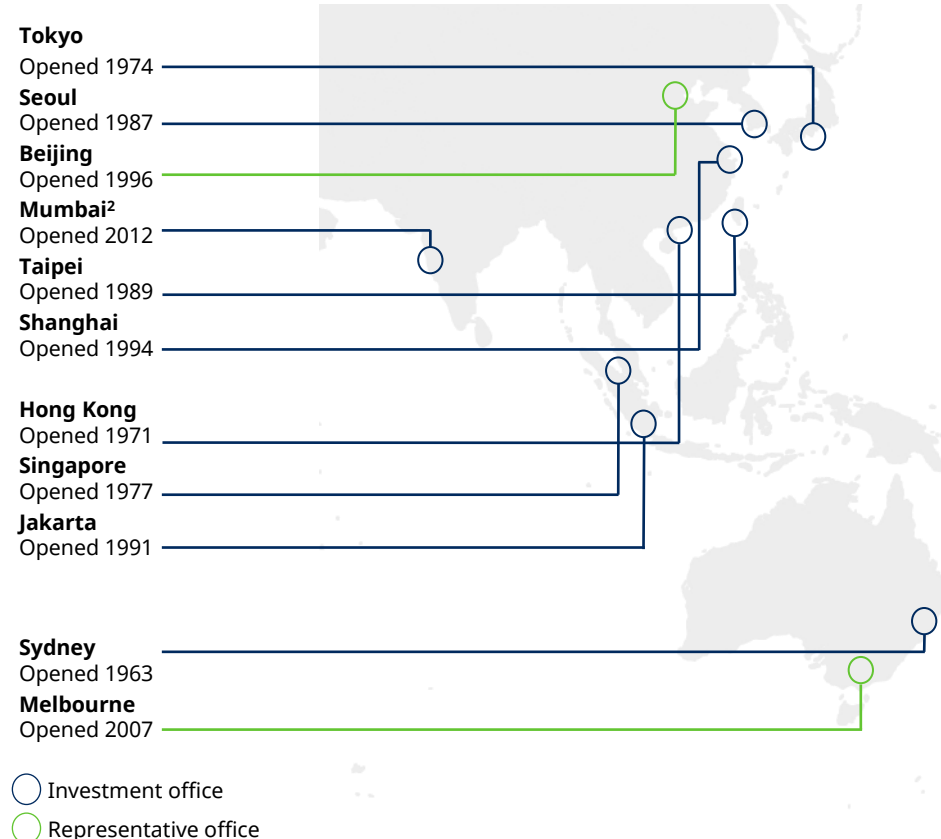
Fund Manager	Location	Focus	Years of Experience	Years with Schroders
Richard SENNITT	London	Asian Equity Specialist	28	28
Abbas BARKHORDAR	London	Asian Equity Specialist	14	14
Robin PARBROOK	London	Alternatives, Value & Regional	31	31

- 13¹ ex Japan Fund Managers and Specialists based in Singapore, Hong Kong and Shanghai
- 41¹ ex Japan analysts based in six offices across the region
- ESG team – 26¹ strong sustainable investment team
- Data Insights Unit – >25¹ London based data scientists monitoring investment themes screening for ideas
- London based Emerging Market and Global teams

Source: Schroders. Years experience as at 31 December 2021.

¹December 2021. The 41 ex Japan analysts includes Schroders' local specialist team of 9 equity analysts in Sydney, as well as a joint-venture team of 8 Indian equity analysts 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.

Schroders office



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

Asia Pacific ex Japan Equities Research

Our research team

Analyst	Location	Coverage	Years of Experience	Years with Schroders
Adam OSBORN	Hong Kong	Head of Research, Asia ex Japan Equities	31	19
Jay LUONG ¹	Hong Kong	Regional Financials	22	14
Sherry LIN	Hong Kong	Regional Financials	28	12
Alice LIU	Hong Kong	Hong Kong Equity	12	3
Maggie LI, CFA	Hong Kong	China Equity	8	8
Jose PUN, CFA	Hong Kong	China Equity	11	3
David LI	Hong Kong	China Equity	8	<1
Sarah LIU	Shanghai	Head of China A Rsch	16	8
Candice CHEN	Shanghai	China Equity	8	4
Kelly ZHANG, CFA	Shanghai	China Equity	10	6
Jingyi SONG	Shanghai	China Equity	5	3
Abigail SUN	Shanghai	China Equity	7	2
Leo CHOU	Shanghai	China Equity	6	<1
Stanley WANG	Shanghai	China Equity	6	<1
Peter YUAN	Shanghai	China Equity	2	2
Cissy YANG	Hong Kong	China Equity	3	<1
Chris YIM	Hong Kong	Regional Technology	12	<1
Alice CHEN	Taipei	Regional Technology/ Taiwan Domestics	16	<1
Chen-Hsiu CHEN, CFA	Taipei	Regional Technology	24	22

Depth of research, 41 career analysts in 6 offices

Source: Schroders, December 2021

¹ Jay Luong holds both Fund Manager and analyst roles.

² Joint venture fund management company with Axis Asset Management Company.

³ Head of Australian Equities, ⁴ Deputy Head of Australian Equities; ⁵ Head of Australian Research.

Analyst	Location	Coverage	Years of Experience	Years with Schroders
Sameer KAKAKHEL, CFA	Singapore	Regional Energy and Materials	27	10
Matthew YANG, CFA	Hong Kong	Korean Equity	14	8
Siew Ling TAN, CFA	Singapore	ID/MY/PH/TH and Vietnam Domestics	13	8
Chuanyao LU, CFA	Singapore	Singapore Domestic	14	4
Gina KIM, CFA	Singapore	Asian Small Caps	22	9
Martin CONLON ³	Sydney	Australian Equity	33	28
Andrew FLEMING ⁴	Sydney	Australian Equity	33	14
Joseph KOH, CFA	Sydney	Australian Equity	25	12
Justin HALLIWELL ⁵	Sydney	Australian Equity	25	25
Ray DAVID	Sydney	Australian Equity	20	9
Daniel PETERS, CFA	Sydney	Australian Equity	22	13
Sally WARNEFORD	Sydney	Australian Equity	28	4
Vana MAKARIC, CFA	Sydney	Australian Equity	12	5
William WU	Sydney	Australian Equity	15	<1
Ashish NAIK, CFA	Mumbai ²	India Equity	15	12
Nitin ARORA	Mumbai ²	India Equity	13	4
Mayank HYANKI	Mumbai ²	India Equity	14	6
Deepak AGRAWAL	Mumbai ²	India Equity	15	7
Nilay DALAL	Mumbai ²	India Equity	11	2
Hitesh DAS	Mumbai ²	India Equity	11	7
Vinayak JAYANATH	Mumbai ²	India Equity	7	5
Krishnaa NARAYANAN	Mumbai ³	India Equity	<1	<1
Average			15	7

Schroders



Performance

Schroder AsiaPacific Fund plc

NAV performance

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

Current value: £1,071,050,333

Inception date: 20 November 1995

Returns to 31 December 2021 (£)

	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.
Schroder AsiaPacific Fund plc ²	1.2%	1.0%	14.7%	13.0%	12.6%
MSCI AC Asia ex Japan (NDR)	-1.7%	-3.8%	9.8%	9.3%	9.7%
Relative performance	2.9%	4.8%	4.9%	3.7%	2.9%



Past performance is not a guide to future performance. The value of investment can go down as well as up and is not guaranteed. 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. Exchange rate changes may cause the value of investments to fall as well as rise.

Source: Morningstar, Schroders. Source for ratings: Morningstar, as at 31 December 2021. 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 2020 – Q4 2021 %	Q4 2019 – Q4 2020 %	Q4 2018 – Q4 2019 %	Q4 2017 – Q4 2018 %	Q4 2016 – Q4 2017 %
Schroder AsiaPacific Fund plc ²	1.0%	29.8%	15.0%	-11.7%	38.7%
MSCI AC Asia ex Japan ¹	-3.8%	21.2%	13.6%	-9.1%	29.5%
Relative performance	4.8%	8.6%	1.4%	-2.6%	9.2%

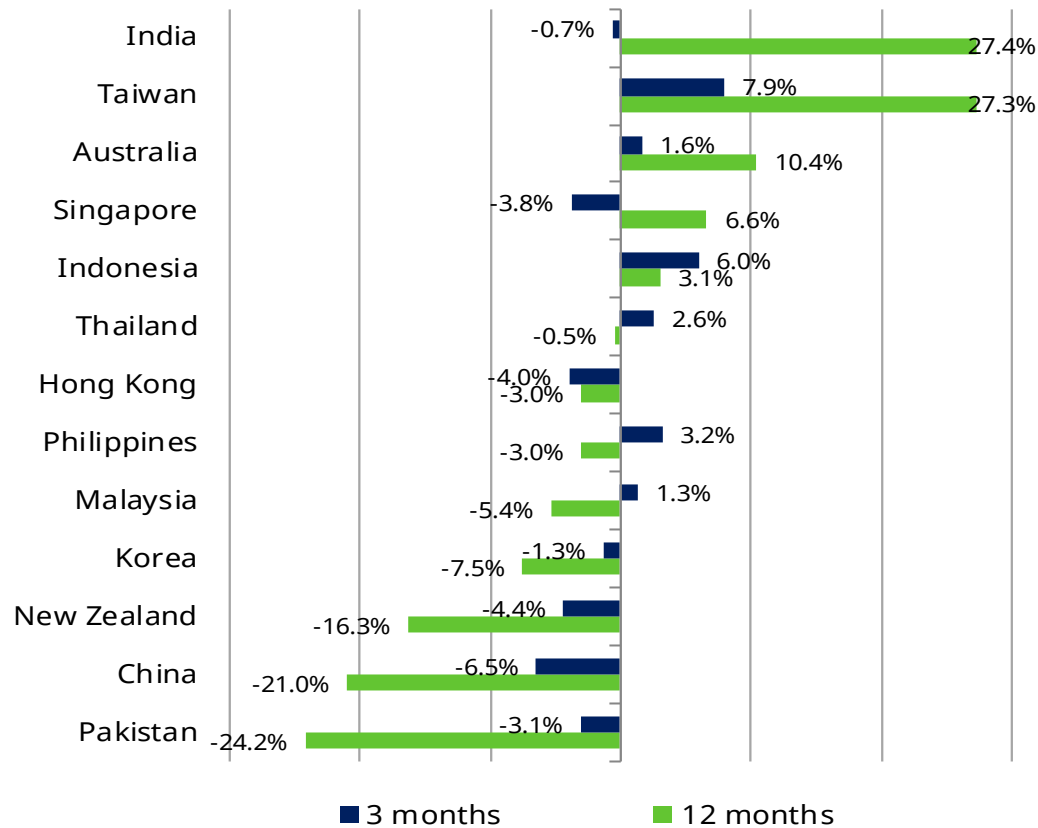
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Source: Morningstar, Schroders. ¹Prior to 31 January 2011 Benchmark was MSCI AC Far East ex Japan. ²Cum-income fair NAV Total Return, net of fees, GBP.

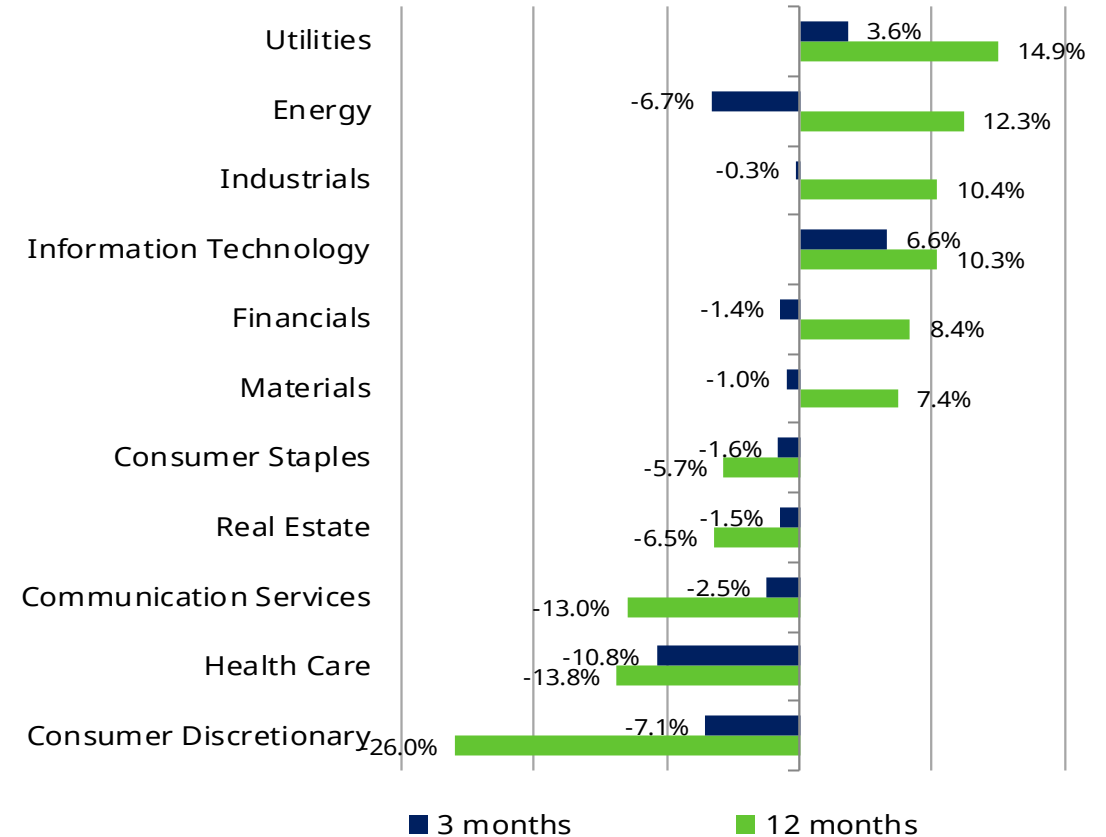
Market returns

To 31 December 2021

Country returns in GBP



Sector returns in GBP



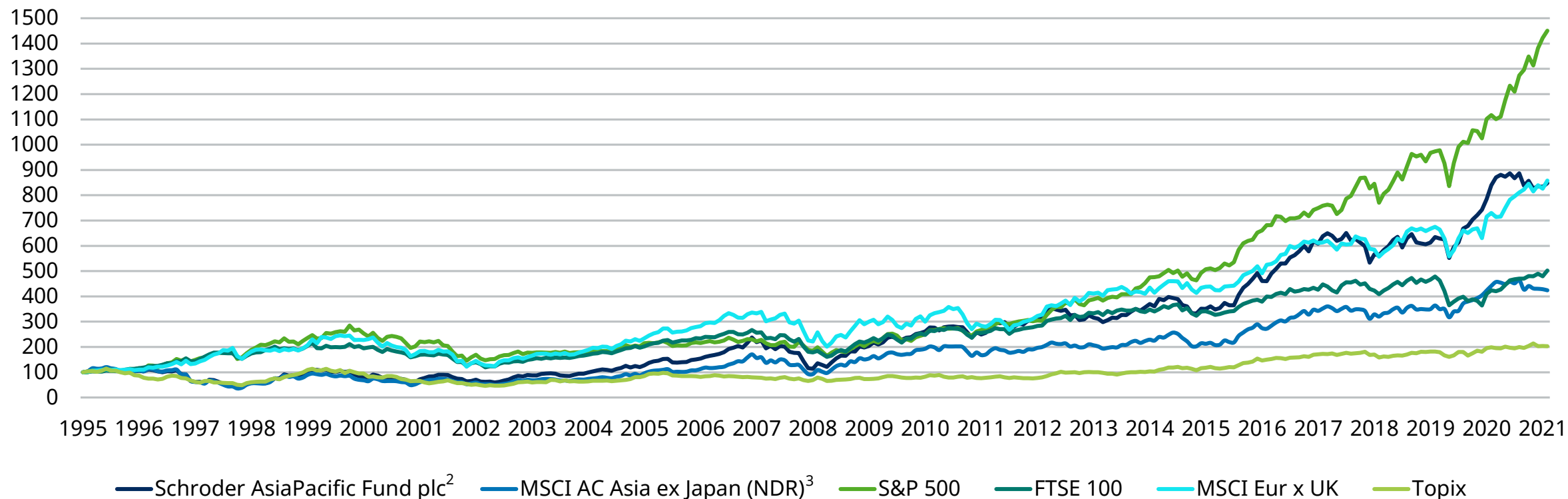
Past Performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.

Source: Schroders, FactSet, in GBP, as at 31 December 2021. Based on MSCI AC Asia Pacific ex Japan. Countries and sectors shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Schroder AsiaPacific Fund plc

Performance – Since inception¹ to December 31, 2021

Index 100 = 20 November 1995



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

Schroder AsiaPacific Fund plc

Risk considerations

- 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 company can be exposed to different currencies. Changes in foreign exchange rates could create losses.
- The company 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 company, both up or down, which may adversely impact the performance of the company.
- The company 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 company to the risk of the issuer of these instruments defaulting on paying the capital back to the company.

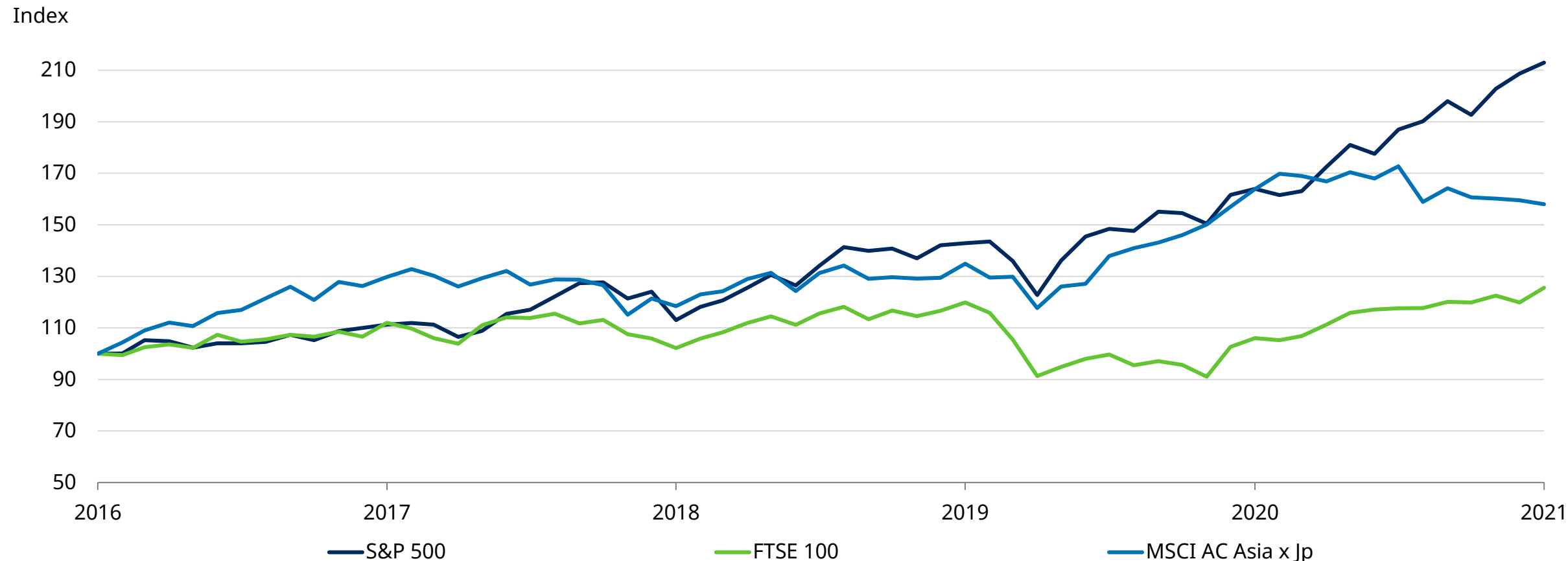
Schroders



Outlook

Asian Outlook – Recent performance of Asia has lagged

Asian markets underperform as regulatory and economic concerns impact China



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.

Source: Refinitiv Eikon Datastream, as at 31 December 2021, in GBP. The regions and countries shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Asian Outlook – China’s ‘three mountains’

Why the increased focus on ‘common prosperity’ and ‘social responsibility’?

Concern country ‘grows old before it becomes rich’

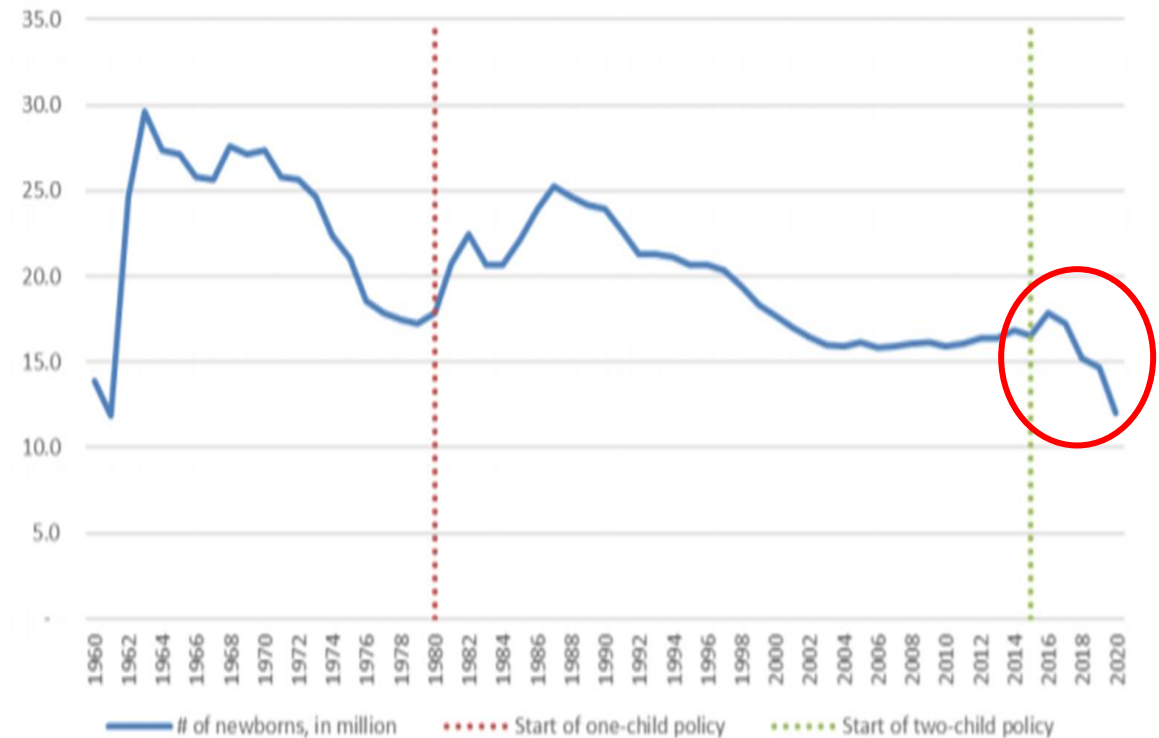
Cost of living has risen with ‘Three Mountains’ talked about today

- Property Costs
- Education costs
- Healthcare costs

Falling birth rate despite end to one child policy

Regulation can help rebalance the economy in favour of labour and reduce the burden on families.

China, number of newborns p.a. (in million), 1960-2020¹

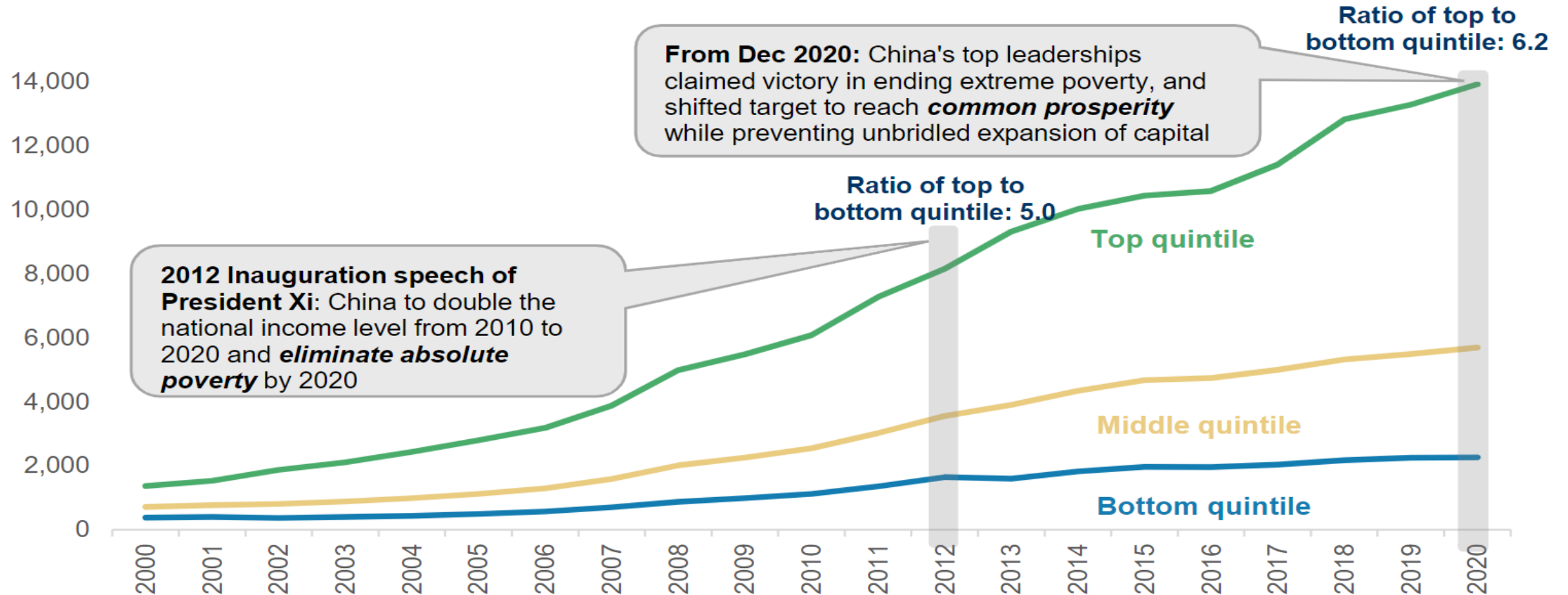


¹Source: Jefferies, National Bureau of Statistics, World Bank, August 2021

Asian Outlook – Spoils of growth in China have not been shared evenly

Policy to focus on “common prosperity”

China, Mean quintile urban disposable income (US\$)



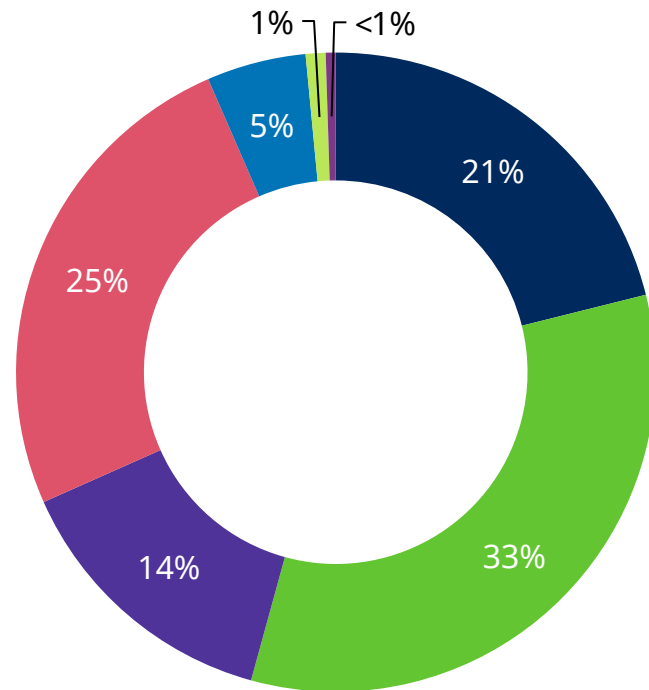
Source: Morgan Stanley Research, CEIC, WIND, August 2021.

Semiconductors still required

‘Work from home’, Cloud, 5G driving tech demand positive for Korea & Taiwan



Share of wafer worldwide capacity based on fab headquarters location



■ Taiwan ■ South Korea ■ Japan ■ N. America ■ China ■ Europe ■ ROW

A new tech cycle underway?

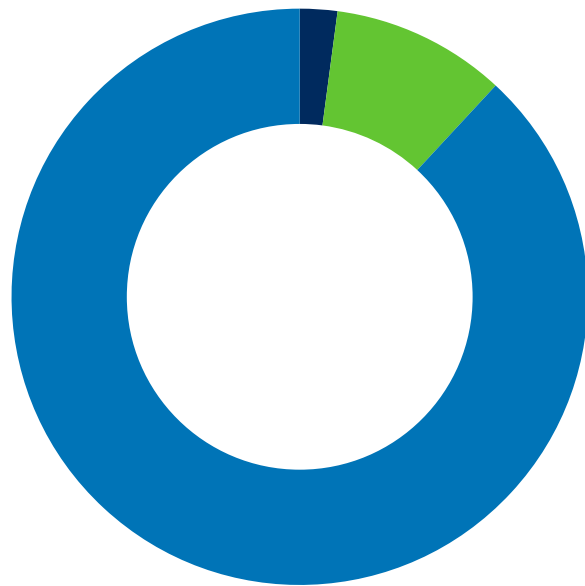
- Work from Home is driving a resurgence in demand for PC notebooks, smartphones, Wi-Fi devices etc.
- Ongoing investments into 5G, Data centres, Cloud services, automobile digitisation, IOT, etc
- Higher demand for data and broadband connectivity
- ‘Stay at Home’ also driving replacement upgrade of home appliances, TVs etc. DIY also seeing strong growth trend

China - Evergrande may look huge but in China context on a stand-alone basis it doesn't look a systemic risk

Overall residential construction activity has slowed but inventories appear 'normal'

Large developers in context¹

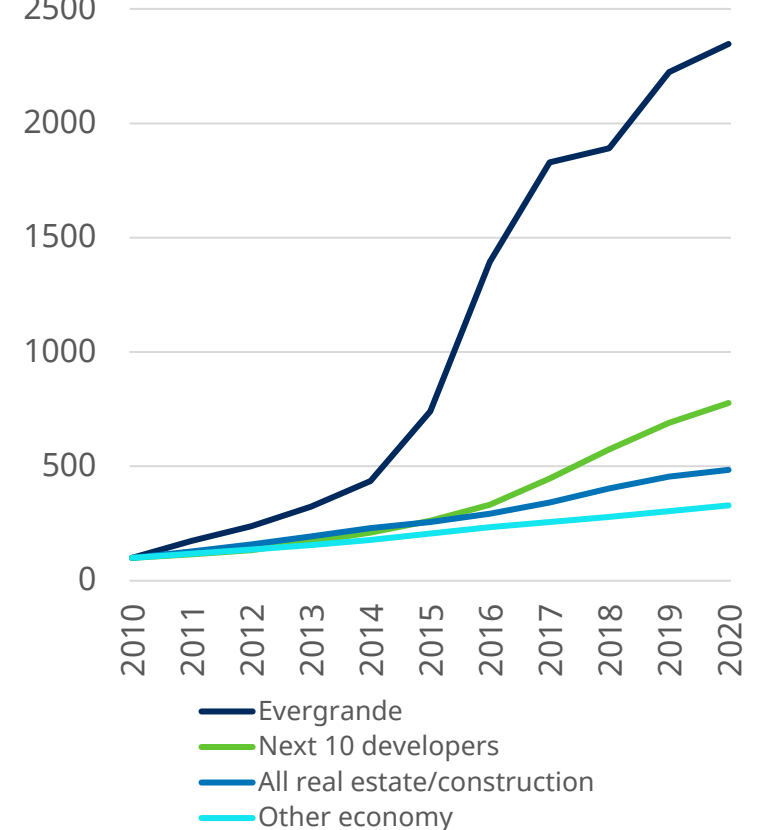
Total real estate company liabilities, end-2020



■ Evergrande, 2.1% ■ Next ten, 9.8% ■ Others, 88.1%

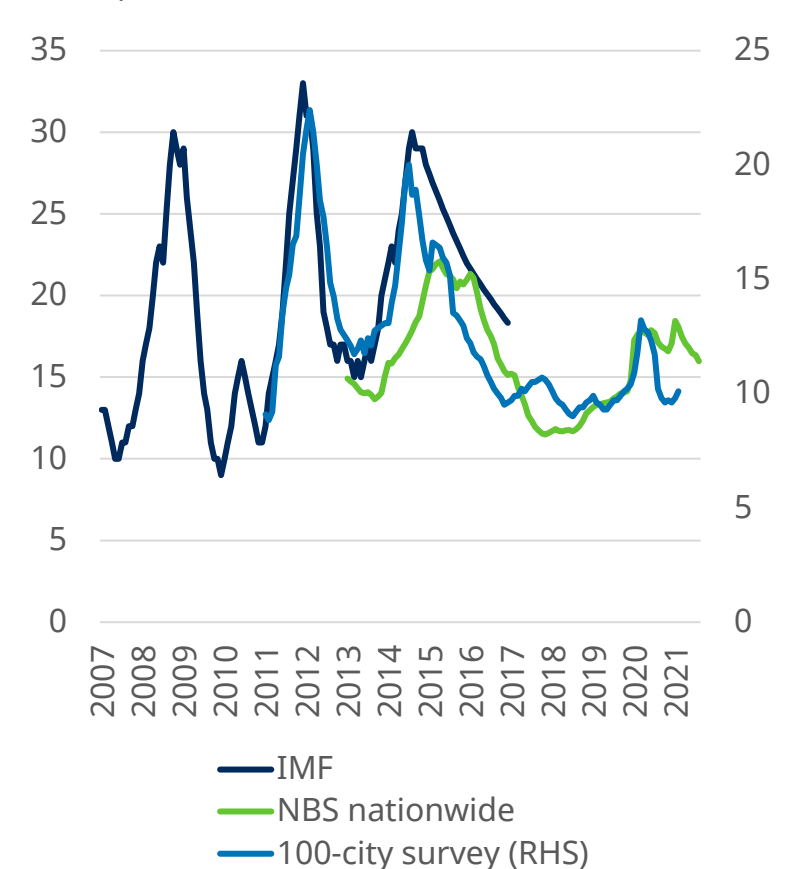
Evergrande growth in a different league¹

Index of total liabilities (RMB index 2010=100)



Residential inventories²

Developer residential inventories (months of sales)



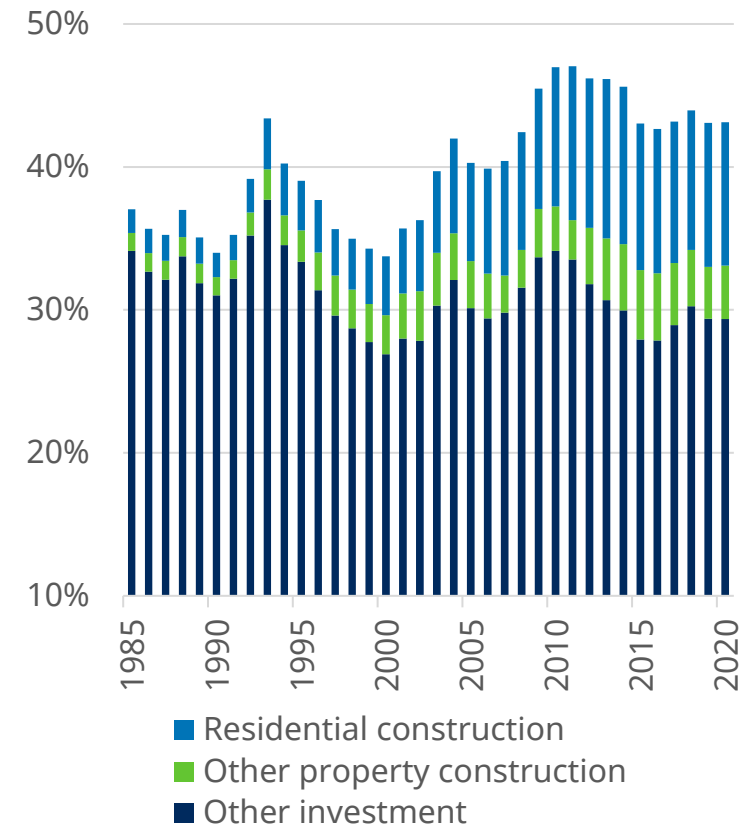
¹Source: CEIC, Emerging Advisors Group, January 2022

²Source: CEIC, IMF, E-House, Emerging Advisors Group, September 2021

China - BUT we shouldn't be complacent – the property market is likely to slow and a more disorderly unwind would be very painful for the economy

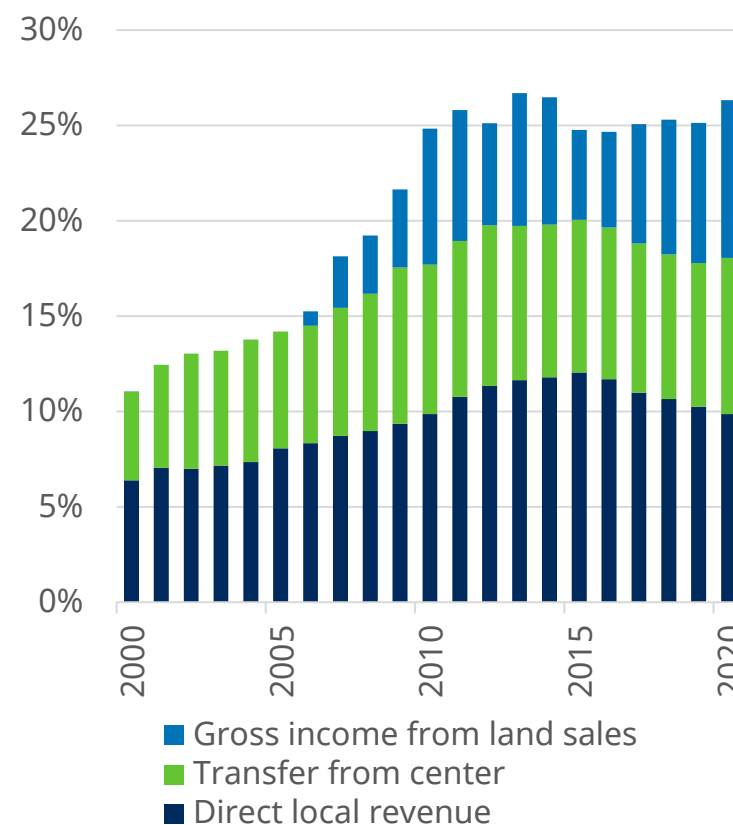
Property a driver of investment¹...

Share of GDP (%)



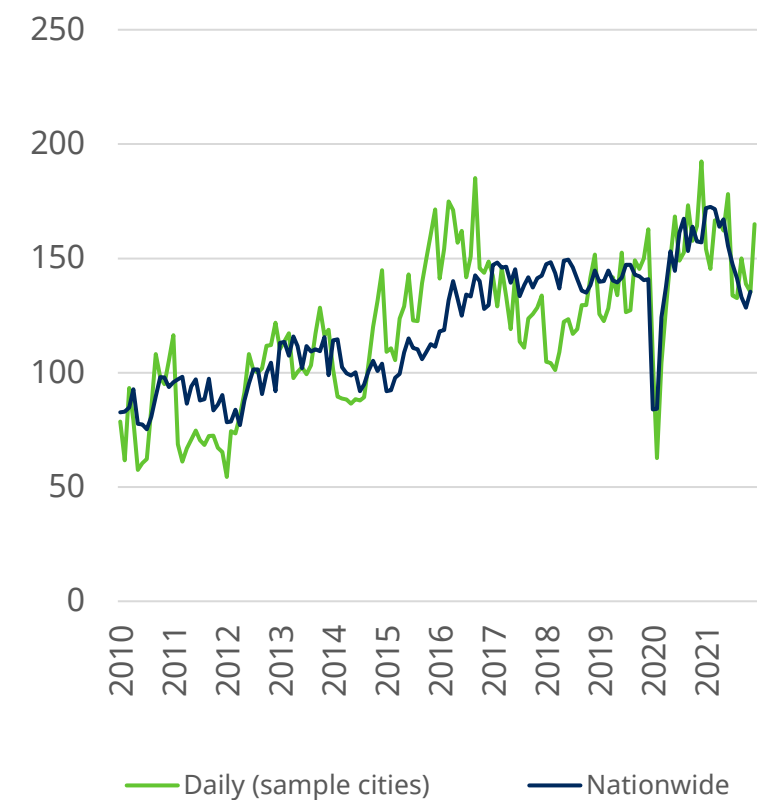
...and local government revenue¹

Local government revenue (share of GDP)



Property volumes have slowed²

Sales volume (index 2010=100)

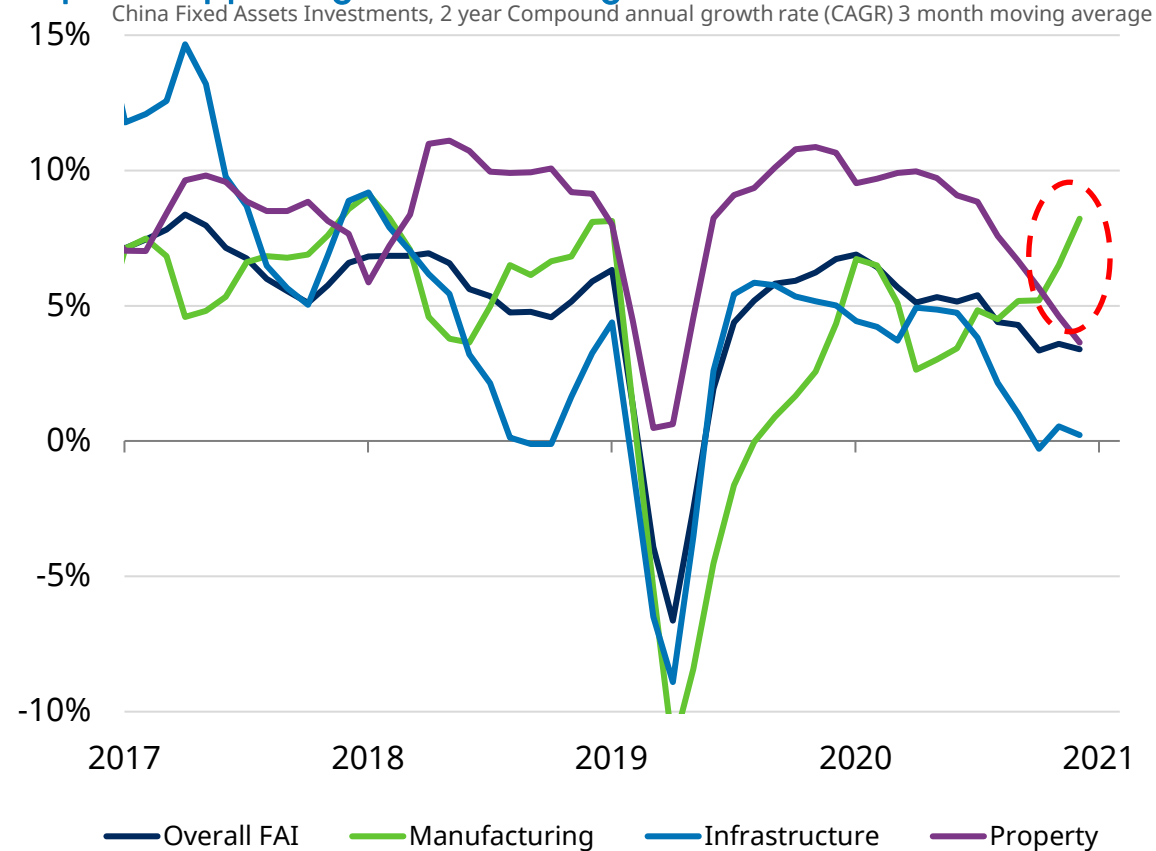


Source: ¹CEIC, Emerging Advisors Group, September 2021. ²CEIC, Emerging Advisors Group, January 2022.

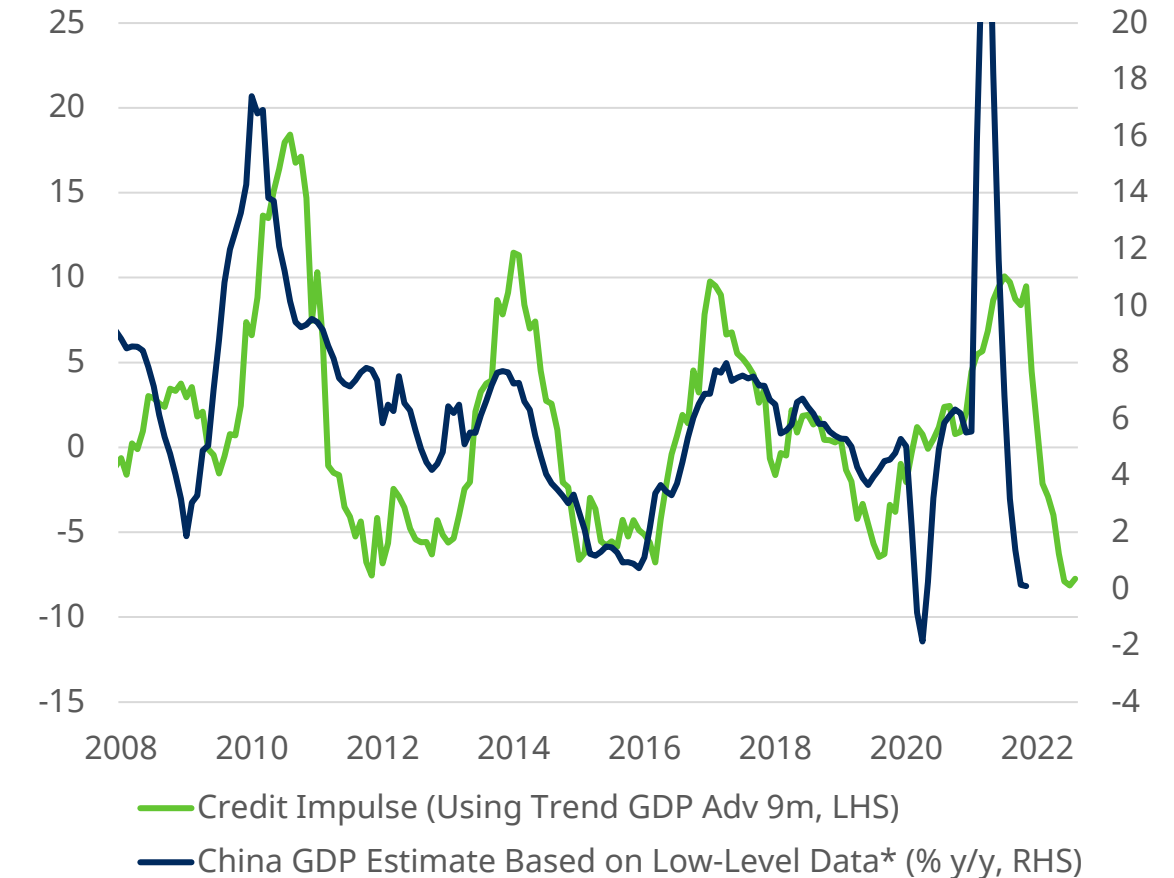
Asian Outlook – China easing required to sustain growth

Global recovery has driven exports but domestic tightening has been a drag

Exports supporting manufacturing investment¹



Growth follows credit cycle²



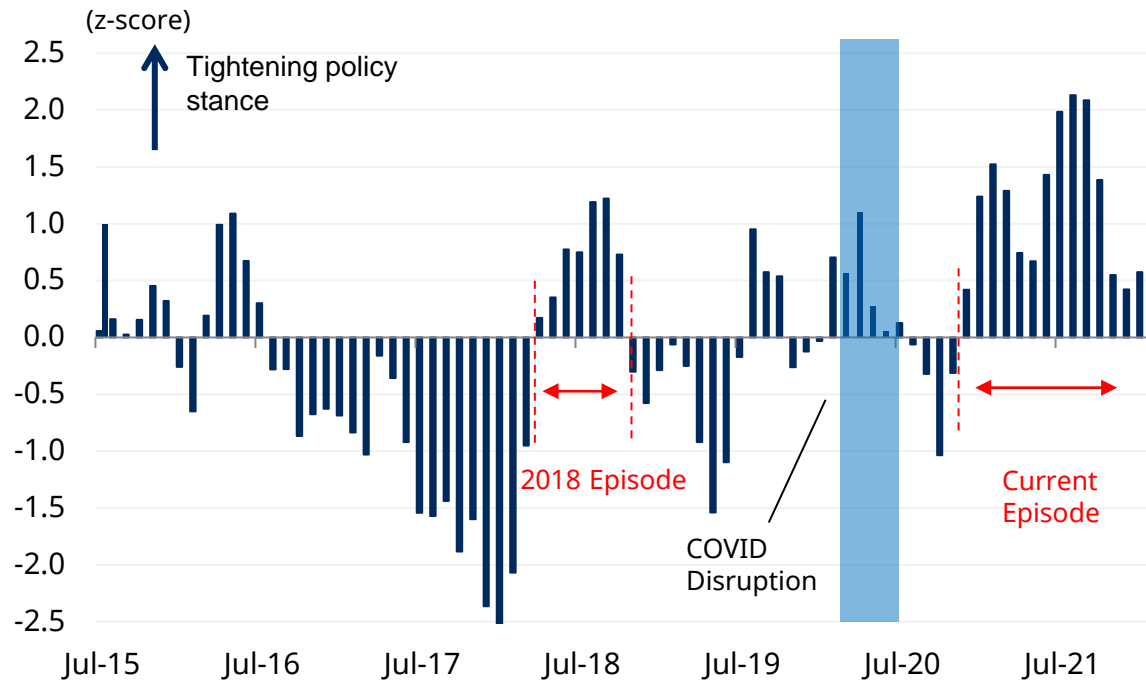
Source: ¹CEIC, Morgan Stanley Research, January 2022. ²Refinitiv Datastream, Schroders Economics Group. 4 January 2022. *Railway freight, seaport cargo, parcel volumes, vehicle production & sales, electricity production, railways & airline passengers, new housing starts, cement production, excavator & truck sales, industrial metals import volumes. The regions and countries shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Asian Outlook – can newsflow improve in China?

Regulatory intensity potentially peaking and Party congress later in the year

Regulatory noise in China peaking?

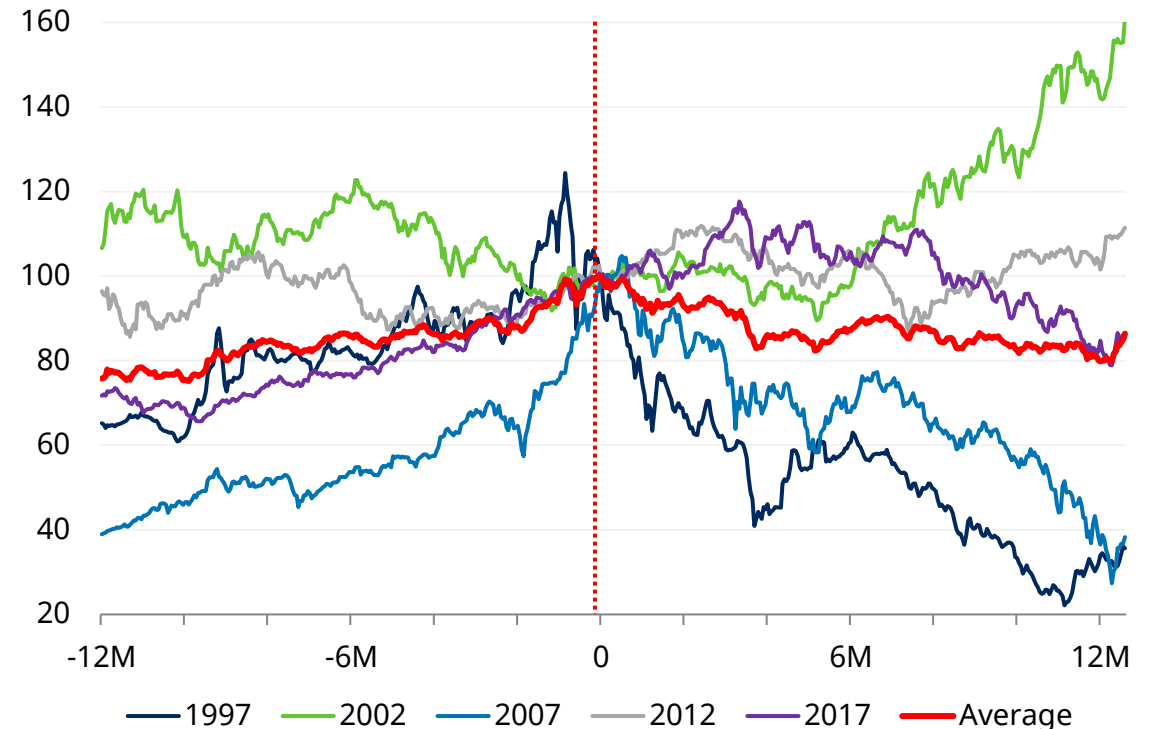
Privately owned enterprise (POE) regulation proxy



Note: POE Regulation Proxy reflects the text-mining results of news among POE-heavy sectors. Data points during Mar-Jun 2020 have been removed due to COVID disruptions.

Political cycle to see newsflow improve?

MSCI China index - China Party Congress (1997, 2002, 2007, 2012, 2017)

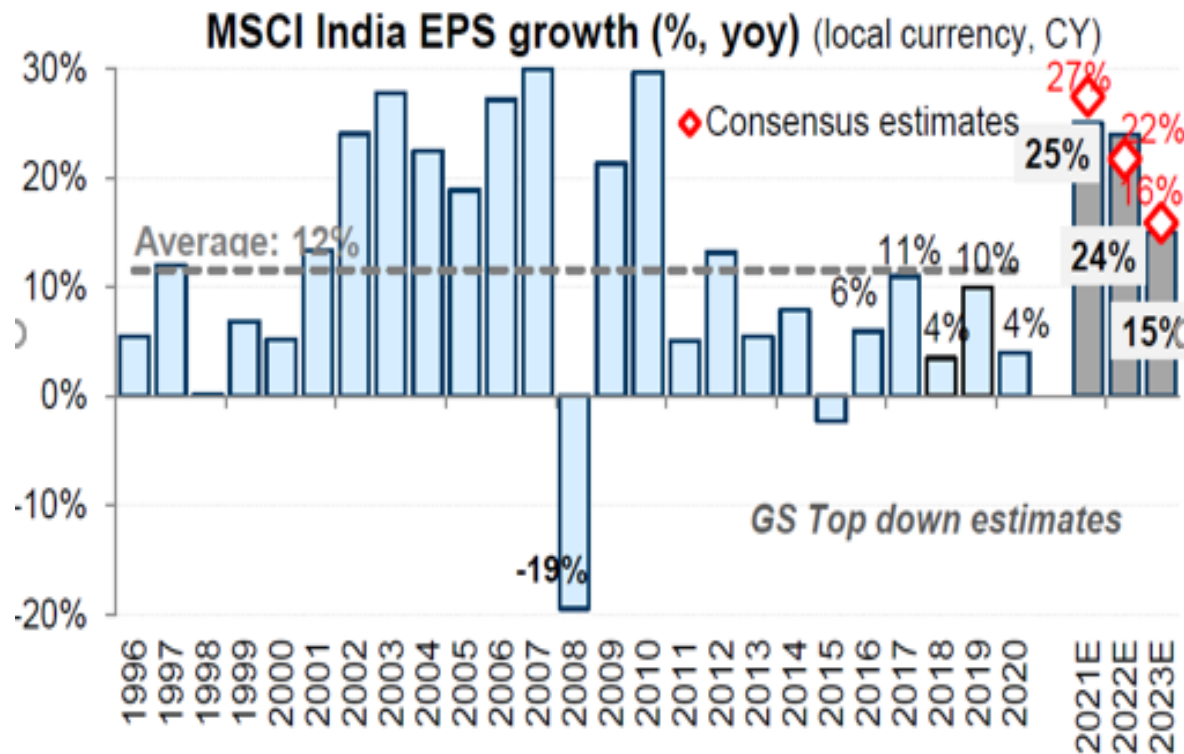


Source: Goldman Sachs Global Investment Research, Factset, MSCI, January 2022. The regions and countries shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

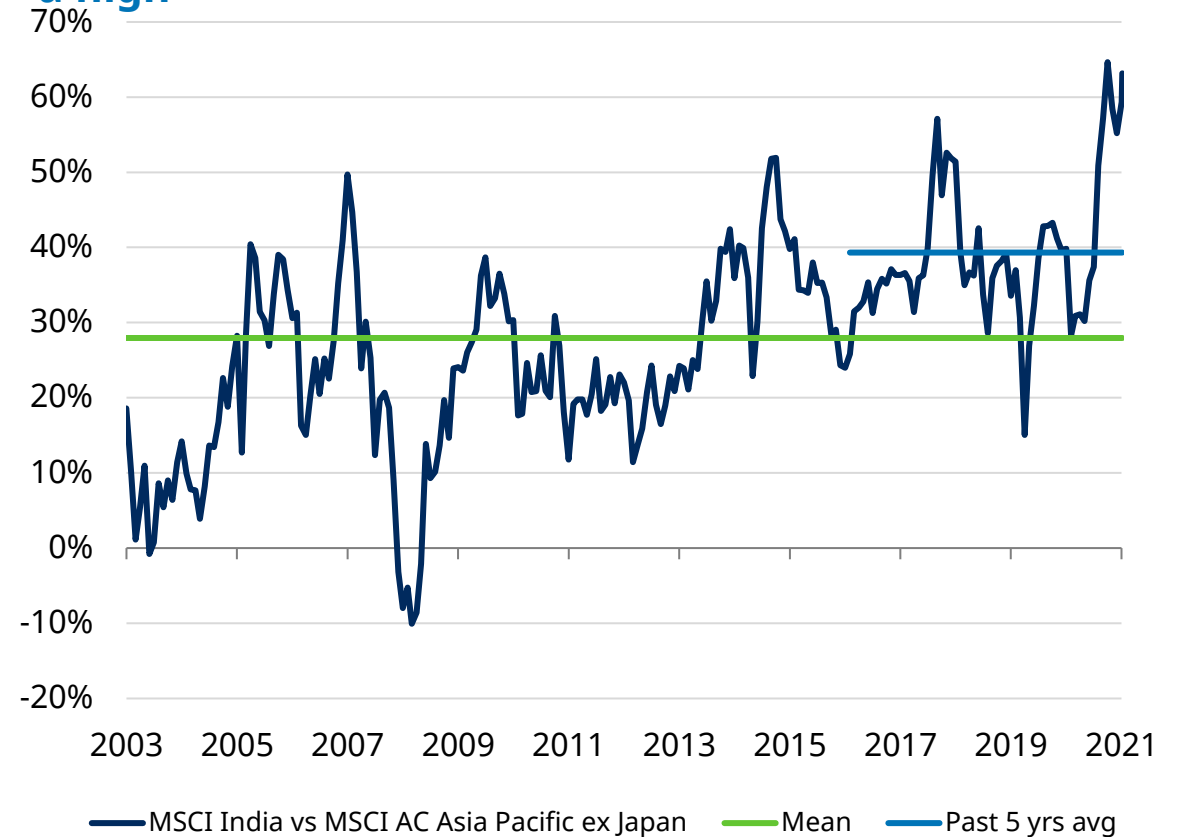
Asian Outlook – India has rerated up

Recovering earnings and fewer regulatory concerns have seen India benefit

Indian earnings are recovering strongly



India Price/earnings relative valuation to the region at a high*



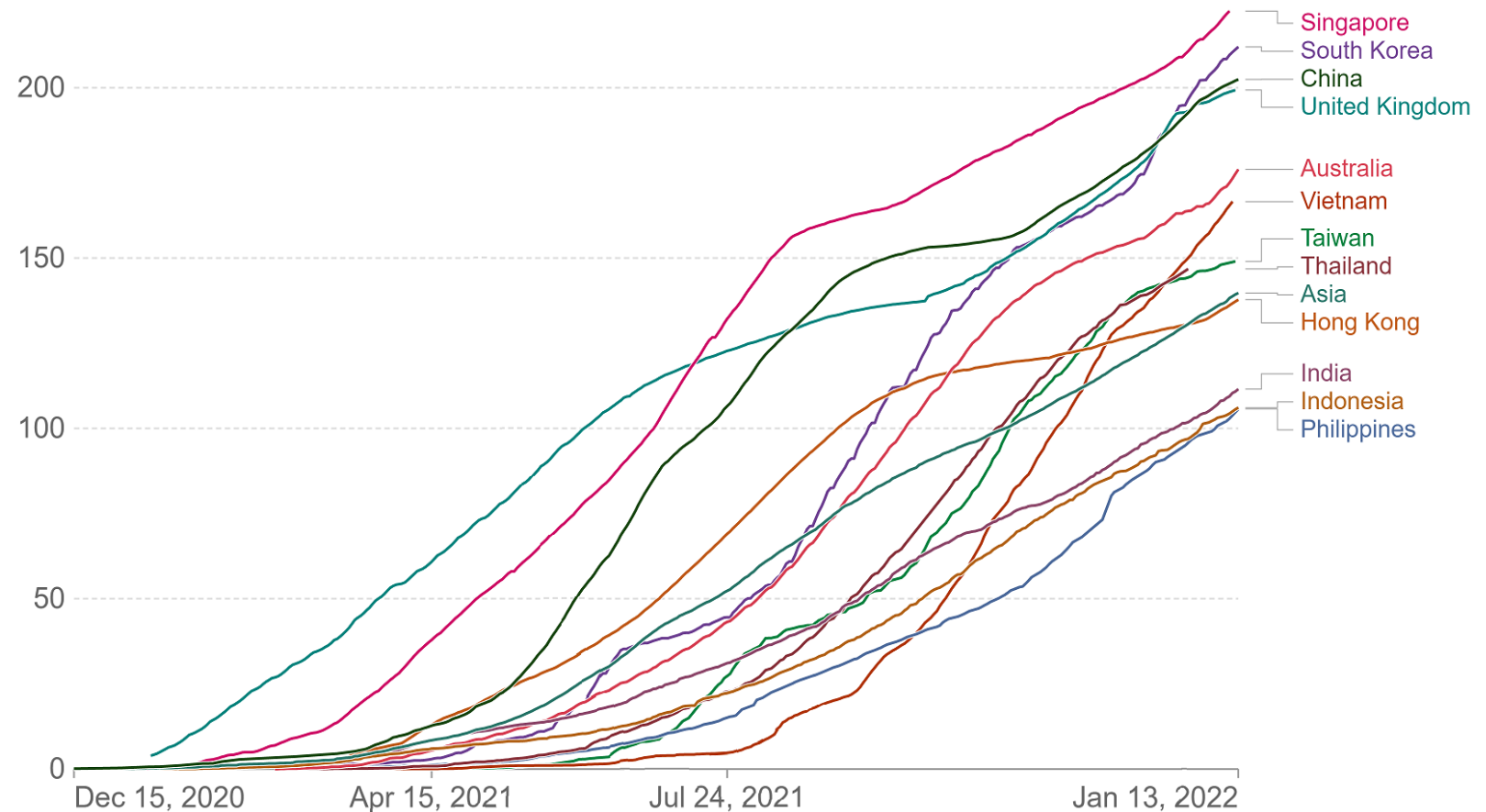
Source: Goldman Sachs Global Investment Research, January 2022. *Next twelve months (NTM) Price/earnings (PE) premium / discount since 2004. Please see the forecast risk warning on the important information slide. The regions and countries shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Asian Outlook – Covid concerns remain

Outside of China shift has been towards ‘Covid mitigation’ rather than ‘Zero Covid’

Covid-19 vaccine doses administered per 100 people

Total number of doses administered, divided by the total population of the country



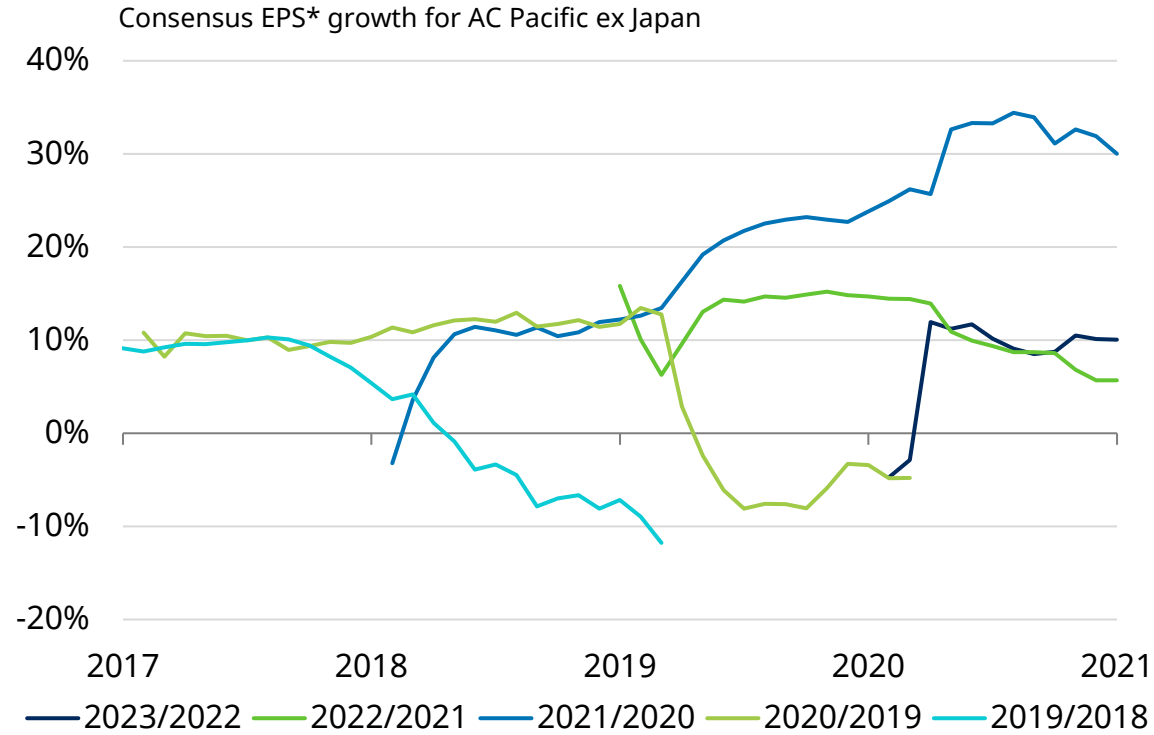
Source: Official data collated by Our World in Data. For vaccines that require multiple doses, each individual does is counted. As the same person may receive more than one dose, the number of doses per 100 people can be higher than 100.

Source: Our World in Data, January 2022. Note: Countries and regions shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

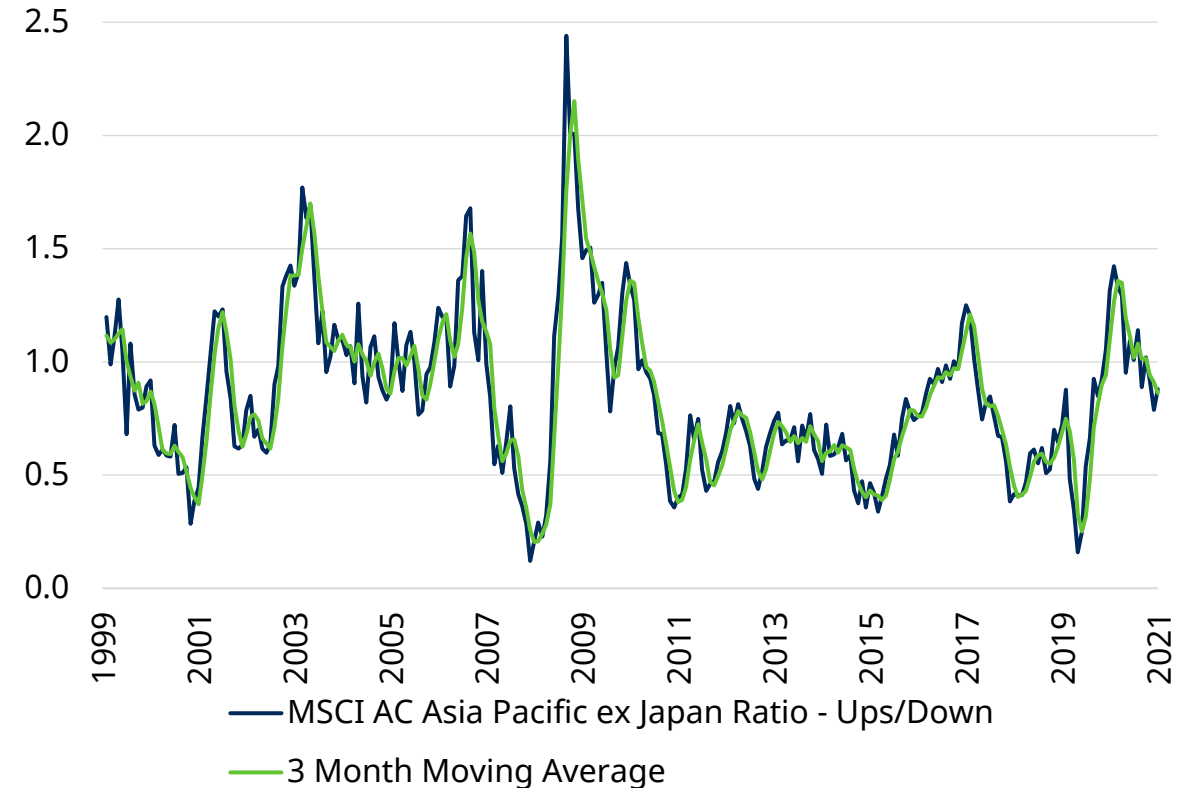
Asian Outlook

Earnings expectations improved but now moderating

Earnings expectations moderating?¹



...and revisions no longer positive²

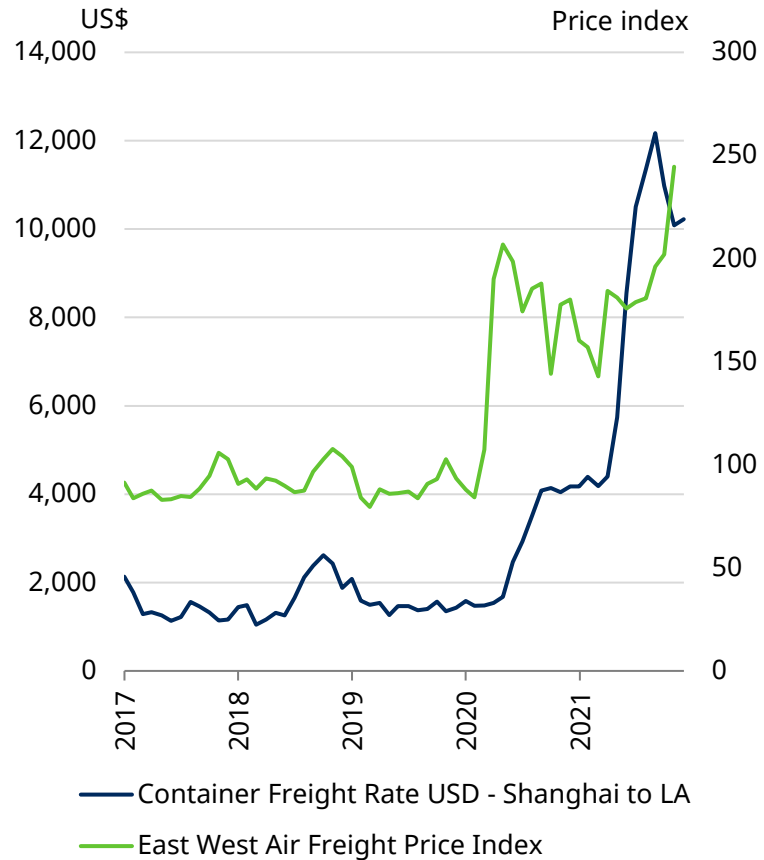


Source: ¹FactSet Estimates, MSCI, as at December 31, 2021. *Earnings Per Share (EPS). ²Schroders, Factset, MSCI, December 31, 2021. The regions and countries shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

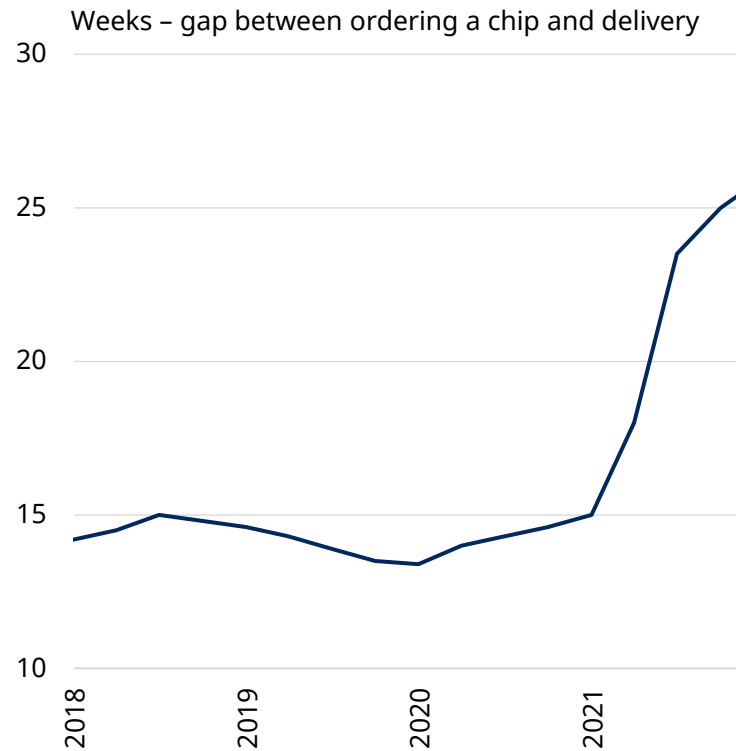
Asian Outlook

Risk to earnings from rising logistics costs and shortages

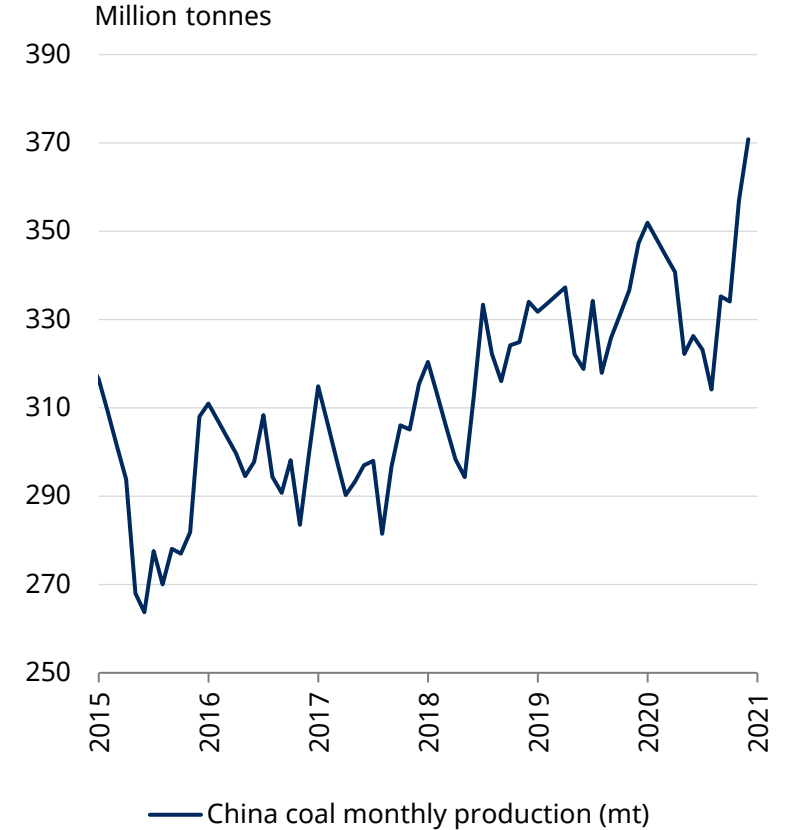
Rising logistics costs¹



Shortages – semiconductors just one example²



If needs must...³



Source: ¹Bloomberg, as at 31 December 2021. ²Bloomberg, Susquehanna Financial Group, January 2022. ³CEIC, Morgan Stanley Research., as at 31 December 2021. The regions and countries shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

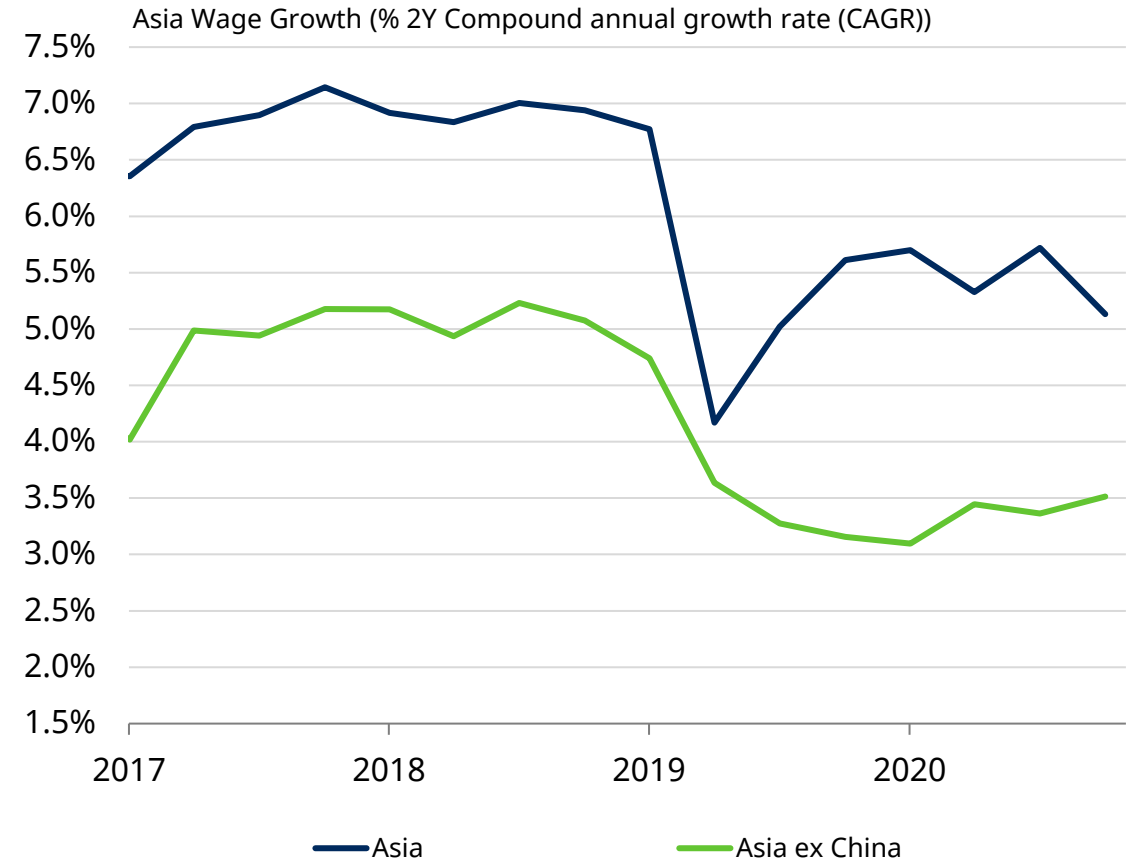
Asian Outlook

Cost pressures have seen inflation rise but yet to be seen in wage growth

Rising input price rises may impact margins¹



But labour cost inflation remain subdued for now²

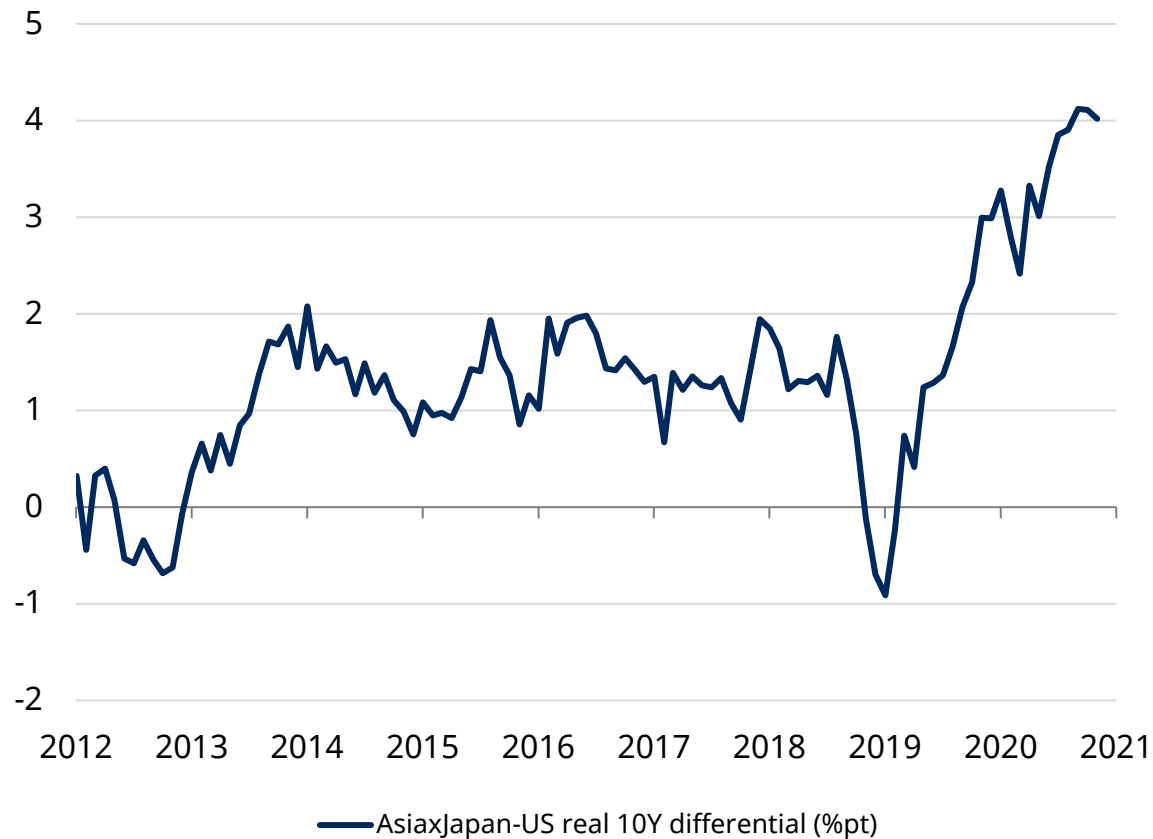


Source: ¹Bloomberg, January 2022, China PPI (Output Prices). ²CEIC, Morgan Stanley Research, January 2021. Countries and regions shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

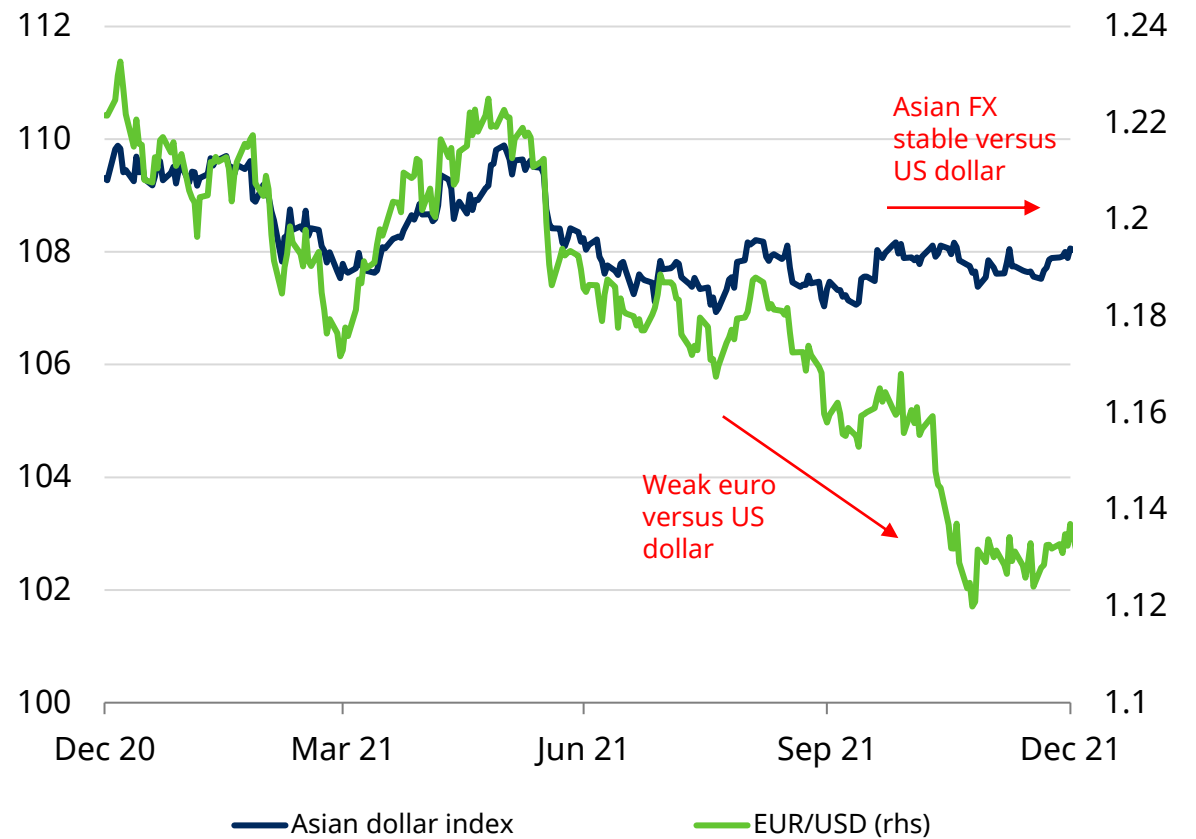
Asian Outlook

‘Taper tantrum’ a risk but healthier external accounts and higher real rate differentials

Asia Real rate differentials with US supportive versus 2013¹



Asian currencies have remained stable versus the US dollar in 2H21²



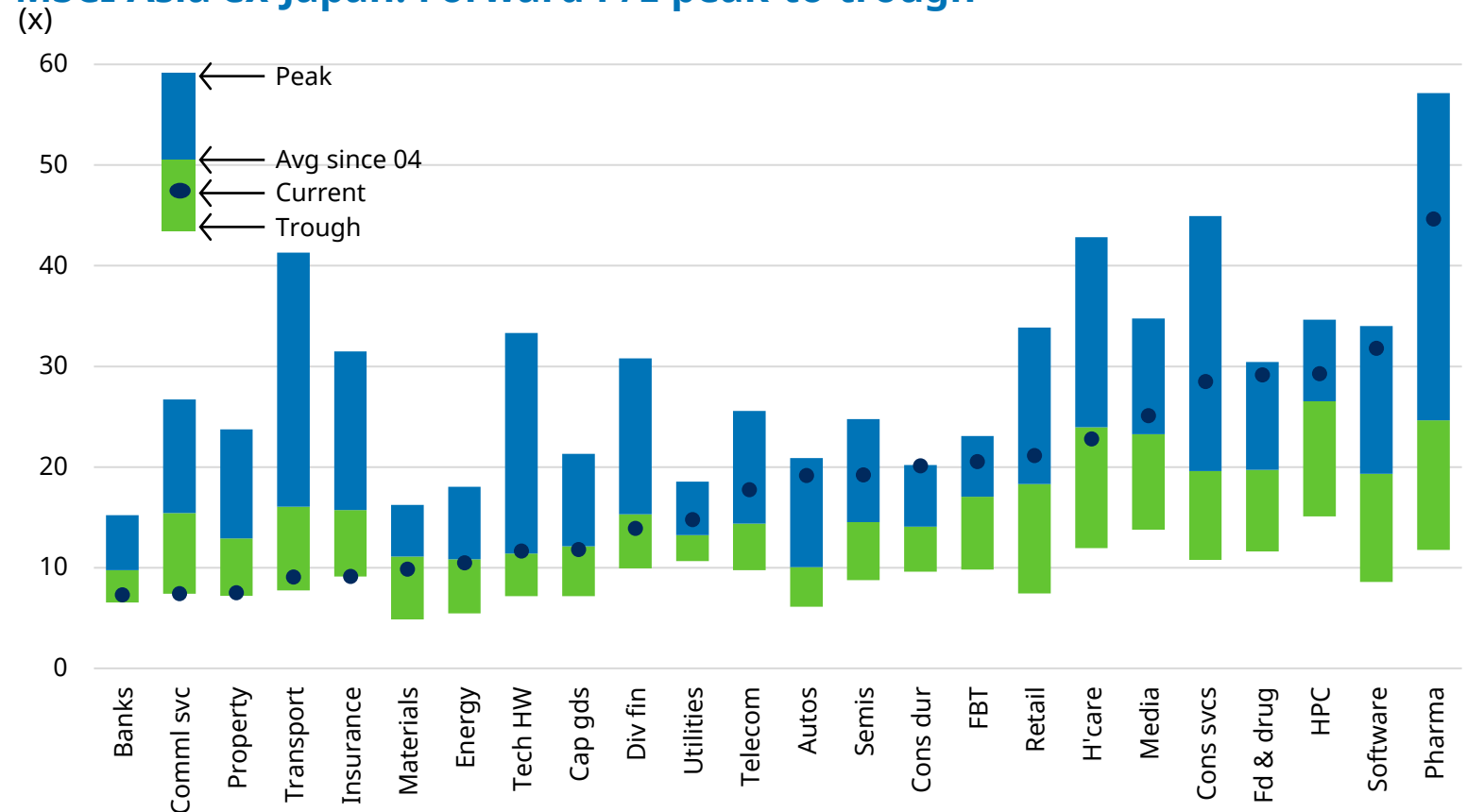
Source: ¹CEIC, Haver Analytics, IMF, Morgan Stanley Research, January 2022. ²Bloomberg, December 31, 2021. Countries and regions shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Asian Outlook – more about impact on stock valuation

Stock selection to remain key

- Valuation spreads across the market remain large
- Financials and property are near the bottom of their ranges
- Pharma, software, HPC, consumer durables and autos are near the top of their ranges

MSCI Asia ex-Japan: Forward P/E peak-to-trough



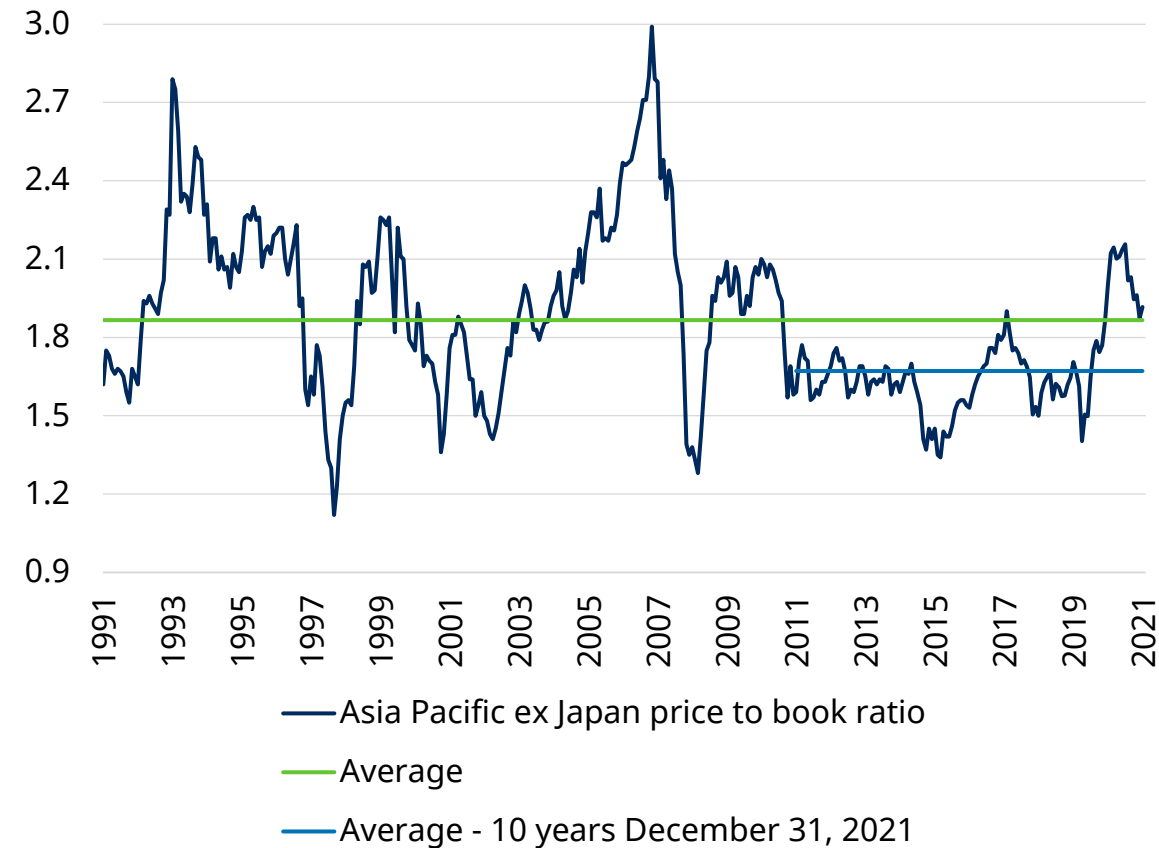
Source: Datastream, FactSet, CLSA, December 2021. Notes: PE data are bottom-up aggregated using rolling MSCI AxJ universe. Data as of 30 November 2021. Historical sector valuations are adjusted for GICS sector classification changes.

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

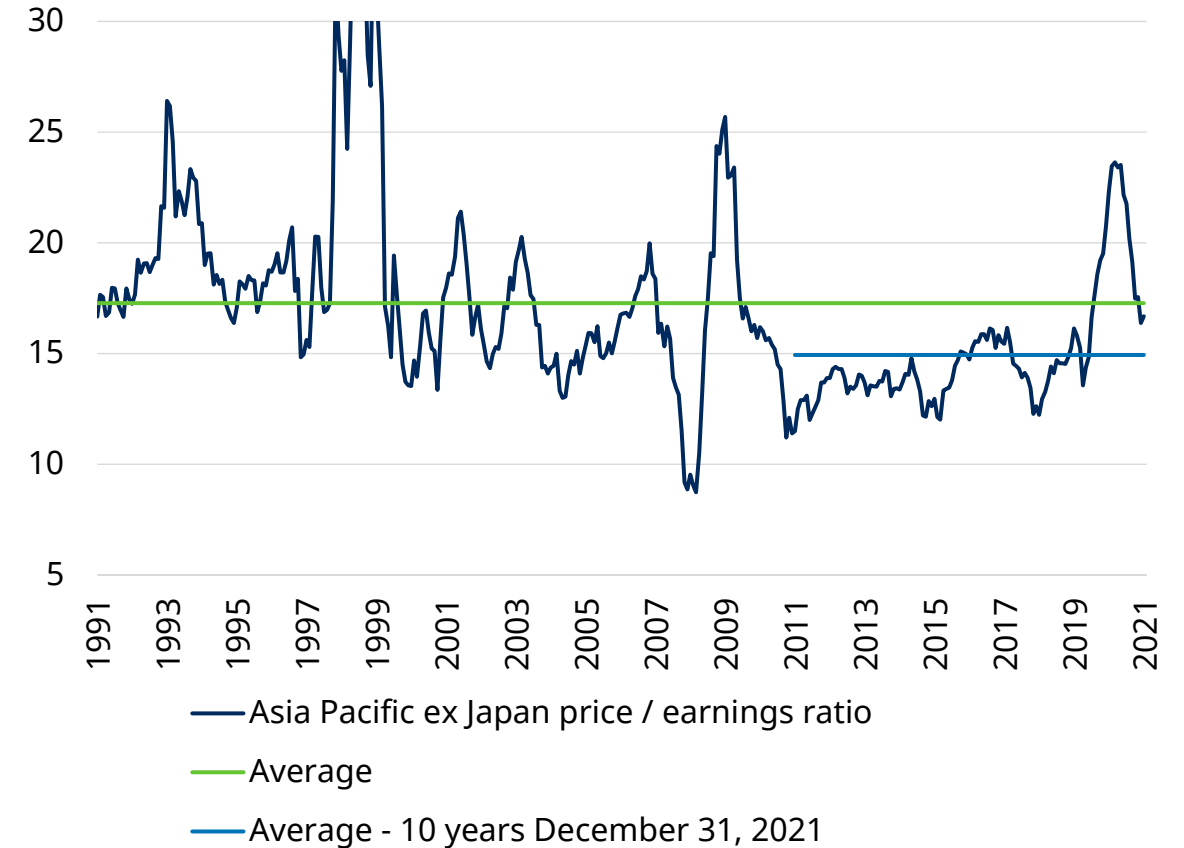
Asian Outlook

Valuations in aggregate now back to long term averages

Price to book (x)



Historic price/earnings (x)

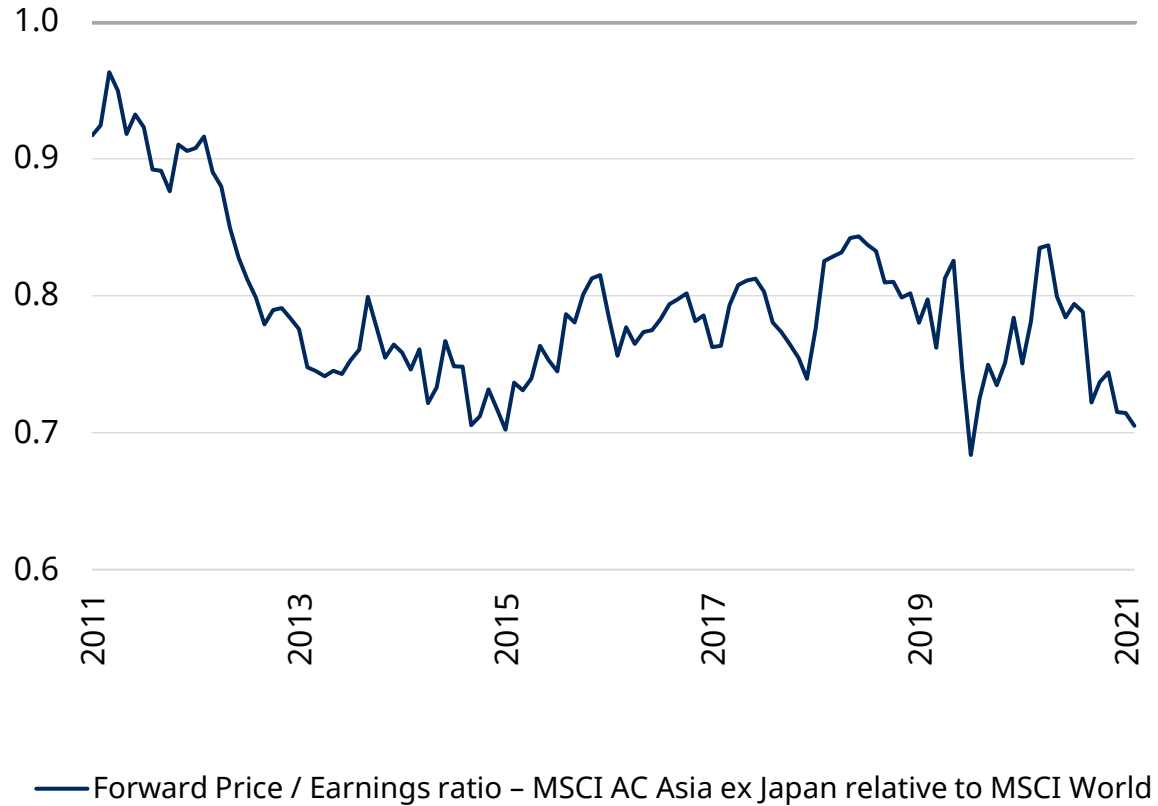


Source: Citi Investment Research, as at 31 December 2021. The regions and countries shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

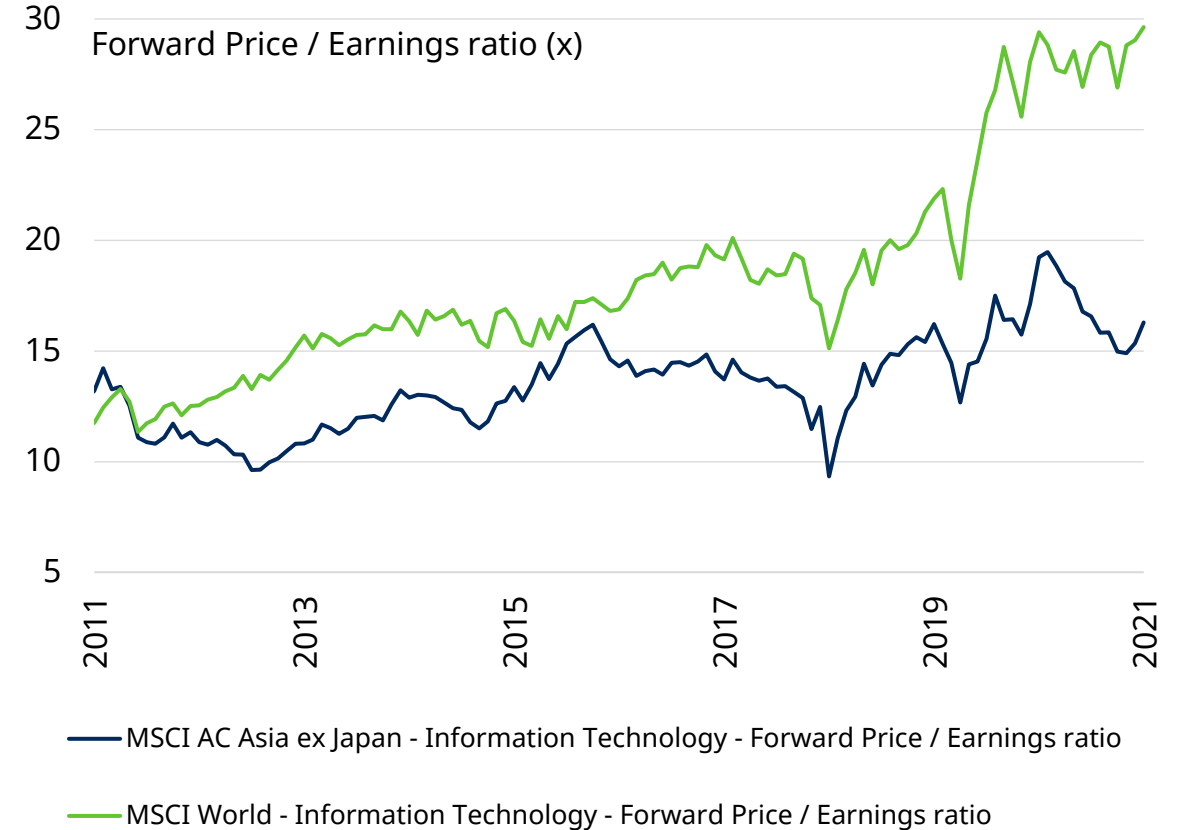
Asian Outlook

Asia valuation discount to the Rest of the World

Price Earnings of Asia now close to 30% discount to the Rest of the World



Information technology stocks valuations have shown a marked divergence

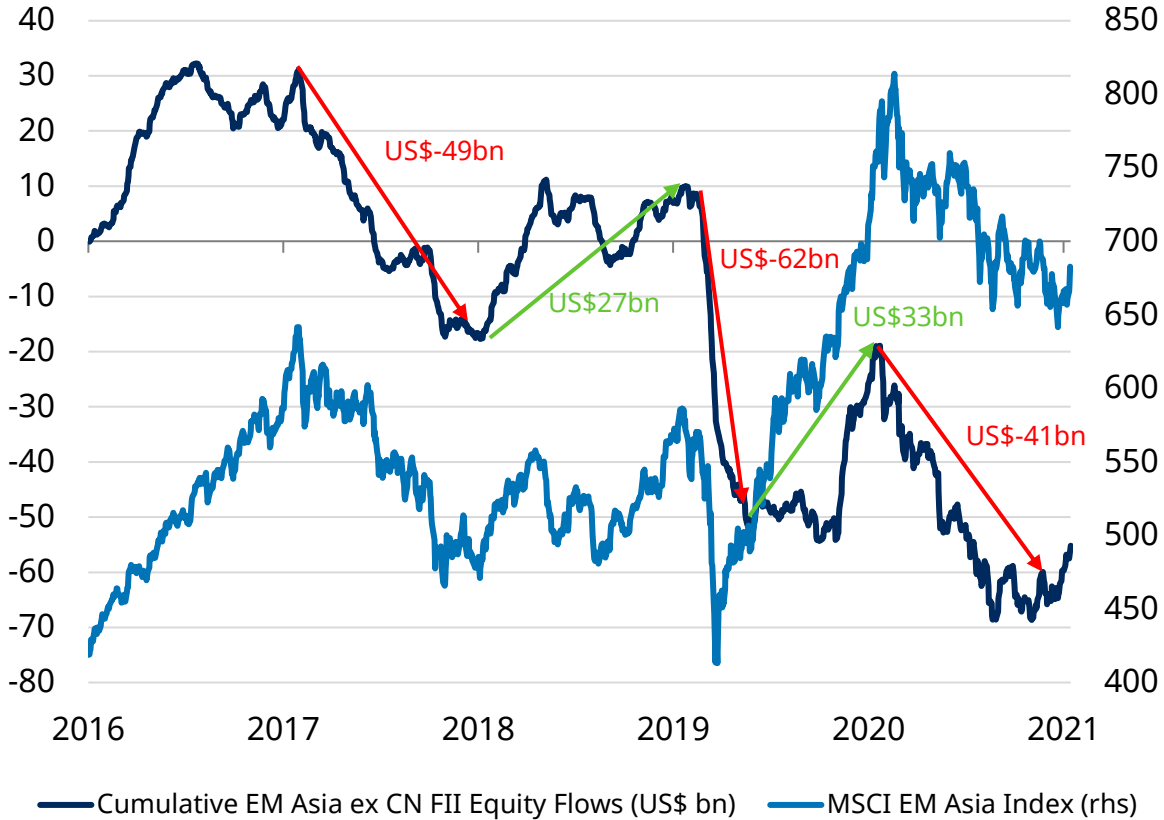


Source: Refinitiv Eikon Datastream, as at 31 December 2021, in GBP. The regions and countries shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

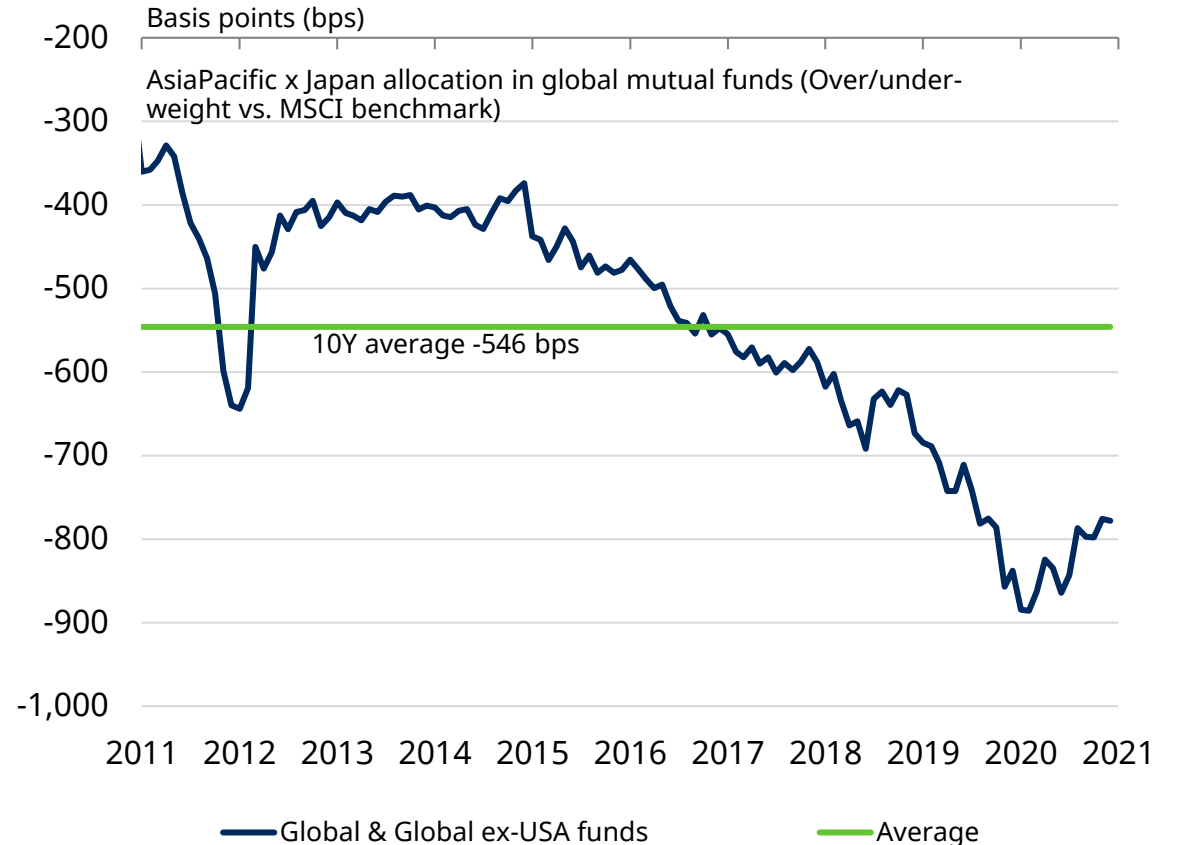
Asian Outlook

Perhaps in part because for now Asia remains out of favour with global investors

Foreign institutional investors (FII) have been consistent net sellers



Leaving Global funds heavily underweight



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Source: Goldman Sachs Global Investment Research, January 2022.

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

Schroders

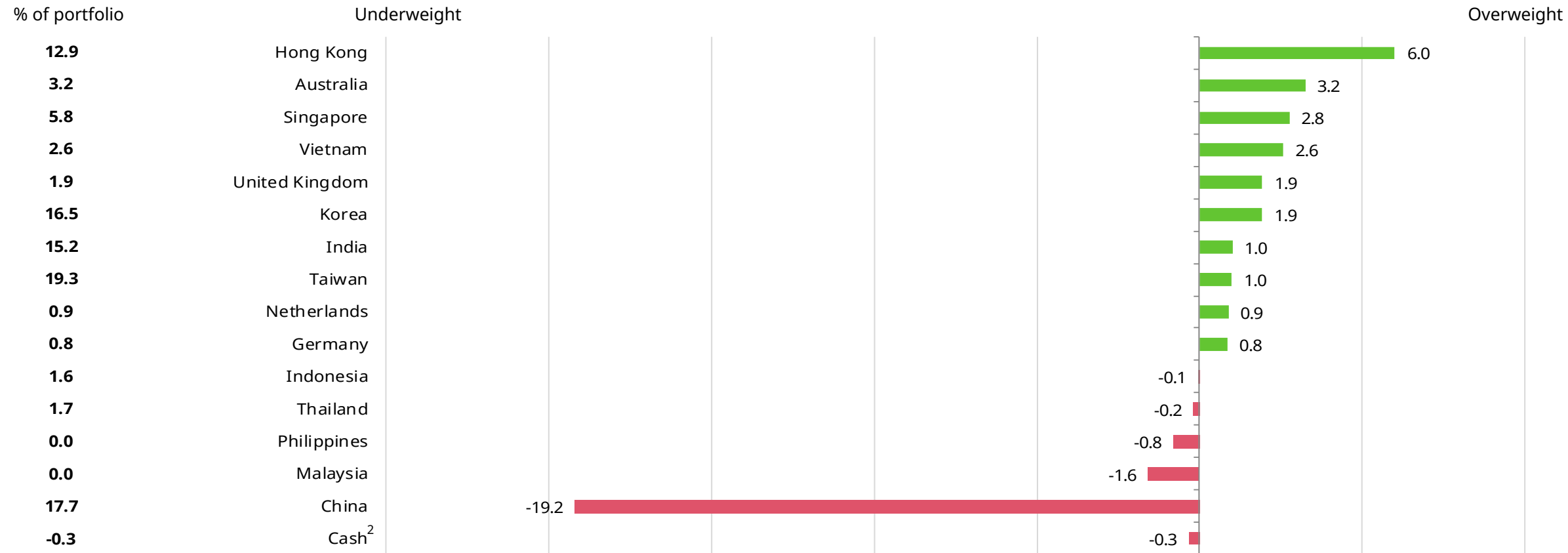


Positioning

Schroder AsiaPacific Fund plc

Active country¹ positions as at 31 December 2021

Overweight/underweight positions



Source: Schroders, Factset, HSBC. ¹Fund position (based on underlying portfolio adjusted for loans outstanding) less benchmark weight (MSCI AC Asia ex Japan Index). ²Net cash less loans outstanding. The accounting data used by FactSet is un-audited, therefore any subsequent cleaning of data will not be reflected in FactSet. The sectors, securities, regions and countries shown above are for illustrative purposes only and are not to be considered a recommendation to buy or sell.

Schroder AsiaPacific Fund plc

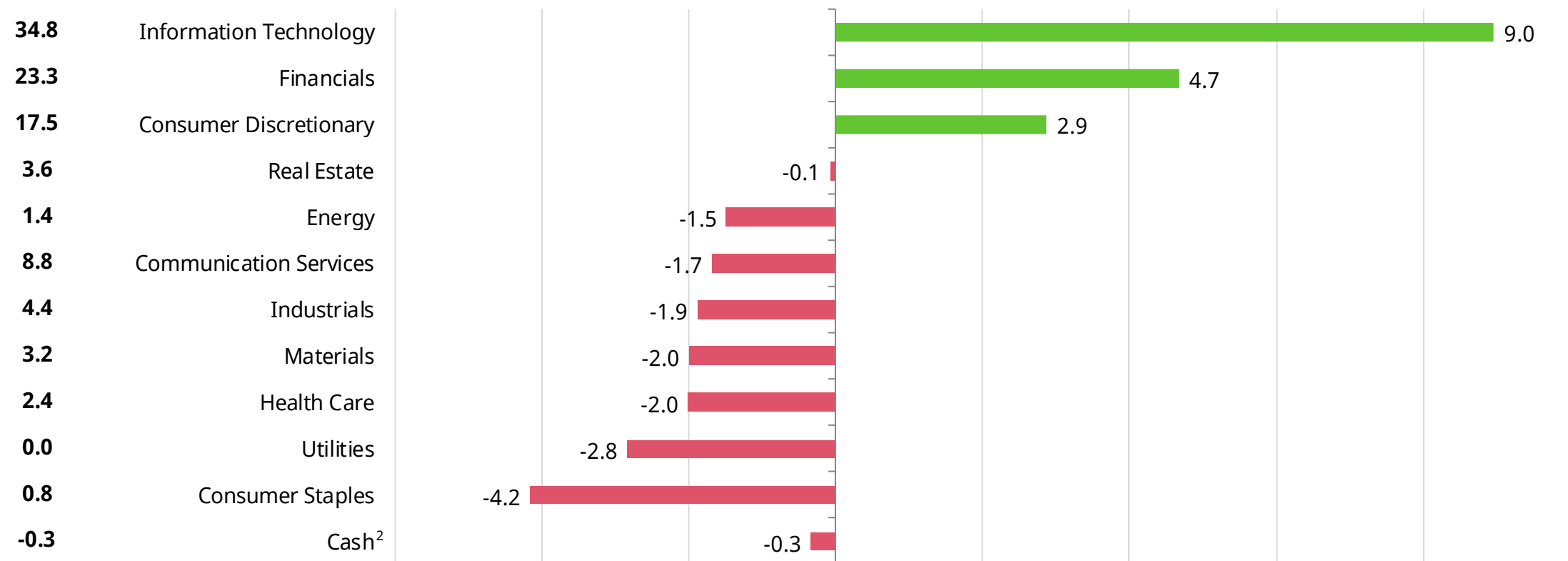
Active sector¹ positions as at 31 December 2021

Overweight/underweight positions

% of portfolio

Underweight

Overweight



Source: Schroders, Factset, HSBC. ¹Fund position (based on underlying portfolio adjusted for loans outstanding) less benchmark weight (MSCI AC Asia ex Japan Index). ²Net cash less loans outstanding. The accounting data used by FactSet is un-audited, therefore any subsequent cleaning of data will not be reflected in FactSet. The sectors, securities, regions and countries shown above are for illustrative purposes only and are not to be considered a recommendation to buy or sell.

Top 10 holdings by absolute weight

Schroder Asia Pacific Fund

As at 31 December 2021

Stock	Country	Sector	Portfolio weight (%)	Benchmark ¹ weight (%)	Active weight (%)
Samsung Electronics*	Korea	Information Technology	9.9	5.3	+4.6
TSMC	Taiwan	Information Technology	9.7	7.9	+1.8
Tencent	China	Communication Services	4.5	4.9	-0.4
Alibaba Group	China	Consumer Discretionary	3.1	3.4	-0.2
HDFC Bank	India	Financials	3.1	0.0	+3.1
Midea	China	Consumer Discretionary	2.9	0.0	+2.9
Vietnam Enterprise	Vietnam	Financials	2.5	0.0	+2.6
BHP	Australia	Materials	2.5	0.0	+2.5
AIA Group	Hong Kong	Financials	2.4	1.8	+0.6
Mediatek Inc	Taiwan	Information Technology	2.4	0.9	+1.4
Total			43.0	30.1	

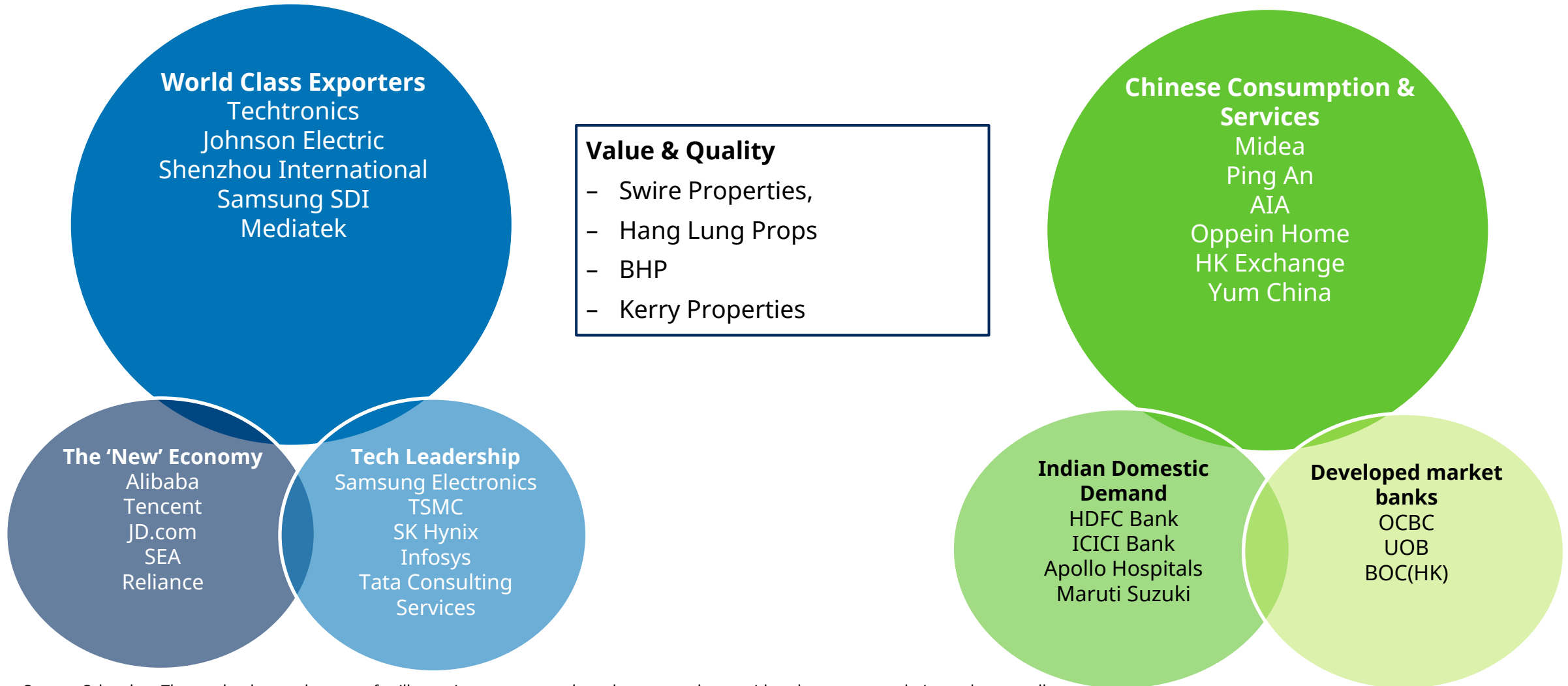
Source: Schroders, FactSet. ¹MSCI AC Far East ex Jap to 31/01/2011 then AC Asia ex Jap. *Prefs and ordinaries

The accounting data used by FactSet is un-audited, therefore any subsequent cleaning of data will not be reflected in FactSet.

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What do we like in the region: key investment themes

Tech leadership & innovation, Chinese consumption & service sector, Indian finance



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