Schroder Asian Total Return Investment Company plc

Annual Report and Accounts
for the year ended 31 December 2023

Schroders

Performance Summary

NAV per share total return*	Share price total return*	Dividends per share	MSCI AC Asia ex-Japan Index (with net income reinvested), sterling adjusted
8.8%	**10.3%**	**11.5p**	**1.3%**
2022: –12.7%	2022: –17.4%	2022: 11.0p	2022: –7.1%

Some of the financial measures are classified as Alternative Performance Measures, as defined by the European Securities and Markets Authority and are indicated with an asterisk (*). Definitions of these performance measures, and other terms used in this report, are given on pages 78 and 79 together with supporting calculations and sources, where appropriate.

Investment objective

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

Why invest in the Company?

- **Investing in high potential companies across the Asia Pacific region**
  The Portfolio Managers are benchmark agnostic, which means they can back their highest conviction ideas with an active approach that is not tied to any particular index resulting in a portfolio that is diversified across region and sector. With a particular tilt towards small and mid cap names, they focus on well-managed businesses that understand the importance of paying a good, growing dividend to their shareholders as part of an attractive long-term total return.

- **Benefit from a smoother investment journey and the possibility for higher returns**
  The ability to select stocks that have the potential to deliver strong long-term returns is complemented by the use of a tactical hedging strategy. This focuses on delivering a smoother ride in investing compared to the Reference Index by reducing volatility and preserving capital. Altogether, this helps to mitigate some of the broader risks associated with investing in Asia.

- **Rely on decades of Asian investment expertise**
  The Co-Portfolio Managers Robin Parbrook and King Fuei Lee have more than 50 years of combined investment experience and are renowned for their expertise in Asian equity investing. They draw upon the extensive resources of Schroders' Asia Pacific equities research team based in six offices across the region, as well as Schroders' London-based global sector specialists. This helps provide an information advantage in an under-researched and market inefficient region.

  Please see page 24 for the full investment policy.

INVESTMENT COMPANY OF THE YEAR AWARDS 2023
WINNER
GROUP OF THE YEAR

Source: Investment Week, 2023

Kepler GROWTH RATING

Source: Kepler Trust Intelligence, 2024

Ongoing charges ratio*
0.87%
2022: 0.82%

Share price discount to NAV per share*
4.6%
2022: 5.8%

Revenue return per share
10.26p
2022: 12.47p

Gearing*
7.8%
2022: 9.0%

Share price
440.00p
2022: 409.50p

Net assets
£448.48m
2022: £457.47m

This is not a sustainable product for the purposes of the FCA rules. References to the consideration of sustainability factors and ESG integration should not be construed as a representation that the Company seeks to achieve any particular sustainability outcome.

Scan this QR code on your smartphone camera to sign-up to receive regular updates on Schroder Asian Total Return Investment Company plc

Strategic Report

Strategic Report

10-Year Financial Record

At 31 December	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Shareholders' funds (£'000)	152,342	154,186	195,017	294,426	293,783	357,871	483,548	551,745	457,474	448,484
NAV per share, diluted where applicable (pence)	208.12	211.36	267.09	354.79	321.43	365.57	479.07	507.24	434.60	461.24
Share price (pence)	194.00	190.00	255.50	362.00	331.00	368.00	489.00	506.00	409.50	440.00
Share price (discount)/premium to NAV per share*	(6.8)	(10.1)	(4.3)	2.0	3.0	0.7	2.1	(0.2)	(5.8)	(4.6)
Gearing/(net cash) (%)*	(1.3)	1.0	7.0	4.5	(0.9)	2.2	5.7	8.3	9.0	7.8

Year ended 31 December	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net revenue after taxation (£'000)	2,272	3,236	3,940	4,183	6,303	7,653	8,308	9,809	13,466	10,497
Net revenue return per share (pence)	3.07	4.43	5.40	5.48	7.18	8.10	8.46	9.25	12.47	10.26
Dividends per share (pence)	3.25	3.80	4.50	4.80	6.20	6.50	7.10	8.50	11.00	11.50
Ongoing Charges (%)*	1.05	0.97	1.00	0.96	0.86	0.85	0.87	0.84	0.82	0.87

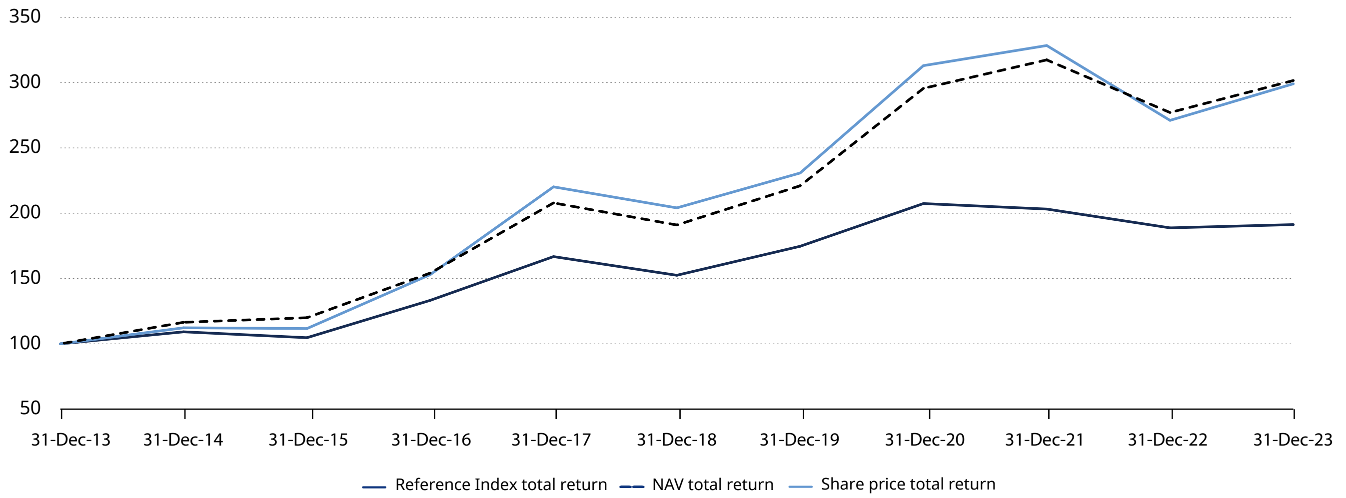
Performance[1]	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
NAV per share total return (pence)*	100.0	116.5	120.0	154.2	207.9	191.0	221.0	295.6	317.4	277.1	301.6
Share price total return (pence)*	100.0	112.3	111.7	153.0	220.2	204.1	230.8	313.0	328.4	271.1	299.1
Reference Index[2] total return (pence)	100.0	109.2	104.7	133.3	166.8	152.5	174.7	207.4	203.2	188.8	191.3

[1]Source: Morningstar/Thomson Reuters. Rebased to 100 at 31 December 2013. [2]MSCI AC Asia ex-Japan Index (with net income reinvested), sterling adjusted.
*Alternative Performance Measures. Further details can be found on pages 78 and 79.

10-Year share price (discount)/premium to NAV per share[1]

[1]Source: Morningstar.

10-Year NAV per share, share price and Reference Index total returns[1]



[1]Source: Morningstar/Thomson Reuters. Rebased to 100 at 31 December 2013.

> *Our unconstrained approach to investing in Asia has not only delivered good returns but also provided a degree of capital protection in difficult market conditions.*

Performance and background

The year to 31 December 2023 has proved to be more positive for your Company, both in absolute terms and relative to the Reference Index, after a challenging year in 2022. Furthermore, it is reassuring to see that our long-term track record remains strong. The Investment Manager's unconstrained approach to investing in Asia has not only delivered good returns but also provided a degree of capital protection in difficult market conditions.

During the year ended 31 December 2023, the Company delivered a NAV total return of 8.8%, outperforming the Reference Index which rose by 1.3%. The share price total return was 10.3% as the discount slightly narrowed.

At the start of the year, China showed promise with expectations of a robust recovery after the easing of COVID-related restrictions. However, this momentum quickly waned as domestic consumption stalled, adversely impacted by numerous factors. A weak residential property market precipitated the collapse of Evergrande (China's second largest property developer) and defaults by Country Garden (the largest private property developer) in the second half of the year. High unemployment figures and job insecurity fostered by protracted COVID lockdowns weighed upon consumer confidence. Local government debt has reached excessive levels and put a cap on infrastructure investment in the provinces. Our portfolio has remained consistently underweight China for the year under review.

However, in Taiwan and South Korea, technology stocks and chipmakers saw significant gains as investor enthusiasm for artificial intelligence ("AI") continued to rise. The overweight position in Australia was also a positive, making a significant contribution to returns. Notwithstanding these beneficial asset allocation decisions, it was the strategic stock selection of our Investment Manager that accounted for the majority of the Company's outperformance during the year. In 10 of the 12 Asia Pacific markets, the portfolio achieved positive outperformance.

Further comments on performance and investment policy may be found in the Investment Manager's review.

Earnings and dividends

Whereas total return per share jumped from (65.66)p to 34.59p per share revenue return from the portfolio for the year fell by 17.7% to 10.26p per share, from 12.47p per share in 2022. This fall was primarily attributed to stock disposals throughout the year, which reduced the values of dividends received. The Board has recommended a final dividend of 11.50p per share for the year ended 31 December 2023, an increase of 4.5% over the final dividend of 11.00p per share paid in respect of the previous financial year. Subject to shareholder approval at the Annual General Meeting ("AGM"), the dividend will be paid on 10 May 2024 to shareholders on the register on 12 April 2024. The ex-dividend date is 11 April 2024.

Promotion, share issuance and discount control

The discount at which the Company's share price trades at has narrowed slightly during the review period, from 5.8% at the start of the year to 4.6% at the end of December 2023.

The Company continued actively to pursue its objective that the discount at which the shares traded remained within the Company's target of 5% or less in normal market conditions and 8,029,083 shares were repurchased during the year ended 31 December 2023, amounting to 7.6% of the issued share capital at the start of the year. The shares were repurchased at an average discount of 6.0%, for a total consideration of £32.9 million and placed in treasury for future reissuance at a premium to NAV. The Company's shares traded at an average discount of 5.5% during the year.

The Company will continue to implement both an issuance and a discount management policy. Shares will be issued at a moderate premium to NAV and the discount policy will continue to target a share price discount to NAV of no more than 5% in normal market conditions. The Board believes that overall liquidity and the relative discount to the Company's peers also has to be considered in any decision to issue and to buy back shares.

The Board will be seeking approval from shareholders to renew the issuance and buy back authorities at the AGM to be held on 24 April 2024, further details of which can be found on page 74.

Gearing and the use of derivatives

Gearing was actively utilised by the Investment Manager during the year and ranged between 4.6% at its lowest and 10.3% at its highest. Average debt was 7.9% and gearing made a positive contribution to performance. Shareholders should be aware that the use of borrowing must be seen in the context of the use of derivative hedging instruments. 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 using gearing to increase market exposure, based on a number of valuation indicators.

Positive market performance over the year limited the contribution to returns from the Company's put options, although hedging reduced portfolio volatility and thereby proved beneficial.

The Board

The Board was pleased to welcome Jasper Judd as a non-executive Director on 1 February 2023 and as Chair of the Audit and Risk Committee following the retirement of Mike Holt on 25 April 2023.

As stated in the half year report, Caroline Hitch has advised that, following completion of her nine-year tenure as a Director she does not intend to seek re-election at the AGM on 24 April 2024. The Board has therefore commenced a search for a successor and engaged Cornforth Consulting to assist with the process. An announcement on the appointment of a new non-executive Director is expected to be made in the second quarter of the year.

On behalf of the Board, I should like to thank Caroline for her invaluable contribution to the Board over the last nine years and to wish her well for the future.

Results webinar

There will be a presentation by the Portfolio Managers at 12.00 noon on Wednesday, 24 April 2024 which will be available to watch online. To sign up to watch the presentation please click on this link: https://schroders.zoom.us/webinar/register/WN_8ZW_8RxzRnmJ5bToMMkrKQ

Details on how to watch the presentation are also available on the Company's web pages: www.schroders.co.uk/satric.

By holding a webinar, I hope that more shareholders and interested parties will be able to listen to, and ask questions of, the Portfolio Managers.

AGM

The AGM will be held on Wednesday, 24 April 2024 at 1.00 pm at the Investment Manager's offices at 1 London Wall Place, London EC2Y 5AU. Any shareholders planning to attend the AGM will also be able to watch the Portfolio Managers' presentation at the Manager's offices at 12 noon, prior to the AGM.

All shareholders are encouraged to vote by proxy. Proxy votes can be submitted electronically through the registrar's portal, by post and also by email. Details are set out in the Explanatory Notes to the Notice of AGM in this annual report.

Outlook

Geopolitical tensions remain at the forefront of investors' concerns with almost half the global population, a large proportion of which are in our region, headed to the polls this year: 64 countries will hold elections in 2024. US elections and the consequences for relations with China will predominate, along with the heightened tensions across the Taiwan Strait. Ongoing conflicts in the Middle East and the consequent disruption to shipping resulting in higher oil prices have further contributed to the overall uncertainty. Central banks remain slow to execute forecast interest rate cuts, and weaker economic growth in China has implications for global growth forecasts and expectations for the region.

Notwithstanding the mixed outlook for global economic growth our Investment Manager will continue to seek to build superior returns by bottom-up stock selection based on extensive regional research and analysis. Earnings prospects at the individual stock level offer attractive investment opportunities while valuations remain modest compared both historically and against other developed markets. Our two Portfolio Managers are supported by a team of 40 research analysts based primarily in Hong Kong and Singapore which, together with their decades of collective Asian investment experience, place them in a strong position to identify the most attractive investment opportunities in the region.

Sarah MacAulay
Chair

13 March 2024

Robin Parbrook

Lee King Fuei

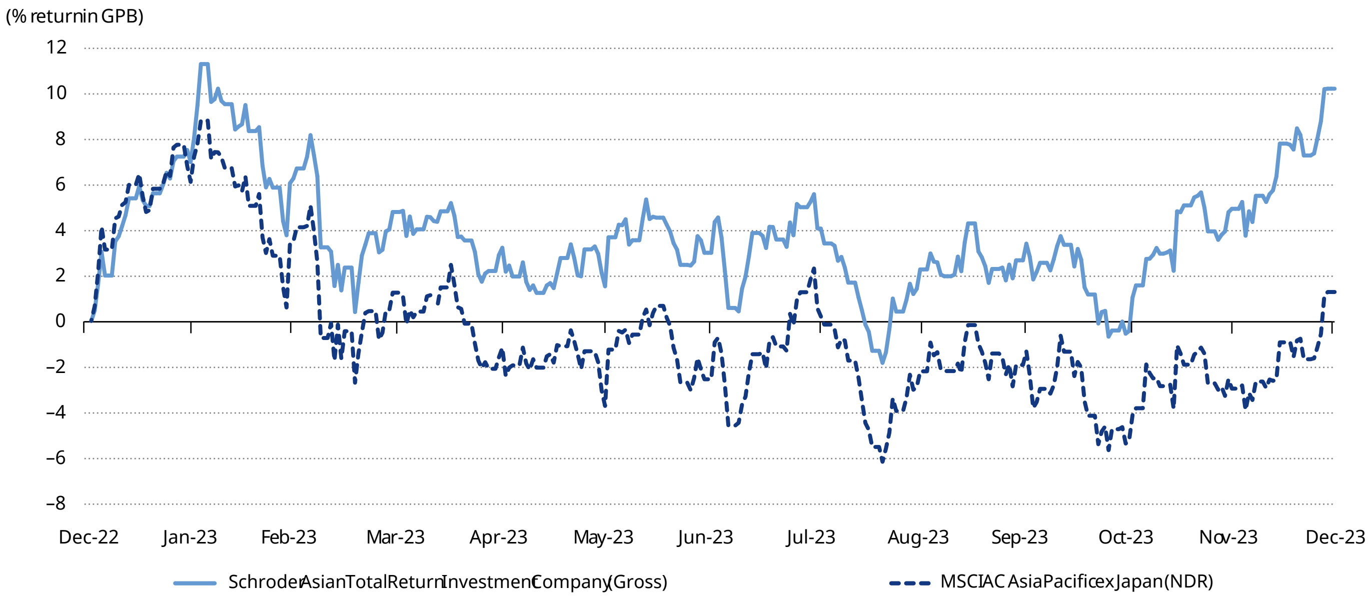
> *"2023 proved to be a rollercoaster year for Asian stock markets, and yet our continued focus on long-term fundamentals has allowed us to weather the storms relatively unscathed."*

A review of 2023

2023 proved to be a much better year for the Company with the NAV producing a total return of 8.8% (Source: Schroders) (which compares to the Reference Index which rose by 1.3%). Whilst returns were moderate, markets were rather more tempestuous and volatile, buffeted by the spectre of "higher-for-longer" US rate worries, geopolitical undercurrents, decelerating Chinese and European economies, and the ominous clouds of the Israel-Hamas conflict.

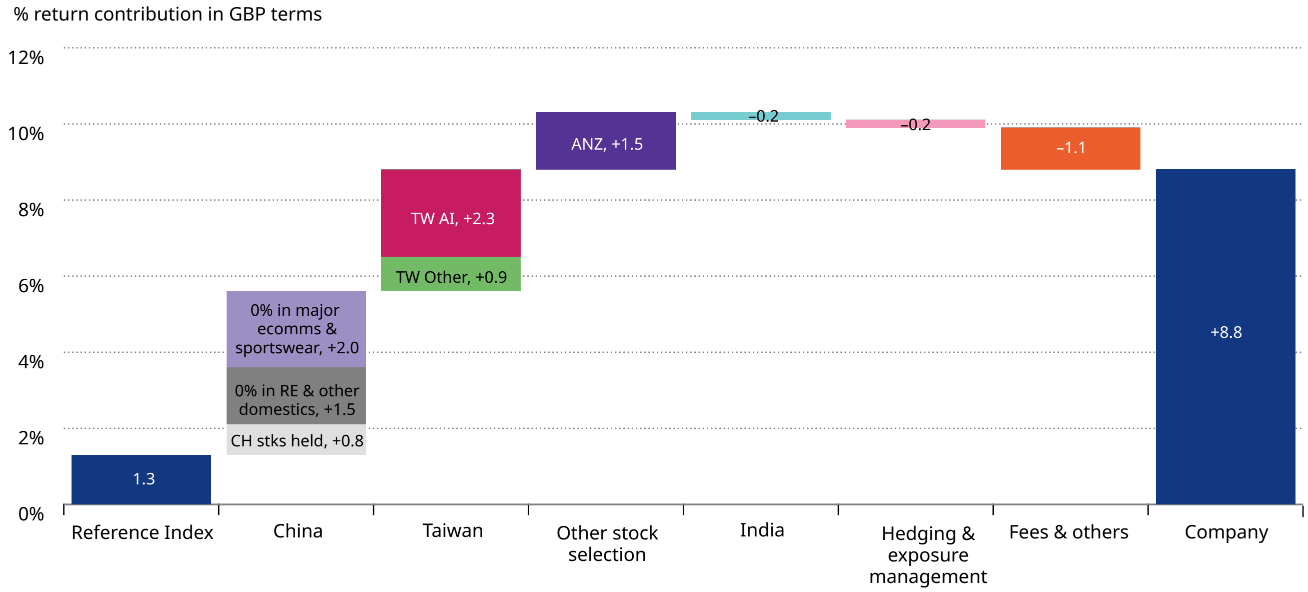
So, what were the significant catalysts behind this performance?

The Company outpaced the Reference Index in a volatile year



Source: Bloomberg, Schroders

Key drivers of the Company's 2023 performance



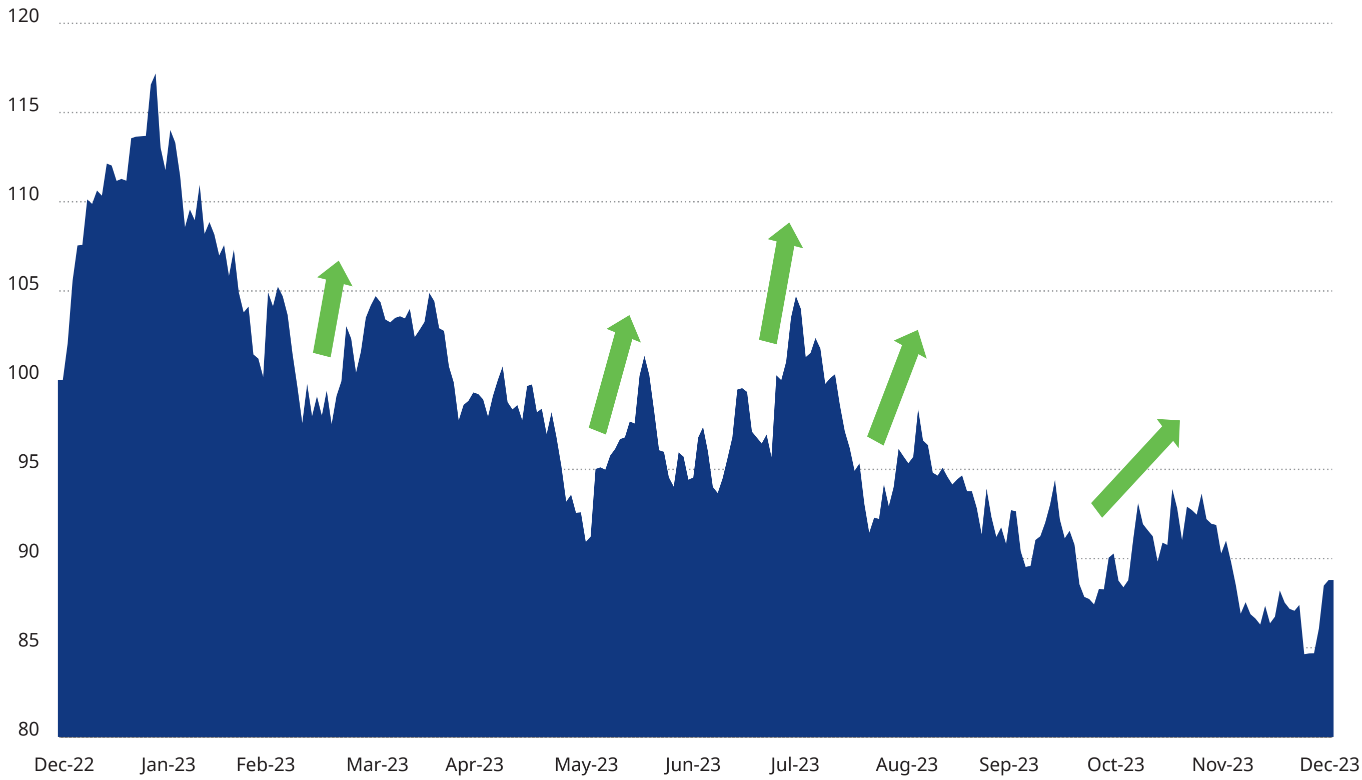
Source: Factset, Schroders, the performance attribution is based on gross portfolio performance and the impact of gearing is included in the regional attribution. The numbers shown above should be used as reference only.

Contributor #1: China stock selection

The largest driver of the Company's performance, notably against the Reference Index, was our stock selection in China. The Chinese stockmarket had a tumultuous year. It kicked off with a surge of investor optimism, riding high on hopes pinned on its economic reopening, only to see the enthusiasm quickly deflate amid flagging consumer sentiment, escalating youth unemployment, and a burgeoning debt crisis in the property sector. Despite several attempts by the Chinese authorities to reverse the market's downward trajectory, typically fuelled by claims of large scale fiscal and monetary stimulus, all efforts proved in vain. The year finished with the MSCI China Index recording a dismal annual return of –16.2% in sterling, a sharp contrast against the region's return of 1.3% in sterling.

The Chinese markets staged several comeback attempts over the course of the year, but each rally ultimately petered out, succumbing to a persistent downward trend

(MSCI China, net total return, USD, indexed to 100)



Source: Factset, Schroders

Amidst these stormy market conditions in China the Company navigated its way not only through stocks we chose to invest in, but also those we strategically avoided. Our decision to steer clear of major ecommerce players like Alibaba, JD.com, and Meituan, as well as sportswear giants Li Ning and ANTA, shielded the Company from the fallout of their plummeting share prices. Our portfolio's zero-weighting in the imploding property market and limited exposure to the struggling domestic sectors further bolstered performance. Meanwhile, our continued investments in Chinese consumption plays such as Shenzhou International and LVMH, coupled with a well-timed purchase of New Oriental Education, ensured that our overall stock selection in the Chinese market yielded significant returns.

That said, charting the investment course in China has never been easy or clear cut. This was particularly true in mid-2023 when, having correctly sidestepped the temptation to jump on the reopening trade bandwagon, we found ourselves staring at the emerging pool of potential Chinese stock opportunities that invariably surfaces when markets plunge by 20%. The temptation to lock in the profits from our successful large underweight position in Chinese stockmarkets at that juncture was palpable.

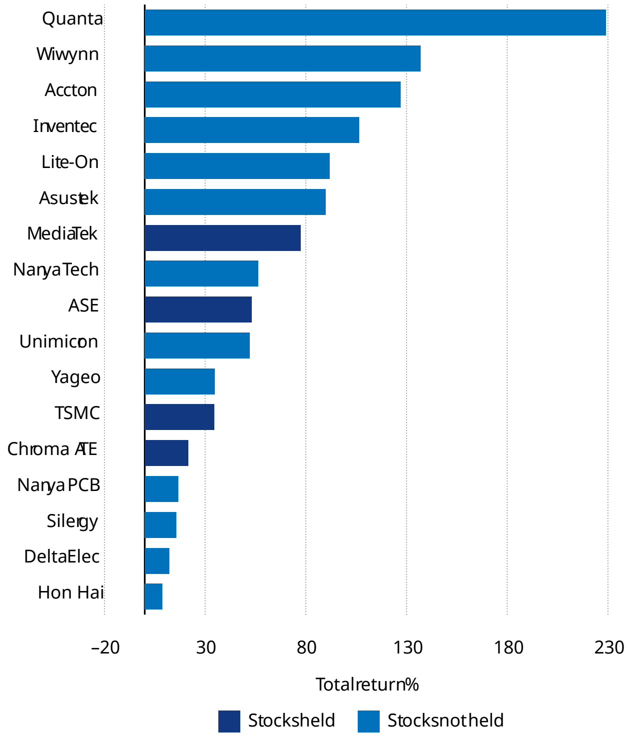
However, after carefully trawling through these potential opportunities, we were led to a sobering conclusion: few were truly appealing. Faced with a scarcity of promising bottom-up ideas, and with stockbrokers universally maintaining a bullish stance on China, we adhered to our investment philosophy of only investing in companies that have robust long-term fundamentals and attractive valuations. To our minds, this outcome also underscores, once again, the advantages of a benchmark-agnostic, unconstrained bottom-up investment approach.

Contributor #2: Taiwan stock selection

The second key pillar underpinning the Company's outperformance in 2023 was our investments in Taiwan technology, and more broadly, our stock selection in Taiwan. This was a mirror image of the Company's performance in 2022, when our technology positions in Taiwan had a significant negative impact on returns. Initial worries over bloated inventory levels at the start of the year gradually evaporated over subsequent quarters as signs of digestion surfaced. Simultaneously, the surging demand for AI chips, spurred by the development of large language models ("LLMs"), only served to highlight the potent structural trends underpinning tech demand, a conviction your Portfolio Managers have steadfastly held since the inception of the Schroder Asian Total Return strategy in 2007.

This shift in market dynamics sparked a frenzied investor pursuit for tech stocks with a link to AI, no matter how tangential. While the Company may have missed out on not holding sizzling AI stocks like Quanta Computer, Accton, and Wiwynn, the pain was assuaged by our investments in Taiwan Semiconductor Manufacturing Corporation ("TSMC"), MediaTek, ASE Technology, and Chroma ATE, who also reaped the benefits of this trend. Yet, it was not just the AI halo effect that was propelling our holdings' share prices. MediaTek has benefitted by growing investor optimism over a potential recovery in the smartphone industry. The timely release of the Company's new system-on-chip, Dimensity 9300, designed to handle the more complex workloads of new generative AI and gaming applications, further bolstered this bullish sentiment. This launch, following a series of earlier designs that failed to ignite investor interest, is now seen as a game-changer that could give MediaTek a competitive edge over Qualcomm, the current leader in the high-end mobile market. A similar sentiment holds for the semiconductor stalwart TSMC, which boasts major clients like Nvidia, AMD, and Broadcom. While TSMC does reap benefits from the surging demand for AI chips, even TSMC concedes that these sales constitute only a small portion of its overall revenue. Nevertheless, with semiconductors powering all modern applications – from PCs and smartphones to cloud computing, AI, and autonomous cars – the long-term fundamentals of the firm continue to shine brightly.

While we did not set out to play the AI craze, some of our long-term holdings have benefited from the frenzy nevertheless



Source: Factset, Schroders

But it was not just technology stocks that bolstered our performance in the Taiwan market. Our investments in non-technology sectors, including companies like shades and blinds manufacturer Nien Made Enterprise, fabric producer Eclat Textile, and industrial computing and automation solutions provider Advantech, also registered robust share price gains, thereby amplifying our overall stock selection returns in Taiwan.

Contributor #3: Australia and ASEAN

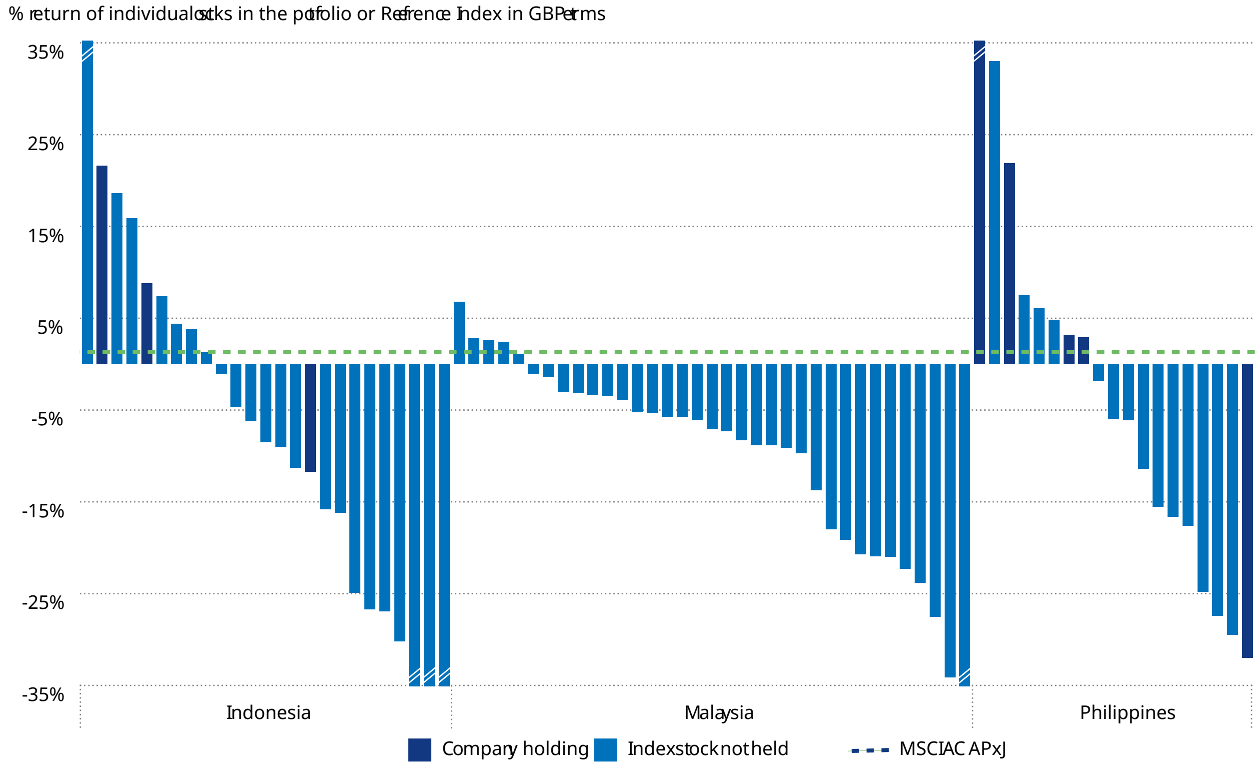
The Company achieved positive outperformance in 10 of the 12 Asia-Pacific markets and, despite being theoretically more efficient, it was pleasing that the Australian market emerged as a significant contributor to positive returns.

Our Company was bolstered by investments in Cochlear, a trailblazer in hearing solutions; James Hardie Industries, a titan of fibre cement production; Aristocrat Leisure, a master manufacturer of slot machines; Seek, a facilitator connecting job seekers with employers; and Medibank Private, a stalwart in the health insurance landscape.

However, these gains were somewhat tempered by our lack of exposure to the four major Australian banks and our stake in ResMed, a leading provider of respiratory care solutions. The performance of the latter has been disappointing and somewhat unexpected. This is particularly so considering that the Company posted its highest-ever annual revenues in the fiscal year of 2023. The share price was hit by worries over the threat posed by GLP-1 drugs which could potentially offer a new treatment avenue for obese individuals with obstructive sleep apnea, thereby encroaching on ResMed's revenues. This concern continues to cast a pall over its performance, even if the realistic impact of the threat remains limited, in your Portfolio Managers' view.

In addition to Australia, our outperformance was boosted by our stock selection in the ASEAN markets, which added a noteworthy 1.0% to our overall gains. This is particularly heartening, considering the markets of Indonesia, Malaysia and Philippines are small and we only hold a handful of stocks.

Not many stocks outperformed in Indonesia, Malaysia and Philippines in 2023, but six of the eight ones we held in the portfolio did



Source: Factset, Schroders

Main detractor: India stock selection

It was not all positive. India emerged as a detractor to the Company's performance in 2023, contributing a –0.2% relative return (Source: Factset). While in the broader scheme this is not a massive drag, it still marks a regrettable milestone for your Portfolio Managers, as it is the second consecutive year the Indian market has made a negative contribution to the Company's returns. Despite the overall market weighting being in line with the reference benchmark, our stock selection within this key market failed to hit the mark, extending a period of underperformance.

The Company's lack of exposure to the so-called brown or traditional sectors, encompassing internal combustion engine ("ICE") manufacturing, fossil fuel production, cement manufacturing, and steel milling, surfaced as a significant drag on our relative performance. These sectors collectively constitute approximately one-fifth of our Company's Indian stock universe. Intriguingly, they also account for a massive four-fifths of the stockmarket's total greenhouse gas emissions – an unsurprising statistic given the environmentally harmful nature of their operations. However, our strategic decision to sidestep investments in these sectors culminated in a nearly one percent negative contribution to relative returns.

Our Company's lack of exposure to India's non-bank financials ("NBFCs") also emerged as a key detractor in a year that saw the sector undergo a remarkable metamorphosis. The NBFC landscape was reshaped by a series of significant developments, not least of which was the surge in credit demand from the small enterprise sector – the NBFCs' primary clientele. This was propelled by substantial government policy support, ranging from sector-specific production-linked incentives to initiatives aimed at promoting businesses in regions like the Northeast and those linked to technical skilling and digital technologies. These measures ignited a boom in credit demand. The Reserve Bank of India further stoked this positive momentum with a directive that provided considerable relief to borrowers, mandating that lenders return all original property documents and erase registered charges within 30 days of full loan repayment. The sector's dynamism was further amplified by the arrival of a new player, Jio Financial, following its demerger from Reliance, and the continued pursuit of NBFC licenses by fintechs, which kept the sector in the headlines. Amidst this flurry of activity, the robust share price performance of Indian NBFCs weighed on our relative performance.

While the Company did enjoy strong returns from our holdings in MakeMyTrip, Apollo Hospitals Enterprise, and ICICI Bank, they were insufficient to counterbalance the impact of the stocks we did not own. This resulted in an overall negative stock selection in India.

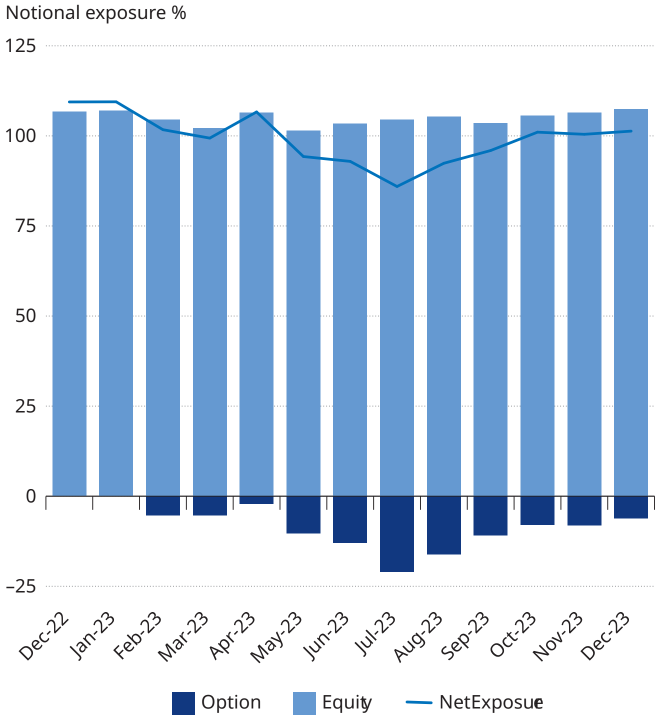
Hedging, gearing and exposure management

Our hedging policy had a relatively neutral impact on performance this year. While our net exposure oscillated between 85% and 110% (on a notional basis) over the year, the region's overall positive market performance meant that there were limited opportunities for our put options[1] to enhance our returns. Nevertheless, the implementation of our hedging policy still proved beneficial, as it significantly reduced the Company's volatility compared to the region's index, resulting in better Sharpe and Sortino ratios (explained on the next page) over most time frames.

Over the course of the year, gearing levels closely moved in line with the levels suggested by our gearing models. We started the year using moderate gearing of c. 10% and reduced this to c. 5% as markets rose during the first quarter. Our gearing models turned positive on prospective returns from Asian stockmarkets after the index falls over the summer and we moved back to a c. 10% geared position. This was subsequently partly reduced back to c. 5% in December 2023 as several stocks hit our price targets. Overall, the use of gearing had a positive impact on performance.

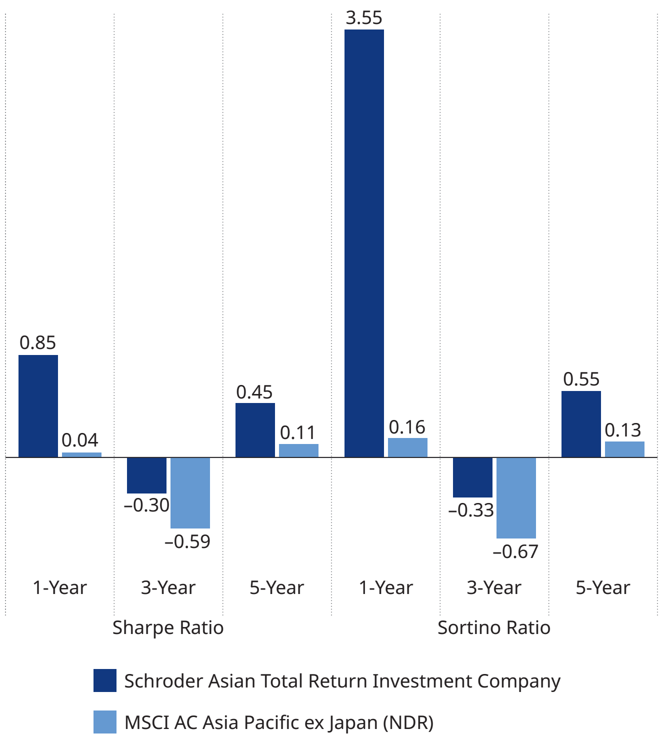
[1] A put is an options contract that gives the owner the right, not the obligation, to sell a certain amount of the underlying asset, at a set price within a specified time. The buyer of a put option believes that the underlying stock will drop below the exercise price before the expiration date.

Our net exposure oscillated over the year, but the overall positive market returns provided limited opportunities for our hedges to enhance returns



Source: Schroders

The Company has delivered better Sharpe and Sortino ratios over all key time periods



Source: Bloomberg, Schroders

Sharpe ratio: Risk-adjusted measure calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. Calculated by dividing a fund's annualised excess returns by the standard deviation of a fund's annualised excess returns. Since this ratio uses standard deviation as its risk measure, it is most appropriately applied when analyzing a fund that is an investor's sole holding. The Sharpe Ratio can be used to compare two funds directly on how much risk a fund had to bear to earn excess return over the risk-free rate.

Sortino Ratio: similar to Sharpe Ratio except it uses downside risk (Downside Deviation) in the denominator. Since upside variability is not necessarily a bad thing, Sortino ratio is sometimes preferable to the Sharpe ratio.

Wrapping up, while 2023 proved to be a rollercoaster year for Asia Pacific stock markets, we believe the Company has weathered the storms relatively unscathed. Key to performance is our continued focus on long-term fundamentals when selecting stocks. In the case of China and Taiwan our outperformance was often as much about the stocks we avoided rather than the ones we held. Frustratingly, India served as the major blot on our scorecard, marking a second year of underperformance. Despite this, the overall impact remained manageable, with the Company delivering an annual return of 8.8% versus the Reference Index return of 1.3%. This underscores our belief that an unconstrained, benchmark-unaware investing approach, focusing on the best bottom-up ideas with strong long-term fundamentals and attractive valuations, remains the optimal strategy for investing in the region.

Strategy review – musings after a month in Asia

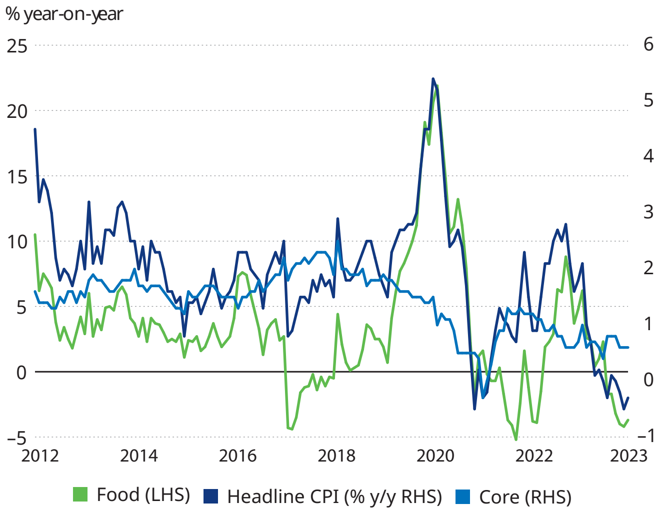
We will keep our strategy review mercifully short this year. For professional clients that would like a more comprehensive run down we would recommend they ask their Schroder contact for our 60-page Year of the Dragon report, a perfect cure for insomnia.

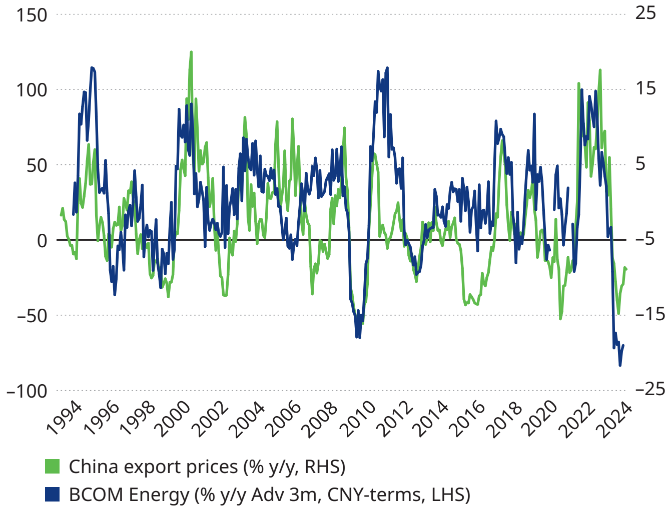
Instead, for the Company's annual review we thought a summary of our observations post our recent five-week trip to the region would be of interest. The month we spent in Asia was busy and fascinating and after many meetings, including c. 50 one-on-one corporate meetings, it generated some solid new investment ideas and some interesting bigger picture thoughts.

Our first observation reviewing our company visit notes is that inflation is not an issue in the places we visited in Asia (Hong Kong, Taiwan, Singapore and Thailand). Nearly all companies we met instead discussed weak end demand, selective discounting, increasing promotions and incentives, the need to pass on falling raw material costs, disruption, and oversupply and irrational competition from China. This applied whether it was e-commerce in Taiwan, DIY stores in Thailand, technology companies, battery manufacturers, convenience stores, bicycle manufacturers, Indonesian paint suppliers or consumer staple companies. The picture across the region was quite consistent with very few companies talking about putting up prices or claiming to have pricing power. For stockmarkets this is clearly a double-edged sword – falling inflation is likely to be positive for market sentiment but clearly pricing pressure is a headwind for earnings unless companies can eke out cost savings.

The other factor that came out of our visits was that oversupply from China in certain industries is very real and poses a threat to those companies competing with Chinese ones. This applies to multiple industries with China's economic slowdown very clearly structural and likely to be prolonged given the extent of the excesses particularly in the property and financial sectors. With weak demand at home Chinese companies are likely to be exporting their excess capacity whether this is electric vehicles ("EV"), batteries, semiconductors, solar panels, wind turbines, pharmaceuticals, medical equipment, construction machinery etc etc. Chart 1 overleaf is a rather scary graph of Chinese export prices. The Chinese domestic slowdown and continued build out of overcapacity in many industries is likely to be deflationary. As Chart 2 shows for the EV and solar industries the capacity build out is huge and this is being replicated across sectors that are considered "strategic" by the Chinese Communist Party ("CCP").

Chart 1: Chinese domestic inflation is non-existent and export prices are falling sharply





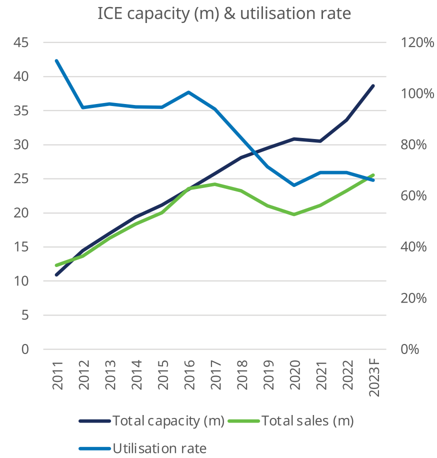
Source: (left chart) Refinitiv, Schroders Economics Group. 30 November 2023; (right chart) LSEG Datastream, Schroders, National Bureau of Statistics, China.

Chart 2: Large scale oversupply in China is likely to cause huge margin pressure and weak share prices. Who wins? The consumer who gets cheaper, better products

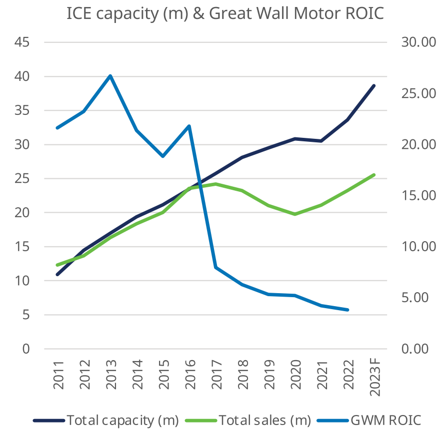
Example 1: The Chinese EV and battery industry – another car crash?

ICE capacity utilisation has collapsed and EV utilisation now falling to due to a huge capacity ramp up

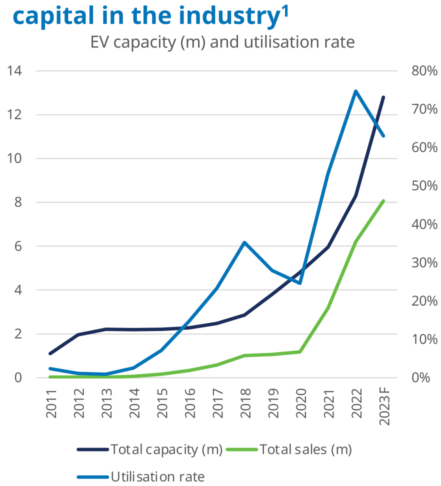
Period of overearning, demand extrapolated[1]



Returns consistently below cost of capital[1,2]



EVs - issue this time is even more capital in the industry[1]

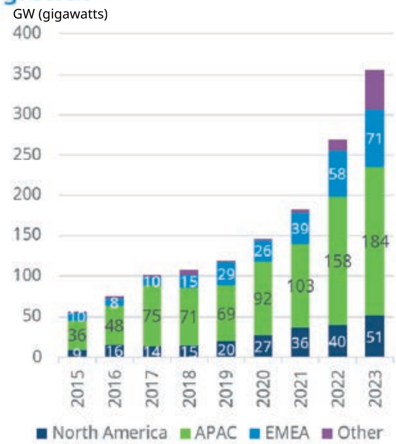


Source: [1]Bernstein, January 2023; [2]Great Wall Motor financials.
For illustrative purposes only and does not constitute to any recommendations to buy or sell the above-mentioned security/sector/country.

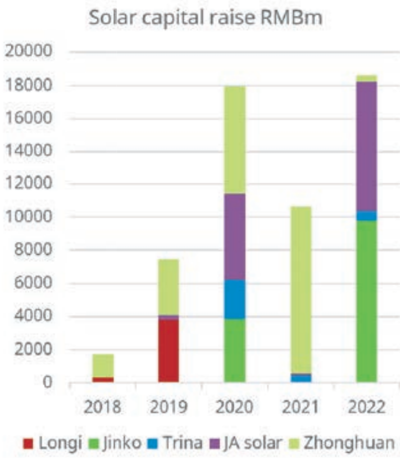
Example 2: Industry structures we don't like in China – Solar

Too much capital raised, no discernible intellectual property – leads to overcapacity and falling share prices

GW installation – rapid demand growth[1]



Significant capital raised[2]



Longi share price[2]

Source: [1]BNEF; [2]Refinitiv.

For illustrative purposes only and does not constitute to any recommendations to buy or sell the above-mentioned security/sector/country.

The second observation from our extended trip was how visibly demographics in Asia are changing. In Hong Kong we did not get in a taxi where the driver looked under 70 years old, and whilst out hiking the many workers clearing up after the recent typhoons and thunderstorms all looked well past the age that they should be wielding chainsaws (especially after one just missed the head of one of your Portfolio Managers). Restaurants in Taiwan meanwhile were full of robot servers, and Taiwanese convenience stores are increasingly unmanned (shoplifting is less of an issue in law abiding Taipei!) whilst at Bangkok airport the same Portfolio Manager was literally run over by a robot cleaner whilst not looking where he was going (rather embarrassingly I should add). With many Asian countries facing a rapidly ageing demographic this will throw up some interesting structural dynamics particularly in Korea, Taiwan, Hong Kong, China and Thailand – it is an area we will be doing some more work on. We remain convinced that ageing demographics in Asia at least are likely to be profoundly deflationary – a quick cut and paste from Schroders internal Chat GPT model probably explains this as well as any:

"The impact of aging demographics on inflation or deflation is not straightforward and can vary depending on several factors. However, in general, aging demographics tend to have a deflationary effect on an economy. Here is why:

1. *Decreased consumer spending: as the population ages, the proportion of older individuals typically increases. Older individuals tend to have lower consumption patterns compared to younger generations. This can lead to reduced consumer spending, which can put downward pressure on prices and contribute to deflationary pressures.*

2. *Declining workforce and productivity: aging demographics often result in a shrinking workforce as the number of older individuals retiring exceeds the number of younger individuals entering the workforce. A decline in the working-age population can lead to lower productivity growth, which can further contribute to deflationary pressures.*

3. *Increased savings and reduced investment: older individuals tend to save more and have a higher propensity to save for retirement. This can result in increased savings in the economy, which may lead to reduced investment and lower aggregate demand. Lower investment can limit economic growth and contribute to deflationary pressures.*

4. *Increased healthcare and pension costs: aging populations typically require increased healthcare services and pension provisions. The rising costs associated with healthcare and pensions can strain government budgets and potentially lead to reduced spending in other areas of the economy, contributing to deflationary pressures.*

It is important to note that the impact of aging demographics on inflation or deflation can be influenced by various factors, including government policies, technological advancements, and global economic conditions. Therefore, it is always advisable to consider a range of factors when assessing the potential impact of aging demographics on inflation or deflation in a specific country or region."

The third observation from our trip was how supply chains in Asia are rapidly adapting to our new geo-political world. Most export related companies we met indicated they are moving some of their production facilities out of China with favoured destinations usually Vietnam, India and to lesser extent Indonesia. US end clients increasingly want all final goods whether technology products, semiconductors, window blinds, auto parts, textiles out of China – whilst European clients are happier with China plus one (or derisking of supply chains) strategies.

The question for investors then is whether the trade realignment is good or bad news for corporate earnings – and for end consumers is it likely to be inflationary as manufacturing outside China is likely to be higher cost? The evidence here is interesting and certainly not yet conclusive.

For some technology companies where the threat of Chinese competition decreases due to sanctions that work (bans on access to semiconductor equipment and key skill sets) it increases their moats or competitive positioning. This would be the case for companies like TSMC, Hynix and Samsung Electronics and other specialist Taiwanese and Korean technology companies with genuinely high levels of intellectual property.

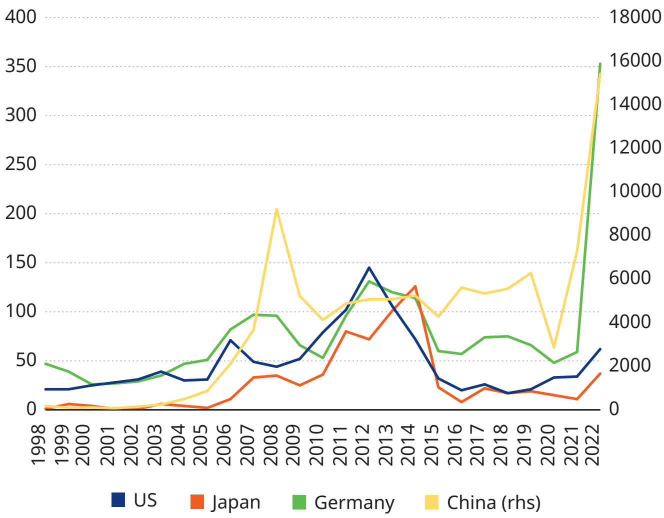
For other industries however where we see companies adding large scale capacity outside of China, whilst Chinese competitors continue to expand their domestic facilities in China, we are likely to see very significant oversupply and major price pressures. Areas we would be particularly worried about would be EV batteries and the related supply chains, auto parts, commodity semiconductors, green energy, biotech etc – basically any industry under the American Inflation Reduction Act and/or any industry considered a strategic priority for the CCP.

The other point to note around the movement in supply chains is this is not currently a wholesale exit from China. The production moving to India, Mexico and Vietnam is often just final assembly whereas all the components and higher value-added parts still come from China. For the moment this is not a massive realignment.

Digressing slightly this had your Portfolio Managers thinking: is deglobalisation really happening and do sanctions normally actually work? The truth looks to be that neither is having much impact. As the charts below on Chinese (and German) exports to Kyrgyzstan and Kazakhstan suggest goods are getting to Russia as middlemen facilitate trade, and latest trade numbers showing booming European diesel shipments from India suggest Russian oil is arriving in Europe just by different routes.

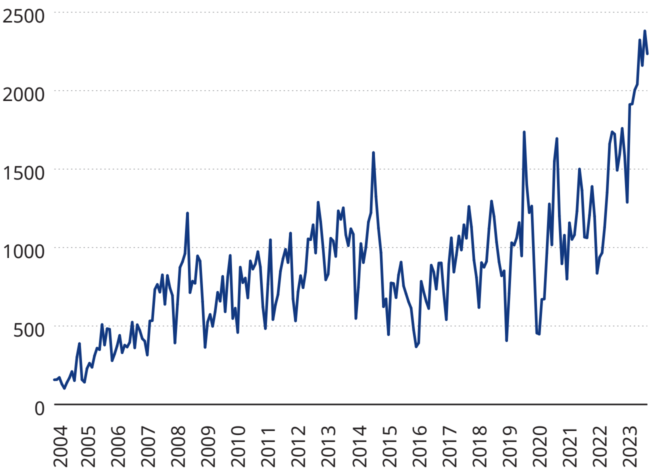
Chart 3: Sanctions are usually inefficient and tough to get them to work in practice

Exports to Kyrgyzstan in $ bn



Source: Macquarie

China's monthly exports of goods to Kazakhstan, in $bn (last data point: Oct. 2023)



Source: Macquarie

So, our conclusions after many company meetings in Asia and surveying evidence on the ground is that the movement of supply chains appears real, but not necessarily fundamentally large. By creating more capacity in many industries, particularly the more commoditised ones we think it may actually be disruptive and deflationary. This is quite contrary to what appears the consensus belief amongst some top-down economists in the West.

What struck us after our month in Asia is that we may be seeing the return of the 4Ds in Asia at least. The 4Ds was a presentation your Portfolio Managers used to give 10 years ago. It highlighted that deflationary forces were likely structural. These forces were Disruption (and overcapacity), Demographics (i.e. aging societies), Debt (too much debt in China and the West), and Disparity in Income (middle class incomes squeezed whilst rich do better but the rich save more of their income thus depressing overall consumption). We plan to do some more analysis on the implications but as it stands we do not see evidence of inflationary forces, or higher for longer, in Asia (quite the opposite in fact in China where the risks of a Japanese style prolonged debt deflation are rising).

What other observations came out of our trip? On a more positive note, we were struck how financially healthy most of the companies we met were. Nearly all companies we hold in the portfolio are net cash positive and nearly all committed in our meetings to maintaining dividends whether in absolute terms or percentage payout ratios. We see plenty of opportunities to make total returns in Asia even if the total return comes principally from dividends. It is particularly heartening to see increasing numbers of Asian companies like Swire Pacific announcing very large buy backs. Another positive that came from our meetings was that in most industries the painful process of running down excess inventories built post-COVID is almost complete (homewares, textiles, mobile handsets) or is well underway (semiconductors, bicycles). This means, whilst the outlook for end demand in 2024 is uncertain and visibility low, at least the double headwind we had in 2023 of weak demand and inventory clearing has gone. This left us feeling more upbeat about select export businesses in the region.

Overall then it was a great month in Asia, the first long trip your Portfolio Managers have made since pre-COVID. Overall, we left a little more upbeat on prospective Asian stockmarket returns as we enter 2024. We think inflation is likely to be less of a headwind and outside of China the economic picture in Asia looks reasonable. Company balance sheets are generally in good shape and whilst the earnings outlook is uncertain, valuations and market sentiment in the main reflect this in your Portfolio Managers' view.

Robin Parbrook and Lee King Fuei

13 March 2024

Responsible investment

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

In addition to the description of the Manager's integration of ESG into the investment process and the details in the Strategic Report on pages 4 to 32, a description of the Managers' policy and its engagement with investee companies on these matters can be found on Schroders' website at https://www.schroders.com/en/sustainability/active-ownership/.

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 receives reporting from the Manager on the application of its policy.

Integration of ESG into the investment process

This Investment Process section of the annual report reflects the ESG views and activities of the Manager in relation to the Company's portfolio, and more widely. References to 'our' or 'we' in this section of the report refer to the views of the Manager.

Schroders has been considering ESG issues, and sustainability generally, for over 25 years.

Schroders has a team of more than 50 dedicated ESG professionals (31 December 2023) who develop proprietary ESG tools and oversee ESG analysis across Schroders.

The ESG specialists also engage directly with companies, prioritising those with exposure to higher ESG risk and low ESG ratings. They attend company meetings with portfolio managers and analysts to discuss specific sustainability issues directly with company management, in addition to financial performance, as well as engaging with company sustainability experts directly.

Corporate Governance analysts in the team also work alongside investors, and internal compliance and legal teams to ensure voting activities comply with the ESG policy.

In addition to our global sustainability resources, our Asia-based sustainable investment analysts form a crucial part of our on-the-ground resources to ensure the local investment teams are fully informed of key output from our global sustainable investment team in London. The team is also tasked to bring further insight and perspective to our ESG analysis and engagement alongside the investment team, as well as regular discussion on topical sustainability issues and ESG best practice across the region.

ESG and sustainability in Asia – the practical reality

Sustainability and ESG analysis in Asia is, in Schroders' view, of greater importance when making investment decisions than perhaps any other region in the world. Firstly, there are risks of poor corporate governance and fraud owing to family and/or state shareholder structures and poor minority investor protection. Secondly, Asia is the biggest greenhouse gas emitter in the world and the region that faces the biggest environmental and economic costs of global warming. Finally, environmental degradation and the social costs of industrialisation and malpractice are widespread in Asia.

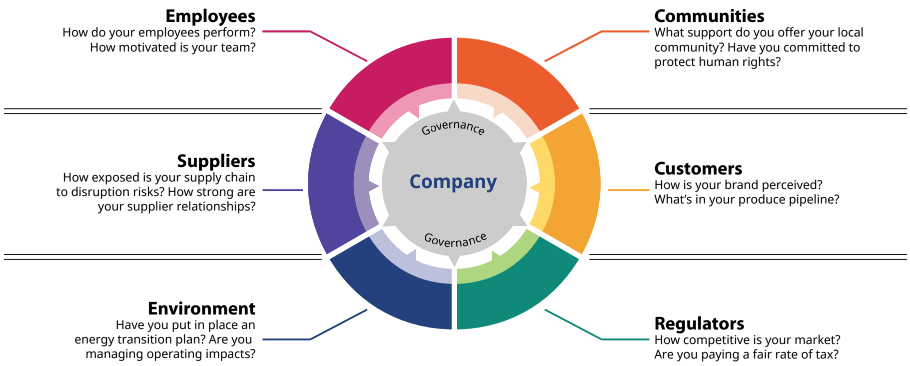
How does ESG analysis embed itself into the investment process for the Company?

The first section of all Asian research reports covers governance – the management, their background and track record, whether they treated minority shareholders poorly in the past, and if they are credible and professional. The Manager only invests in companies where it is believed management is trustworthy, where interests are aligned and where there is no historic record of misdemeanours. This screens out a significant part of the Asian universe.

In order to capture broader ESG considerations Schroders' Asian Equity analysts are expected to provide additional written ESG analysis for all companies under coverage. For this to be more robust and integrated, our research team has also drawn upon the Schroders CONTEXT framework as outlined in the chart below and adapted it to an Asian version ("Asia Context") using a broader stakeholder-based approach to ESG analysis.

ESG integration – the CONTEXT framework

Stakeholder analysis provides insights into managing change



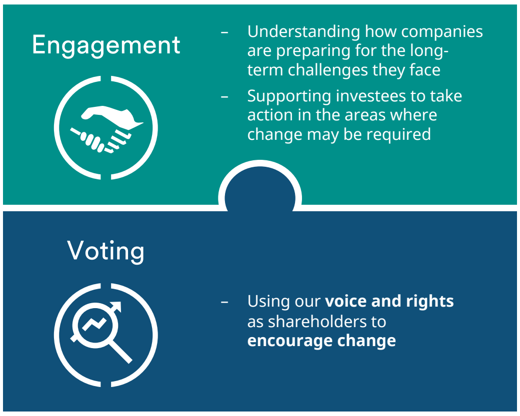
Source: Schroders.

Active ownership at Schroders

Schroders has a long history of engagement and active ownership and we have engaged with companies on ESG related matters for the past two decades. As active investors we have always considered active ownership to be a key channel of influence on management teams so that more sustainable practices are properly considered in managing the companies and assets in which we invest on behalf of our clients. We aim to drive change that we believe should better protect and enhance the value of our clients' investments and we are committed to leveraging our influence as an investor to change how a company operates for the better. These regular engagements form an important aspect of our role as stewards of our clients' capital and allow us to deploy capital in businesses with long-term sustainability of returns and shareholder value creation.

Active ownership

Enhancing our analysis
Influencing our investments



Engagement in practice – Samsung Electronics

The diagram below provides an example of our continuous engagement effort on Korea's Samsung Electronics, a core holding in the portfolio for many years. Over the years we have engaged the management team of the company in regular dialogue on a range of sustainability topics including governance, diversity and inclusion and climate change. We are encouraged to see the company taking an increasingly proactive approach in enhancing its shareholder return policies while improving its transparency and disclosure on "E" and "S" related matters.

Coupled with the favourable view that we hold on the structural outlook for the memory/semiconductor sector, we have maintained an overweight position in Samsung Electronics in recent years. The positive change in corporate governance and increasing transparency around sustainable practices have given us further confidence to hold our positions in the stock even through cyclical downcycles, as we believe the improvements in ESG have set the company on a more sustainable footing and allowed it to remain a key structural beneficiary of the multi-year trends we are seeing in technology in general (cloud, 5G, digitisation, AI, etc.).

Engaging across our priority engagement themes

Samsung Electronics

	Themes	Format	Objectives	Outcomes
Aug 2019	Diversity and Inclusion	Email **IR**	Encourage improvement on gender diversity	Company committed to improving culture and launched initiatives for female employees.
Aug 2020	Corporate Governance	Email **IR**	Improve transparency on political lobbying	Communicated expectations on transparency and alignment.
Mar 2021	Corporate Governance	1x1 call **IR**	Re-election of 3 directors in light of adverse ISS recommendations	Company recognised that investor trust needs to be earned and it is something they will work on.
Oct 2022	Climate Change	1x1 call **IR**	Communicate climate expectations	Company has set Scope 1 and 2 emission targets and working to develop Scope 3 visibility.
	Diversity and Inclusion	1x1 call **IR**	Improve board diversity	Company recognised the need for more global presence on the board but highlighted their potential candidates sit on more than 2 seats, which will likely be opposed by ISS/GL given their max two seats over-boarding policy in South Korea.
Nov 2022	Corporate Governance	Email **CEO**	Raise concerns on ROE cash drag	Communicated our analysis and concerns on valuation.
Aug 2023	Corporate Governance	1x1 call **IR**	Improve shareholder return policy	The shareholder return policy is being actively discussed internally. Management expects to provide a further update during 2024.

Source: Schroders, as at October 2023.
Securities shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.
We recognise that success factors may be subjective and that Schroders' influence may not have been the sole driving force for this change. However, we believe it is important to track companies' progress and measure the outcomes of our engagement.

Stakeholders addressed in engagements			
	Governance & Management	Regulators & Governments	Environment
	Employees	Customers & Suppliers	Local communities

In summary, the Manager looks for companies with sustainable business models that are doing the right thing for broader stakeholders in order to generate the best performance for the Company.

What is the practical reality of all the Manager's ESG work? The table below shows the current positioning of the Company in sectors generally considered "sensitive". The Manager does not invest in companies where their principal activity is tobacco, coal, oil extraction, thermal utilities or agribusiness. All of these are sectors where we would question the long-term sustainability of the business model due to environmental and social factors. The Company does have exposure to gaming companies and the resource sector, but the exposure is limited to those stocks in well regulated markets where we are confident of best practice. Exposure in both industries is unlikely to exceed 10% of the Company's assets respectively.

ESG and sustainability in action – the practical reality for the Company

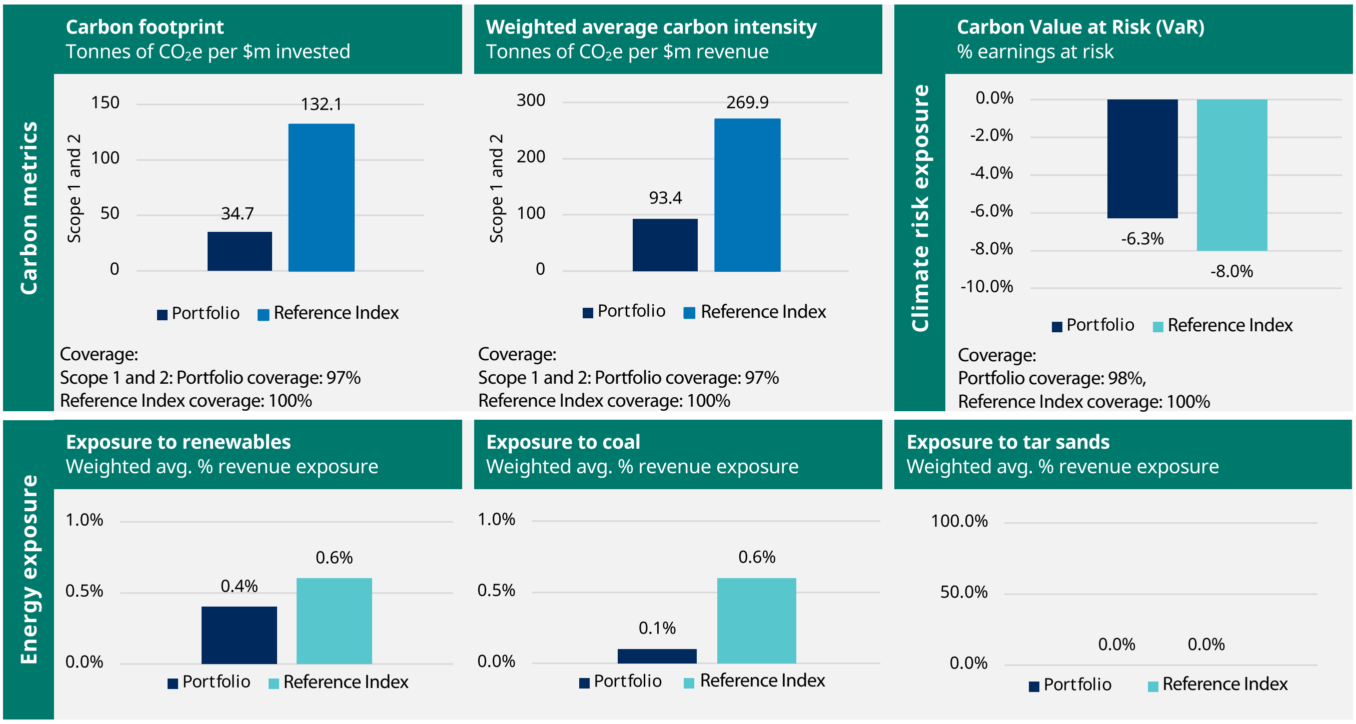
Sector	Reasons for caution	Our approach	Approximate portfolio exposure
Agribusiness	Environmental, Social, Governance, (low barriers of entry, widespread questionable practices)	Avoid	0%
Tobacco	Social, Governance	Avoid	0%
Gaming	Social, Governance	Limited exposure to best-in-class players in well-regulated markets (Macau, Australia)	4.0% (3 stocks)
Utilities	Environmental, Governance, (national service obligations, uncertain regulations/risks of backlash against coal plants, mostly state-owned enterprises)	Avoid carbon heavy energy providers, focus on hydro and sustainable energy providers in well-regulated markets (if such a thing exists?)	0%
Auto	Environmental (regulations against the sector – too much hot money in EVs and multiple players will mean poor returns for all)	Avoid original equipment manufacturers ("OEMs"), minimise exposure to supply chains	0%
Resources	Environmental, Social, Governance (questionable practices such as bribery and poor environmental and safety controls widespread in Asia ex Australia)	Avoid except for Australia blue chips with minimal coal exposure	4.1% (2 stocks)
Oil and Gas	Environmental, Governance (regulations, unfavourable taxes, mostly state-owned)	Limited exposure to best-in-class companies ideally with an LNG/gas focus	0%
Property	Environmental, Social, Governance (bribery issues, flooding, land clearance compensation)	Exposure principally to Hong Kong and Singapore where there are better practices and cities that "work". Outside HK/SG, only invest in management teams we 100% trust (this is a small number of companies)	3.0% (2 stocks)

Source: Schroders, as at end of December 2023. For illustrative purposes only and should not be viewed as a recommendation to buy or sell.

The table below shows a calculation of the carbon footprint of the Company's investee companies versus the Reference Index. Whilst data for these calculations can be open to interpretation, given the difficulties of measuring scope 2 emissions, the Company appears to have a very low carbon footprint versus the Reference Index. On current calculations, as illustrated below, the carbon footprint of the Company's investee companies on Scope 1 and 2 emissions is less than half of the Reference Index levels.

Corporate climate metrics

as at 29 December 2023



Source: MSCI as at 29 December 2023. Total carbon emissions, carbon footprint and Weighted Average Carbon Intensity ("WACI") use calculation methodologies in-line with TCFD recommendations and prescribed by SFDR Principal Adverse Impacts.

Schroders as at 29 December 2023. Carbon VaR is a proprietary methodology that measures the impact of a carbon price of $100/tonne on companies' earnings, modelling the impacts of higher supply chain and operating costs, assuming higher prices and consequently lower demand in each sector. Fossil fuel exposures calculated based on company revenue derived from coal extraction, tar sands (oil extraction), and/or renewables activities. Certain information ©2023 MSCI ESG Research LLC. Reproduced by permission.

Reference Index data MSCI AC Asia Pacific ex JP (GBP). Our proprietary ESG tools are designed to enhance the research and evaluation process but do not guarantee favourable investment results.

Top 10 Investments
as at 31 December 2023

1 TSMC
% of total investments: 9.2% (2022: 7.7%)

TSMC is a Taiwanese provider of semiconductor manufacturing services, and the world's largest logic chip contract manufacturer. Its dominant position in the manufacturing of the most cutting-edge chips is a result of a long track record of R&D-driven innovation. TSMC's customers include most of the world's most advanced chip design companies, for applications ranging from smartphone processors to the most advanced AI chips.

2 Samsung Electronics
% of total investments: 7.3% (2022: 6.1%)

Samsung Electronics is a Korean semiconductor and electronics manufacturing company. Its key products include semiconductors (logic and memory chips), mobile phone handsets, consumer electronics, and home appliances. As well as being the leading player in both volatile (DRAM) and non-volatile (NAND) memory, Samsung is one of only a handful of companies in the world able to manufacture the most advanced logic chips at scale.

3 HDFC Bank
% of total investments: 4.1% (2022: 2.0%)

HDFC Bank is an Indian financial services provider, offering banking, insurance and mutual funds amongst other financial products. Following its merger with HDFC Ltd, the non- bank financial company, it is now among India's largest private sector financial companies, serving over 90 million customers through both traditional and digital channels. India is a relatively underpenetrated market for financial services.

4 Tencent
% of total investments: 3.3% (2022: 3.2%)

Tencent is China's biggest internet company, with leading positions in mobile gaming, online advertising and mobile payments. Its WeChat app is the leading instant messaging app in China, and is a key platform for other features, such as payments and social media content, and third-party services accessed through "mini-programs" on the platform. In addition to its own operations, Tencent is a significant shareholder in several other prominent internet companies, in China and abroad.

5 DBS
% of total investments: 3.1% (2022: 3.2%)

DBS is the largest banking group headquartered in Singapore. The bank offers a full range of services in consumer banking, wealth management and institutional banking across Singapore, Hong Kong and other ASEAN markets. While being the leading incumbent banking group in Singapore, it has made significant investment in revamping its digitalisation infrastructure over the years, putting the bank at the forefront of financial innovation, which is seen as a key differentiator for the bank and helps fend off the increasing competition from emerging fintech companies over the medium term.

6 AIA

% of total investments: 2.8% (2022: 2.9%)

AIA is an insurance company, providing life insurance, accident and health insurance and savings plans, as well as financial products and services to corporate clients. Based in Hong Kong, the company operates in 18 markets across the Asia Pacific region and has sold over 40 million policies.

7 MediaTek

% of total investments: 2.7% (2022: 1.7%)

MediaTek is a Taiwanese company engaged in the design and distribution of semiconductor chips. Their products focus on mobile connectivity, for example 5G mobile communication chips, as well as bluetooth and Wifi chips, and are mainly used in mobile phones, digital TVs, PCs, home appliances, wearable devices and Internet of Things devices.

8 Bank Mandiri

% of total investments: 2.6% (2022: 2.1%)

Bank Mandiri is one of Indonesia's largest banks, serving both retail and corporate customers. Established in 1998 as part of a restructuring program for four government-owned banks, Mandiri remains majority government-owned. It also offers other financial services, such as insurance and securities brokerage. Indonesia is a relatively underpenetrated market for financial services.

9 Swire Pacific

% of total investments: 2.1% (2022: 2.1%)

Swire Pacific is one of the leading commercial landlord conglomerates in Hong Kong, with operations spanning office/retail properties, airline and beverage businesses across China and South East Asia. Despite the challenging macro backdrop in Hong Kong/China, Swire Pacific has been navigating well given its very solid balance sheet. There is clear commitment from management to make proactive efforts in enhancing shareholder returns via a combination of share buy back, special dividends and maintaining a consistent and progressive dividend policy, which should continue to allow the company to unlock shareholder value over time.

10 Rio Tinto

% of total investments: 2.0% (2022: 1.8%)

Rio Tinto is one of the largest and best managed resource companies globally, with strong cash flow generation and a robust balance sheet. The company runs best-in-class operations across its main business segments in iron ore, aluminium, copper and diamonds, energy and minerals. Its high-quality mining assets also allow it to run a lower-cost operation with longer asset life than peers, making it less sensitive to adverse commodity price movements. Given Rio Tinto's industry leading position and its commitment to carbon neutrality, the company is an integral part of the global transition into a low carbon economy, where the accelerating adoption of EVs, wind turbines, electric grids, etc. will drive structurally higher metal demand over the coming years.

Investment Portfolio
as at 31 December 2023

Investments are classified by the Investment Manager in the country of listing, except where noted. Stocks in bold are the 20 largest investments, which by value account for 56.8% (2022: 54.2%) of total investments.

	£'000	%
Taiwan		
TSMC	**44,683**	**9.2**
MediaTek	**13,011**	**2.7**
Voltronic Power Technology	**8,134**	**1.7**
Nien Made Enterprise	6,901	1.4
ASE Technology	6,724	1.4
United Micro Electronics	6,487	1.3
Advantech	6,152	1.3
Merida Industry	6,022	1.2
Eclat Textile	5,449	1.1
Chroma ATE	5,382	1.1
Sinbon Electronics	3,126	0.7
Total Taiwan	**112,071**	**23.1**
Australia		
Cochlear	**9,220**	**1.9**
CSL	**9,007**	**1.9**
BHP Billiton[1]	**9,003**	**1.9**
Aristocrat Leisure	7,194	1.5
ResMed	7,000	1.4
Medibank Private	6,827	1.4
Reliance Worldwide	6,775	1.4
Seek	6,707	1.4
Orica	5,169	1.1
Brambles	4,930	1.0
James Hardie Industries	4,744	1.0
Incitet Pivot	3,680	0.8
Total Australia	**80,256**	**16.7**
India		
HDFC Bank	**19,705**	**4.1**
ICICI Bank	**9,073**	**1.9**
Apollo Hospitals Enterprise	**8,929**	**1.8**
MakeMyTrip[2]	6,994	1.4
Infosys (ADR)[2]	5,978	1.2
Tata Consultancy Services	5,557	1.1
KPIT Engineering	3,115	0.6
Total India	**59,351**	**12.1**
Hong Kong (SAR)		
AIA	**13,340**	**2.8**
Swire Pacific	**10,259**	**2.1**
Techtronic Industries	**8,352**	**1.7**
Galaxy Entertainment	6,681	1.4
Hang Lung	3,128	0.6
Total Hong Kong (SAR)	**41,760**	**8.6**

	£'000	%
Mainland China		
Tencent[3]	**15,849**	**3.3**
Shenzhou International Group[3]	**7,339**	**1.5**
Yum China[3]	5,450	1.1
New Oriental Education (ADR)[2]	5,031	1.0
NetEase[3]	3,939	0.8
Wuxi Biologic[3]	2,523	0.5
Total Mainland China	**40,131**	**8.2**
Singapore		
DBS	**14,922**	**3.1**
Singapore Exchange	**7,696**	**1.6**
United Overseas Bank	6,844	1.4
Sheng Siong	4,503	0.9
Venture	4,335	0.9
Total Singapore	**38,300**	**7.9**
South Korea		
Samsung Electronics	**35,009**	**7.3**
Total South Korea	**35,009**	**7.3**
Philippines		
Wilcon	**8,128**	**1.7**
International Container Terminal Services	7,066	1.5
BDO Unibank	5,576	1.2
SM Investments	5,191	1.1
Century Pacific Food	4,944	1.0
Total Philippines	**30,905**	**6.5**
Indonesia		
Bank Mandiri	**12,571**	**2.6**
Sumber Alfaria Trijaya Tbk PT	1,248	0.3
Total Indonesia	**13,819**	**2.9**
United Kingdom		
Rio Tinto	**9,400**	**2.0**
Total United Kingdom	**9,400**	**2.0**
Vietnam		
FPT	4,458	0.9
Mobile World Investment	2,131	0.4
Total Vietnam	**6,589**	**1.3**
Thailand		
Bangkok Dusit Medical Services	5,653	1.2
Total Thailand	**5,653**	**1.2**
United States		
Las Vegas Sands	5,412	1.1
Total United States	**5,412**	**1.1**

Investment Portfolio
continued

	£'000	%
France		
LVMH	5,356	1.1
Total France	**5,356**	**1.1**
Total investments[4]	**484,012**	**100.0**
Derivative Financial Instruments		
Index Put Options		
Taiwan Stock Exchange Put Option 17600 February 2024	178	–
NIFTYM Put Option 19500 January 2024	–	–
Total Index Put Options[5]	**178**	**–**
Total Investments and Derivative Financial Instruments	**484,190**	**100.0**

[1]Listed in the UK.
[2]Listed in the USA.
[3]Listed in Hong Kong (SAR).
[4]Total investments comprise the following:

	£'000
Equities	473,003
American Depositary Receipts (ADR)	11,009
Total investments	**484,012**

[5]The options give downside protection to 6.1% of total investments.

Purpose, values and culture

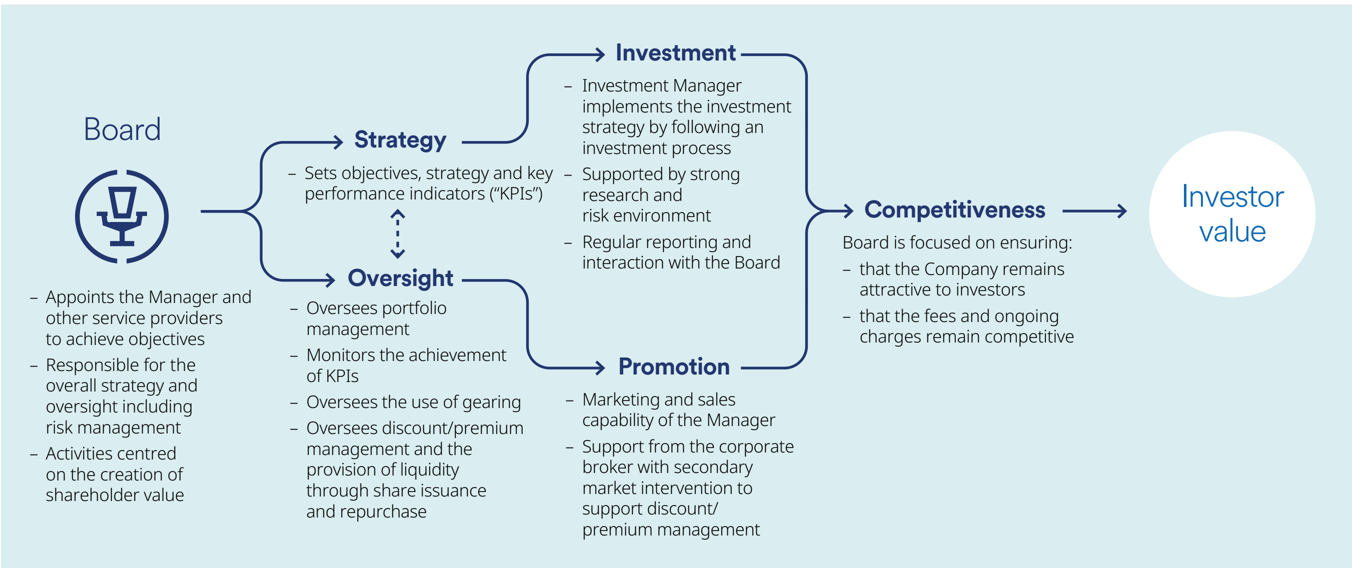
The Company's purpose is to create long-term shareholder value, in line with the investment objective.

The Company's culture is driven by its values: transparency, engagement and rigour, with collegial behaviour and constructive, robust challenge. The values are all centred on achieving returns for shareholders in line with the Company's investment objective. The Board also sets out the effective management or mitigation of the risks faced by the Company and, to the extent it does not conflict with the investment objective, aims to structure the Company's operations with regard to all its stakeholders and take account of the impact of the Company's operations on the environment and community.

As the Company has no employees and acts through its service providers, its culture is represented by the values and behaviour of the Board and third parties to which it delegates. The Board aims to fulfill the Company's investment objective by encouraging a culture of constructive challenge with all key suppliers and openness with all stakeholders. The Board is responsible for embedding the Company's culture in its operations.

Business model

The Board has appointed Schroder Unit Trusts Limited (the "Manager"), 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, cash, derivatives and other financial instruments as appropriate. The terms of the appointment of the Manager, and the delegation by the Manager of investment management services to Schroder Investment Management Limited ("SIM" or the "Investment Manager"), are described more completely in the Directors' Report. The Manager also promotes the Company using its sales and marketing teams. The Board and Manager work together to deliver the Company's investment objective, as demonstrated in the diagram below.



Investment trust status

The Company carries on business as an investment trust. Its shares are listed and admitted to trading on the premium segment of the main market of the London Stock Exchange. 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.

Continuation vote

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 three yearly intervals. The next continuation vote is due to be proposed at the AGM in 2025.

Investment model

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.

Investment restrictions and spread of investment 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 Board and 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 pages 21 and 22 demonstrates that, as at 31 December 2023, the Company held 62 investments spread over a range of industry sectors. The largest investment, Taiwan Semiconductor Manufacturing Company, represented 9.2% of total investments. The Board therefore believes that the objective of spreading investment risk has been achieved.

Key performance indicators ("KPIs")

The Board reviews performance, using a number of key measures, to monitor and assess the Company's success in achieving its objective. Further comment on performance can be found in the Chair's statement. The following KPIs are used:

- NAV performance;
- Share price discount/premium management; and
- Ongoing charges ratio.

Some KPIs are Alternative Performance Measures ("APMs").

Further details can be found on page 4 and definitions of these terms on pages 78 and 79.

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.

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. The Board also seeks active engagement with investors, and meetings with the Chair are offered to investors when appropriate.

Shareholders are encouraged to sign up to the Manager's Investment Trusts update, to receive information on the Company directly www.schroders.com/trust-updates/.

Stakeholder engagement

Section 172 of the Companies Act 2006

During the year under review, the Board discharged its duty under section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole, having regard to the interests of all stakeholders. As an externally managed investment trust, the Company has no employees, operations or premises. The Board has identified its key stakeholders as the Company's shareholders, the Investment Manager, other service providers, investee companies and the Company's lender. The table below explains how the Directors have engaged with all stakeholders during the year and outlines the key activities undertaken. The key decisions made by the Board during the year are set out following the table.

Stakeholder	Significance	Engagement	2023 highlights
Shareholders	Continued shareholder support and engagement are critical to the continuing existence of the business and the delivery of the long-term strategy of its business	– Annual General Meeting (AGM): The Company welcomes attendance and participation from shareholders at the AGM. Shareholders have the opportunity to meet the Directors and the Investment Manager and to ask questions. The Board values the feedback it receives from shareholders which is incorporated into Board discussions. – Publications: The annual and half year results presentations, as well as factsheets, are available on the Company's web pages with their availability announced via the Stock Exchange. Feedback and/or questions received from shareholders enable the Company to evolve its reporting which, in turn, helps to deliver transparent and understandable updates. – Shareholder communication: The Investment Manager communicates with shareholders periodically. All investors are offered the opportunity to meet the Chair, Senior Independent Director, or other Board members without using the Manager or Company Secretary as a conduit, by writing to the Company's registered office. The Board also corresponds with shareholders by letter and email. The Board receives regular feedback from its broker on investor engagement and sentiment. – Investor Relations updates: At every Board meeting, the Directors receive updates on share trading activity, share price performance and any shareholders' feedback, as well as any publications or comments in the press. To gain a deeper understanding of the views of its shareholders and potential investors, the Manager also undertakes Investor Roadshows following publications of results.	At the AGM in 2023 questions and feedback from shareholders were welcomed. The Board, along with the Manager, look forward to meeting and interacting with more shareholders at the forthcoming AGM in April 2024. The Company's web pages continued to be refreshed and enhanced during the year to optimise the user experience for shareholders and investors. Shareholders can, via the Company's web pages, subscribe to the Schroders investment trusts newsletter to receive regular updates on the Company. The Investment Manager engaged with a number of its shareholders and investors during the year and regular feedback was provided to the Board. A number of promotional activities were undertaken during the year including Investment Manager interviews, webinars and coverage in key publications. The Board continues to work with Kepler on promoting the Company through its research notes which were published twice during the year.

Stakeholder	Significance	Engagement	2023 highlights
The Investment Manager	Holding the Company's shares offers investors a liquid investment vehicle through which they can obtain exposure to the Company's diversified portfolio of investments. The Investment Manager's performance is critical for the Company to deliver its investment strategy successfully and meet its objective 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).	Maintaining a close and constructive working relationship with the Investment Manager is crucial as the Board and the Investment Manager both aim to continue to achieve consistent, long-term returns in line with the investment objective. The Board invites the Investment Manager to attend all Board and certain Committee meetings in order to update the Directors on the performance of the investments and the implementation of the investment strategy and objective. Important components in the Board's collaboration with the Investment Manager are: – Encouraging open discussion with the Board; – Recognising that the interests of shareholders and the Investment Manager (as well as of its other clients) are, for the most part, well aligned, adopting a tone of constructive challenge, balanced when those interests are not fully congruent by robust negotiation of the Investment Manager's terms of engagement; and – Drawing on Directors' individual experience to support the Manager in its monitoring and change management of portfolio companies, for the benefit of all of the Investment Manager's clients. The Management Engagement Committee reviews the performance of the Investment Manager, its remuneration and the discharge of its contractual obligations at least annually.	Representatives of the Investment Manager, including at least one of the Portfolio Managers, attend each Board meeting to provide an update on the investment portfolio along with presenting on macroeconomic issues. The portfolio activities undertaken by the Investment Manager and the impact of decisions affecting investment performance are set out in the Investment Manager's Review on pages 7 to 14.
Investee companies	The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Investment Manager.	The Investment Management team conducts face-to-face and/or virtual meetings with the management teams of all investee companies to understand current trading and prospects for their businesses, and to ensure that their ESG investment principles and approach are understood. The Investment Manager has discretionary powers to exercise the Company's voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Investment Manager report to the Board on stewardship (including voting) issues and the Board will question the rationale for voting decisions made. By active engagement and exercising voting rights, the Investment Manager actively works with companies to improve corporate standards, transparency and accountability.	The Board received regular updates on engagement with investee companies from the Investment Manager at its board meetings. During the year, the Investment Manager engaged with many of its investee companies and voted at shareholder meetings (further details can be found on page 16).

Stakeholder	Significance	Engagement	2023 highlights
Lender	Availability of funding and liquidity are crucial to the Company's ability to take advantage of investment opportunities as they arise.	Considering how important the availability of funding is, the Company aims to demonstrate to lenders that it is a well managed business and, in particular, that the Board focuses regularly and carefully on the management of risk. The Manager manages the relationship with the Company's lender and reports to the Board at each meeting as and when required for renewals of terms or negotiation of loan covenants. The Manager provides a monthly statement of compliance of the loan covenants to the lender.	During the year, gearing was regularly considered. The Board entered into an amendment and restatement agreement in July 2023 with The Bank of Nova Scotia, London, Branch in respect of the revolving credit facility as previously amended and restated in July 2022.
Other service providers	In order to operate as an investment trust with a premium listing on the London Stock Exchange, the Company relies on a diverse range of advisers to support meeting all relevant obligations.	The Board maintains regular contact with its key external providers, both through the Board and Committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views, are routinely taken into account.	Under delegated authority from the Board, the Management Engagement Committee reviewed all material third party service providers. The Board considered the ongoing appointments of its service providers to be in the best interests of the Company and its shareholders as a whole and will continue to monitor their progress in the year ahead. During the year, Directors were invited to attend an internal controls briefing session, hosted by the Manager which assessed the internal controls of certain key service providers including the Company's depositary and custodian, HSBC and the Company's registrar, Equiniti.
Wider society and the environment	Whilst strong long-term investment performance is essential for an investment trust, the Board recognises that to provide an investment vehicle that is sustainable over the long-term, both it and the Investment Manager must have regard to ethical and environmental issues that impact society. Hence ESG considerations are integrated into the Investment Manager's investment process and will continue to evolve.	The Board engages with the Investment Manager at each Board meeting in respect of its ESG considerations on existing and new investments.	The Board's desire for greater engagement reporting has resulted in the inclusion of case studies showcasing how the Investment Manager supports and integrates responsible investing in its investment process set out in this annual report. Further details of the ESG practices and case studies can be found in the Investment Process section of this report.

During the year, the Board took a number of other key decisions which also fall under the Section 172 scope set out above:

- the declaration of a final dividend of 11.00p per Ordinary share (2022: 8.5p) which, following approval by shareholders at the AGM held on 25 April 2023 was paid to shareholders on 11 May 2023.
- the consideration of Board succession planning, and following the appointment of Jasper Judd as a new non-executive Director on 1 February 2023, has commenced the search for a successor to Caroline Hitch who plans to step down from the Board following the 2024 AGM.
- the implementation of the Board's discount control policy to target a discount to NAV of no more than 5% in normal market conditions.
- maintaining the Company's disciplined gearing framework, based on a number of valuation indicators to increase market exposure, which should, over the longer term, enhance returns to shareholders. The Company will also use derivative hedging instruments in addition to borrowing under the revolving credit facility provided by The Bank of Nova Scotia, London Branch, as amended and restated in July 2023.
- together with the Portfolio Managers, the Board undertook its second annual visit to the region, since the lifting of COVID travel restrictions, and visited Hong Kong and Taiwan to undertake due diligence meetings with key personnel from the Investment Manager, consultants and investee companies.

Following the year end, the Board declared a final dividend of 11.50p per Ordinary share (2023: 11.00p) which, if approved by shareholders at the AGM, will be paid on 10 May 2024.

Corporate and social responsibility

The Board recognises the Company's responsibilities with respect to corporate and social responsibility and engages with its outsourced service providers to safeguard the Company's interests. As part of this ongoing monitoring, the Board receives reporting from its service providers with respect to their anti-bribery and corruption policies; Modern Slavery Act 2015 statements; diversity policies; financial crime policies; greenhouse gas and energy usage reporting.

Diversity policy

The Board has adopted a diversity and inclusion policy. Appointments and succession plans will always be based on merit and objective criteria and, within this context, the Board seeks to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Board will encourage any recruitment agencies it engages to find a range of candidates that meet the objective criteria agreed for each appointment. 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 criteria for the role being offered.

Statement on Board diversity – gender and ethnic background

The Board has made a commitment to consider diversity when reviewing the composition of the Board and notes the new Listing Rules requirements (LR 9.8.6R(9) and (11)) regarding the targets on board diversity:

- at least 40% of individuals on the Board are women;
- at least one senior Board position is held by a woman; and
- at least one individual on the Board is from a minority ethnic background.

The FCA defines senior board positions as Chairman, Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") or Senior Independent Director ("SID"). As an investment trust with no executive officers, the Company has no CEO or CFO. The Board has reflected the senior positions of the Chair of the Board, the Chair of the Audit and Risk Committee and the SID in its diversity tables.

The Board has chosen to align its diversity reporting reference date with the Company's financial year end and proposes to maintain this alignment for future reporting periods. The following information has been provided by each Director through the completion of a questionnaire.

As at 31 December 2023, the Company met two of the three criteria including the target in relation to the number of women on the Board and for at least one senior board position to be held by a woman. The target for at least one individual on the Board to be from a minority ethnic background was not met and the Board is conscious that while the Directors are all independent and have a diverse range of views and experience, its small composition will make these targets challenging to fully implement. Recognising the benefits of a diverse Board, it is intended that improving diversity will continue to be a key factor when the Board makes its next appointment. There have been no changes since 31 December 2023 to the date of publication of the annual report and accounts.

The below tables set out the gender and ethnic diversity composition of the Board as at 31 December 2023 and at the date of this report.

Gender identity

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	2	50	1
Women	2	50	2
Not specified/prefer not to say	–	–	–
Not specified/prefer not to say	–	–	–

Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or other White (including minority-white groups)	4	100	3
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

Financial crime policy

The Company continues to be committed to carrying out its business fairly, honestly and openly, and operates a financial crime policy, covering bribery and corruption, tax evasion, money laundering, terrorist financing and sanctions, as well as seeking confirmations that the Company's service providers' policies are operating soundly.

Modern Slavery Act 2015

As an investment trust, the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Climate

Greenhouse gas emissions and energy usage

As the Company outsources its operations to third parties, it has no significant greenhouse gas emissions and energy usage to report.

Taskforce for Climate-Related Financial Disclosures ("TCFD")

Investment trusts are currently exempt from the TCFD. The Board will continue to monitor the situation. However, the Company's Manager produces an annual product level disclosure consistent with the TCFD which can be found here:
https://mybrand.schroders.com/m/4acd06a887b01a60/original/TCFD-SG12092M-Schroder-Asian-Total-ReurnInvestment-Company-20221231.pdf.

Principal and emerging risks and uncertainties

The Board, itself and through its delegation to its Audit and Risk Committee, 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 and Risk 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 the Company's strategic objectives.

Risk assessment and internal controls review by the Board

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 and Risk 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.

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.

Both the principal risks and uncertainties and the monitoring system are also subject to robust review at least annually. The last assessment took place in March 2024.

During the year, the Board discussed and monitored a number of risks that could potentially impact the Company's ability to meet its strategic objectives. The Board receives updates from the Investment Manager, Company Secretary and other service providers on emerging risks that could affect the Company. The Board was mindful of the evolving global environment during the year; and the risks posed by volatile markets; geopolitical uncertainty; and inflation and corresponding interest levels which could affect the asset class. However, these are not factors which explicitly impacted the Company's performance. These risks are seen as exacerbating existing risks and have been incorporated in the macro factors, including the geopolitical/economic environment and climate change risk section in the table below.

The Board considered in detail whether there were any material emerging risks and has included the development of artificial intelligence as an emerging risk in the table below.

No significant control failings or weaknesses were identified from the Audit and Risk Committee's ongoing risk assessment throughout the financial year and up to the date of this report. The Board is satisfied that it has undertaken a detailed review of the risks facing the Company and that the internal control environment continues to operate effectively.

Actions taken by the Board and, where appropriate, its Committees, to manage and mitigate the Company's principal risks and uncertainties are set out in the table below. The "Change" column on the right highlights at a glance the Board's assessment of any increases or decreases in risk during the year after mitigation and management. The arrows show the risks as increased, decreased, or unchanged.

Risk	Mitigation and management	Change
Strategy		
Macro factors, including the geopolitical/economic environment and climate change Geopolitical instability or changes to the global economic environment might materially affect the ability of the Company to achieve its investment objective. The impact of climate change on investee companies may also materially affect investment outcomes.	Geopolitical risks are an input into the investment process and are monitored at each Board meeting where there is also an opportunity to discuss key market risk factors with the Portfolio Managers. Further information on geopolitical risk is included in the Outlook section of the Chair's Statement. The Board visited Hong Kong and Taiwan during the year and met with investee companies and analysts to understand better the tensions and opportunities in the region. The risks associated with the economic environment that might impact the Company include market risk, liquidity risk and credit risk, all of which are mitigated, to some extent, by the Investment Manager. Note 22 to the financial statements provides further details of the steps taken to mitigate those risks associated with the portfolio. The Manager's investment process includes an assessment of climate related risks in the evaluation of investee companies.	The continued increased risk reflects the changing global environment and the risks posed by volatile markets and geopolitical uncertainty.

Risk	Mitigation and management	Change
Strategy		
Investment objective and promotion The Company's investment objective may become out of line with the requirements of investors and lead to the Company becoming unattractive to investors, decreasing demand for its shares and a widening discount of the share price to underlying NAV per share. The Company is not promoted in a way which generates investor demand.	The appropriateness of the Company's investment mandate and the long-term investment strategy is periodically reviewed by the Board and the success of the Company in meeting its stated objectives is monitored. The Board holds a strategy meeting each year to consider the investment objective and policy and the Company's longer term investment strategy. The share price relative to the NAV per share is kept under review as a key performance indicator and is considered against the Company's peers on a regular basis. The use of the buy back authority is also reviewed regularly. The Investment Manager and corporate broker monitor market feedback and the Board consider this at each quarterly meeting. Proactive engagement with shareholders takes place via the AGM, feedback from shareholder presentations, and ad hoc meetings with the Board. The Manager provides a dedicated experienced investment trust marketing team together with PR resource.	
Investment		
Investment performance Poor stock selection or investing outside of the investment restrictions and guidelines set by the Board could result in poor performance.	The Investment Manager is experienced and has a long track record in successfully investing in Asian equity holdings. The Board oversees the implementation of the investment strategy, compliance with investment restrictions and guidelines and keeps investment performance under close review. The Portfolio Managers attend all Board meetings and review the portfolio with the Board using performance data and KPIs. A detailed formal appraisal of the performance of the Manager is carried out annually by the Management Engagement Committee.	
Key person The departure of one or more of the Manager's key investment professionals could impact the Company's performance.	The Investment Manager has a compensation and incentive scheme to recruit and retain key staff including the Portfolio Managers, and has developed a suitable succession planning programme, which seeks to ease the impact that the loss of a key investment professional may have on the Company's performance. The Investment Manager would notify any change in its key professionals to the Board at the earliest possible opportunity and the Board would be made aware of all efforts made to fill a vacancy. Investment decisions are made by a team of professionals, mitigating the impact of the loss of any key professional within the Manager's organisation on the Company's performance.	
ESG considerations Failure by the Company to disclose in an appropriate manner how the investment process integrates consideration of ESG factors could lead to the Company's shares being less attractive to investors as well as potential valuation issues in the underlying investee companies.	The consideration of climate change risks and ESG factors is integrated into the investment process and reported at Board meetings. The Investment Manager considers and evaluates the approach investee companies take to recognise and mitigate climate change risks and also considers the portfolio's investee companies carbon footprint versus the Reference Index. The Manager has implemented a comprehensive ESG policy outlined in detail on pages 15 to 18.	

Risk	Mitigation and management	Change
Gearing/liquidity The Company adopts an inappropriate gearing or derivative strategy. The Company's investments are insufficiently liquid resulting in breach of loan covenants in the event of a severe fall in valuations.	The Board sets gearing limits of 30% of net asset value and the Investment Manager reports to the Board on gearing levels and derivative activity at every Board meeting. Liquidity stress testing is carried out on a regular basis.	
Compliance		
Compliance with regulations Failure to comply with relevant laws and regulations could result in fines, loss of reputation and potentially loss of investment trust status.	The Board and Manager monitor changes in government policy and legislation which may have an impact on the Company, and the Audit and Risk Committee monitors compliance with regulations by reviewing internal control reports from the Manager. From time to time the Board employs external advisers to advise on specific matters.	
Operational		
Oversight of service providers The Company has no employees and has delegated certain functions to a number of service providers. Failure of controls, including as a result of fraud, and poor performance of any service provider, could lead to disruption, reputational damage or loss.	The Board receives reports from the Manager on its internal controls and risk management throughout the year, including those relating to cybersecurity, and receives assurances from all its other significant service providers on at least an annual basis. The Management Engagement Committee reviews the performance of key service providers at least annually. The Manager also monitors closely the control environments and quality of services provided by third parties, including those of the Depositary, through service level agreements and regular meetings. Directors are invited to an annual internal controls briefing session, hosted by the Manager in respect of the internal controls of the Company's key service providers including the Company's Depositary and custodian, HSBC, the Company's registrar, Equiniti, and Schroders Group Internal Audit team. Experienced service providers are appointed by the Company subject to due diligence processes and clearly documented contractual arrangements which include agreed service level specifications and notice periods for terminations. Further details of the internal controls which are in place are set out in the Audit and Risk Committee's Report on pages 39 to 41.	
Information technology resilience and security Cyber risk such as fraud, sabotage or crime perpetrated against the Company or any of its third party service providers could result in data theft, service disruption and reputational damage.	Cybersecurity is closely monitored by the Audit and Risk Committee as part of the review of the internal controls of its service providers. Schroders IT security team present to the Directors on the Manager's cybersecurity controls as part of the annual internal controls briefing session hosted by Schroders.	
Financial The Company is exposed to a range of financial risks including market, liquidity, interest rate, credit and fair values of financial assets and financial liabilities.	See note 22 for a detailed analysis of these risks.	
Emerging risk		
Artificial Intelligence ("AI") The development of AI presents potential risks to businesses in almost every sector. The extent of the risk presented by AI is extremely hard to assess at this point but the Board considers that it is an emerging risk and together with the Manager will monitor developments in this area.		

Viability statement

The Directors have assessed the viability of the Company over the five year period ending 31 December 2028, taking into account the Company's position at 31 December 2023 and the potential impact of the principal and emerging risks and uncertainties it faces for the review period. This is further detailed in the Chair's Statement, Investment Manager's Review and principal risks and uncertainties sections of this report. The Directors have assessed the Company's operational resilience and they are satisfied that the Company's outsourced service providers will continue to operate effectively.

The Board believes that a period of five years 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.

In its assessment of the viability of the Company, the Directors have considered each of the Company's principal and emerging risks and uncertainties detailed on pages 29 to 31, including the impact of climate-related risks.

In preparing these financial statements the Directors have considered the impact of the Company's emerging risks as set out on page 31, and have concluded that there was no further impact to be taken into account as investments are valued based on market pricing. In line with FRS102 investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the statement of financial position date and therefore reflect market participants' views of emerging risks on the investments held.

The Directors considered the beneficial tax treatment the Company is eligible for as an investment trust. If changes to these taxation arrangements were to be made it would affect the viability of the Company to act as an effective investment vehicle.

The Directors reviewed a stress test in which the Company's NAV dropped by 50% and noted that, based on the assumptions in the test, the Company would continue to be viable over a five year period.

Whilst the Company's articles of association require that a proposal for the continuation of the Company be put forward at the Company's AGM in 2025, the Directors have no reason to believe that such a resolution will not be passed by shareholders.

The Directors have also considered the Company's income and expenditure projections and the fact that the Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary. Based on the Company's processes for monitoring operating costs, the Board's view that the Manager has the appropriate depth and quality of resource to achieve superior returns in the longer term, the portfolio risk profile, limits imposed on gearing, counterparty exposure, liquidity risk and financial controls, the Directors have 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 five year period of their assessment.

Going concern

The Directors have assessed the principal and emerging risks and uncertainties and the matters referred to in the viability statement. The Directors noted the Company's portfolio is comprised of liquid stocks, and the Company's operating expenses are predominantly variable costs, which would fall pro-rata in the event of a severe market downturn. Based on the work the Directors have performed, they have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period assessed by the Directors, being the period to 31 March 2025 which is at least 12 months from the date the financial statements are authorised for issue.

By order of the Board

Schroder Investment Management Limited
Company Secretary

13 March 2024

Governance

Governance

Sarah MacAulay

Status: Independent non-executive Chair

Length of service: six years – appointed a Director in March 2018 and as Chair in May 2020.

Experience: Sarah has over 20 years of Asian fund management experience based in both London and Hong Kong, managing unit trusts and institutional assets. She was formerly a Director of Baring Asset Management (Asia) Ltd in Hong Kong, Asian Investment Manager at Kleinwort Benson Investment Management and Eagle Star in London. She is currently Chair of JPMorgan Multi-Asset Growth and Income plc and Senior Independent Director on the Board of Fidelity Japan Trust PLC and abrdn China Investment Company Ltd.

Contribution to the Board and its Committees: Sarah's extensive experience in Asian fund management and as a non-executive director on other investment trust boards enables her to bring valuable insight to the Board's deliberations, facilitate successfully Board discussions and prioritise strategic decisions.

Committee membership: Audit and Risk, Management Engagement (Chair) and Nomination Committees (Chair).

Remuneration for the year ended 31 December 2023: £45,000 per annum.

Number of shares held: 53,975*

Andrew Cainey

Status: Independent non-executive Director

Length of service: five years – appointed a Director in March 2019.

Experience: Andrew is an experienced business consultant, policy adviser, speaker and writer. He is a Senior Associate Fellow of the Royal United Services Institute, a Director of the UK National Committee on China, a Senior Advisor to Boston Consulting Group, and a Senior Advisor of Lumen Capital Investors. He previously held roles with the Boston Consulting Group, Booz & Company and Tony Blair Associates. During the course of his career Andrew spent over 15 years in Asia, including China, Korea and Singapore.

Contribution to the Board and its Committees: Andrew is an experienced business consultant. His knowledge of Asia and close interest in the area contributes to the Company's long-term sustainable success.

Committee membership: Audit and Risk, Management Engagement and Nomination Committees.

Remuneration for the year ended 31 December 2023: £35,000 per annum.

Number of shares held: 26,753*

*Shareholdings are as at 13 March 2024, full details of Directors' shareholdings are set out in the Directors' Remuneration Report on page 47.

Caroline Hitch

Status: Senior Independent non-executive Director

Length of service: nine years – appointed a Director in February 2015 and Senior Independent Director in May 2018.

Experience: Caroline has worked in the financial services industry since the early 1980s, mostly with the HSBC group. Her experience includes Head of Wealth Portfolio Management at HSBC Global Asset Management (UK) Ltd. with investment management responsibility for their flagship multi asset retail funds. Prior roles took her to various locations including Hong Kong. Caroline is a non-executive Director of abrdn Equity Income Trust PLC and Chair of CQS New City High Yield Fund Ltd.

Contribution to the Board and its Committees: Caroline's long standing experience in the financial services industry is valuable to the Board. Her experience as a non-executive director on other boards means she is well placed to help bring strong business insight and market experience to the Board, contributing to driving the business forward.

Committee membership: Audit and Risk, Management Engagement and Nomination Committees.

Remuneration for the year ended 31 December 2023: £35,000 per annum.

Number of shares held: 10,000*

Jasper Judd

Status: Independent non-executive Director and Chair of the Audit and Risk Committee

Length of service: one year – appointed a Director in February 2023.

Experience: Jasper held a number of senior finance and strategy roles, including Global Head of Strategy at Brambles Limited, a listed Australian multi-national. He is an Associate of the Institute of Chartered Accountants in England & Wales. Jasper is also the Audit and Risk Committee Chair of JPMorgan Indian Investment Trust plc, Audit and Risk Committee Chair of Brown Advisory US Smaller Companies PLC and Audit Committee Chairman of Dunedin Income Growth Investment Trust PLC.

Contribution to the Board and its Committees: Jasper's extensive financial and strategic experience and experience as a non-executive director on other boards means he is able to bring significant insight to the Board's decision making.

Committee membership: Audit and Risk (Chair), Management Engagement and Nomination Committees.

Remuneration for the year ended 31 December 2023: £35,000 per annum, on appointment as a Director in February 2023 and £40,000 on appointment as Chair of the Audit and Risk Committee in April 2023.

Number of shares held: 4,837*

*Shareholdings are as at 13 March 2024, full details of Directors' shareholdings are set out in the Directors' Remuneration Report on page 47.

The Directors submit their annual report and the audited financial statements of the Company for the year ended 31 December 2023.

Corporate Governance Statement

The Company 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.

The Financial Conduct Authority requires all UK listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 (the "UK Code") issued by the Financial Reporting Council ("FRC"). The UK Code is available on the FRC's website: www.frc.org.uk.

The Company is a member of the Association of Investment Companies ("AIC"), which has published its own Code of Corporate Governance to recognise the special circumstances of investment trusts (www.theaic.co.uk) as endorsed by the FRC. The Board has considered the principles and provisions of the AIC Code of Corporate Governance 2019 (the "AIC Code"), which addresses those set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company as an investment trust.

The AIC Code also includes an explanation of how the principles and provisions set out in the UK Code are adapted to make them relevant for investment companies.

The Board considers that reporting against the principles and provisions of the AIC Code provides more relevant information to shareholders.

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the UK Code and the principles and provisions of the AIC Code except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration;
- the need for an internal audit function;
- the Chair of the Board not being a member of the audit committee; and
- the requirement to establish a remuneration committee.

The Board considers that these provisions, except for the requirement to establish a remuneration committee, are not relevant to the Company, as an externally managed investment company. Furthermore, all of the Company's day-to-day management and administrative functions are outsourced to third parties and the Company has no executive directors, employees or internal operations. The Company has not therefore reported further in respect of these provisions.

The Nomination Committee fulfils the function of the Remuneration Committee and considers any change in the Directors' remuneration policy. A separate committee has not therefore been established. As permitted under the AIC Code, the Chair is a member of the Audit and Risk Committee. An explanation as to why this is considered appropriate is set out in the Audit and Risk Committee Report on page 39.

Directors and officers

Chair

The Chair 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 Chair's other significant commitments are detailed on page 34. She has no conflicting relationships.

Senior Independent Director ("SID")

The SID acts as a sounding board for the Chair, meets with major shareholders as appropriate, provides a channel for any shareholder concerns regarding the Chair and takes the lead in the annual evaluation of the Chair by the independent directors.

Company Secretary

SIM provides company secretarial support to the Board and is responsible for assisting the Chair with Board meetings and advising the Board with respect to governance. The Company Secretary also manages the relationship with the Company's service providers, except for the Manager. 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, or by email to: amcompanysecretary@schroders.com.

Role and operation of the Board

The Board (of four Directors, listed on pages 34 and 35) is the Company's governing body; it sets the Company's strategy and is collectively responsible to shareholders for the Company's long-term success. The Board is responsible for appointing and subsequently monitoring the activities of the Investment Manager and other service providers to ensure that the investment objective of the Company continues 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. The Business Review on pages 23 to 32 sets out further detail of how the Board reviews the Company's strategy, risk management and internal controls and also includes other information required for the Directors' Report, and is incorporated by reference.

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 Chair 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 meets at least quarterly and 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.

Four 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 premium or discount of the Company's shares to NAV per share and promotion of the Company; and services provided by third parties. Additional meetings of the Board are arranged as required.

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. No Directors have any connections with the Manager, shared directorships with other Directors or material interests in any contract which is significant to the Company's business.

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, are outlined in the following pages.

The reports of the Audit and Risk Committee, Management Engagement Committee and Nomination Committee are incorporated into and form part of the Directors' Report. Each committee's effectiveness was assessed, and judged to be satisfactory, as part of the Board's annual review of the Board and its committees.

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 Alternative Investment Fund Managers Directive and has appointed Schroder Unit Trusts Limited ("SUTL") as the Alternative Investment Fund Manager ("AIFM" or "Manager") in accordance with the terms of an Alternative Investment Fund Management ("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. Details of the amounts paid to SUTL are detailed in note 19 on page 67.

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 Chair, other Board members or the corporate broker as appropriate.

The Manager has delegated investment management, accounting, administration and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited ("SIM" or the "Investment Manager") which has in turn, delegated certain accounting and administrative services to HSBC Securities Services (UK) Limited ("HSBC"). The Company Secretary has an independent reporting line to the Manager and distribution function within Schroders. The Manager has in place appropriate professional indemnity cover.

The Schroders Group managed £750.6 billion (as at 31 December 2023) 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.

Fees payable to the Manager

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 the last performance fee was paid. The sum of the base fee and any performance fee payable is capped at 1.25% of the closing net assets.

In addition, the Manager may only be paid a performance fee when the Company's NAV total return is equal or greater to the total return of the Reference Index.

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 2023 amounted to £3,051,000 (2022: £3,236,000). No performance fee is payable for the year (2022: £nil) because the high water mark has not been exceeded. The Manager is also entitled to a fee for providing administrative, accounting and company secretarial services to the Company. For these services in the year ended 31 December 2023, the Manager received a fee of £75,000 (2022: £75,000).

Details of all amounts payable to the Manager are set out in note 4 to the accounts on page 61.

The Board has reviewed the performance of the Manager for the year under review. The Board is satisfied that the Manager has the appropriate depth and quality of resource to deliver good returns over the longer term and that the continued appointment of the Manager on the terms agreed is in the best interest of the Company and its shareholders.

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.

Registrar

Equiniti Limited ("Equiniti") has been appointed as the Company's registrar. Equiniti's services to the Company include share register maintenance (including the issuance, transfer and cancellation of shares as necessary), acting as agent for the payment of any dividends, management of company meetings (including the registering of proxy votes and scrutineer services as necessary), handling shareholder queries and correspondence and processing corporate actions.

Share capital and substantial share interests

During the year under review the Company repurchased a total of 8,029,083 which were placed in treasury. As at 31 December 2023, the Company had 109,114,651 ordinary shares of 5p in issue, of which 11,880,531 were held in treasury.

As at 13 March 2024, the Company had 109,114,651 ordinary shares of 5p in issue, of which 12,740,453 ordinary shares were held in treasury. Accordingly, the total number of voting rights in the Company at 13 March 2024 is 96,374,198. Details of changes to the Company's share capital during the year under review are given in note 14 to the accounts on page 65. All shares in issue rank equally with respect to voting, dividends and any distribution on winding up.

The Board noted that the Company's shareholders appreciated the Board's discount management control. The Board agreed to request renewal of the authorities to issue and buy back shares as described on page 74.

As at 31 December 2023, the Company had received notifications in accordance with the FCA's Disclosure Guidance and Transparency Rule 5.1.2R of the below interests in 3% or more of the voting rights attaching to the Company's issued share capital. The Company is reliant on investors to comply with these regulations, and certain investors may be exempt from providing these details. As such, this should not be relied on as an exhaustive list of shareholders holding above 3% of the Company's voting rights.

	Number of shares held[2]	% of total voting rights[2]
Evelyn Partners[1]	10,264,905	10.06
Quilter PLC	9,994,906	9.99
Rathbones Investment Management Limited	9,941,402	10.05
Charles Stanley Group plc	5,857,502	5.85
F&C Asset Management plc	3,547,705	4.28

[1]Notification made in the previous name of Tilney Smith & Williamson.
[2]As at date of notification.

Following the year end and at the date of this report, Rathbones Investment Management Ltd advised that its holding of 10,712,305 shares represented 11.04% of the Company's total voting rights.

Revenue, final dividend and dividend policy

The revenue return for the year, after finance costs and taxation, was £10,497,000 (2022: £13,466,000), equivalent to a revenue return per ordinary share of 10.26 pence (2022: 12.47 pence).

The Board has recommended the payment of a final dividend for the year ended 31 December 2023 of 11.50 pence per share (2022: 11.00 pence) payable on 10 May 2024 to shareholders on the register on 12 April 2024, subject to approval by shareholders at the AGM on 24 April 2024.

The Board's policy is to pay out substantially all the Company's normal revenue.

Provision of information to the auditor

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 auditor is 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 auditor is aware of that information.

Directors' attendance at meetings

The number of scheduled meetings of the Board and its committees held during the financial year and the attendance of individual Directors is shown below. Whenever possible all Directors attend the AGM.

Director	Board	Audit and Risk Committee	Management Engagement Committee	Nomination Committee
Sarah MacAulay	4/4	2/2	1/1	1/1
Andrew Cainey	4/4	2/2	1/1	1/1
Caroline Hitch	4/4	2/2	1/1	1/1
Jasper Judd	4/4	2/2	1/1	1/1
Mike Holt[1]	1/1	1/1	–	–

[1]Mike Holt retired as a director on 25 April 2023.

Directors' and Officers' liability insurance and indemnities

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 is a qualifying third party indemnity policy and was in place throughout the year under review for each Director and to the date of this report.

By order of the Board

Schroder Investment Management Limited
Company Secretary

13 March 2024

Risk management → Internal controls → Accounting policies and judgements → Half year and annual report → Review of external auditors and their work

The responsibilities and work carried out by the Audit and Risk Committee during the year under review are set out in this report. The duties and responsibilities of the Committee, which include monitoring the integrity of the Company's financial reporting and internal controls, are set out in further detail below, and may be found in the terms of reference which are available on the Company's web pages, www.schroders.co.uk/satric.

All Directors are members of the Committee. Jasper Judd acts as Chair, having succeeded Mike Holt who stepped down from the Board following the AGM on 25 April 2023. The AIC Code permits the Chair of the Board to be a member of the audit committee of an investment trust. As the Board is small, having consisted, until 1 February 2023, of only four members and reverting to four members following the AGM on 25 April 2023 and recognising Sarah MacAulay's significant experience, it is considered appropriate for the Chair of the Board, who was independent on appointment, to be a member of the Committee. The Board has satisfied itself that at least one of the Committee's members has recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which the Company operates.

Approach

Risk management and internal controls	Financial reports and valuation	Audit
Principal and emerging risks and uncertainties To establish a process for identifying, assessing, managing and monitoring the principal and emerging risks of the Company and to explain how these are managed or mitigated. The Committee is responsible for reviewing the adequacy and effectiveness of the Company's internal controls and the whistleblowing procedures operated by the AIFM and other services providers.	**Financial statements** To monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and valuation. To also review the half-year report and accounts.	**Audit results** To discuss any matters arising from the audit and recommendations made by the auditor.
	Going concern and viability To review the position and make recommendations to the Board in relation to whether it considers it appropriate to adopt the going concern basis of accounting in preparing its annual and half-year report and accounts. The Committee is also responsible for reviewing the disclosures made by the Company in the viability statement.	**Auditor appointment, independence and performance** To make recommendations to the Board, in relation to the appointment, reappointment, effectiveness and removal of the external auditor, to review their independence, and to approve their remuneration and terms of engagement. Reviewing and agreeing the audit plan and engagement letter.

The Committee met twice during the year under review and the below table sets out how the Committee discharged its duties during the year under review and up until the approval of this report.

Further details on attendance can be found on page 38. Significant issues identified during the year under review and key matters communicated by the auditor during reporting are included below.

Application during the year

Risk management and internal controls	Financial reports and valuation	Audit
Principal risks Reviewed the principal and emerging risks faced by the Company together with the systems, processes and oversight in place to identify, manage and mitigate.	**Recognition of investment income** Considered dividends received against forecast and the allocation of special dividends to income or capital.	**Meetings with the auditor** The auditor attended meetings of the Committee to present their audit plan and the findings of the audit. The Committee met the auditor without representatives of the Manager present.
Service provider controls The operational controls maintained by the Manager, administrator, depositary and registrar were reviewed and included consideration of: – a summary, prepared by the AIFM, following review, of the internal controls reports prepared bi-annually by HSBC in respect of its European Traditional Fund Services, Global Custody Services and Information Technology Services operations; – a summary, prepared by the AIFM following review, of the internal controls reports prepared annually by SIM; and – the Assurance Report on internal controls of Equiniti Share Registration Services. All internal controls reports were reported on by independent external accountants.	**Valuation and existence of holdings** The Company's assets are principally invested in quoted equities. The Board reviews detailed reports on portfolio holdings on a quarterly basis. The Committee reviewed internal control reports from the AIFM in the year, reporting on the systems and controls around the pricing and valuation of securities.	**Effectiveness of the independent audit process and auditor performance** The effectiveness of the independent audit firm and audit process was evaluated prior to making a recommendation to the Board that the auditor should be re-appointed at the forthcoming AGM. The Committee evaluated the auditor's performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards. Overall competence was also considered, alongside feedback from the Manager on the audit process. The professional scepticism of the auditor, during the audit process was questioned and the Committee was satisfied with the auditor's replies.
Internal controls and risk management Consideration of several key aspects of internal control and risk management operating within the Manager, administrator depositary and registrar, including assurance reports and presentations on these controls.	**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. **Allocation rate of indirect expenses to capital** Consideration of policy of allocating certain indirect expenses to capital. Further details in note 1(e).	**Auditor independence** Ernst & Young LLP has provided audit services to the Company, for five years, since appointment on 6 September 2019. The auditor is required to rotate the senior statutory auditor every five years. There are no contractual obligations restricting the choice of external auditor. This is the fifth year that the senior statutory auditor, Caroline Mercer has conducted the audit of the Company's financial statements. Accordingly, this is the last audit for which she will act as the senior statutory auditor for the Company and plans will be implemented to appoint her successor in due course.

Risk management and internal controls	Financial reports and valuation	Audit
Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010 Consideration of the Manager's report confirming compliance.	**Overall accuracy of the report and accounts** Consideration of the annual report and accounts and the letter from the Manager in support of the letter of representation to the auditor.	**Audit results** Met with and reviewed a comprehensive report from the auditor which detailed the results of the audit, compliance with regulatory requirements, safeguards that have been established, and on their own internal quality control procedures.
	Fair, balanced and understandable Reviewed the annual report and accounts to advise the Board whether it was fair, balanced and understandable. Reviewed whether performance measures were reflective of the business, whether there was adequate commentary on the Company's strengths and weaknesses and that the annual report and accounts, taken as a whole was consistent with the Board's view of the operation of the Company.	**Provision of non-audit services by the auditor** Reviewed the FRC's Guidance on Audit Committees and formulated a policy on the provision of non-audit services by the Company's auditor. The Committee has determined that the Company's appointed auditor 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 auditor may, if required, provide other non-audit services which will be judged on a case-by-case basis. The auditor did not provide any non-audit services to the Company during the year.
	Going concern and viability Reviewed the impact of risks on going concern and longer-term viability.	**Consent to continue as auditor** Ernst & Young LLP indicated to the Committee its willingness to continue to act as auditor.

Recommendations made to, and approved by, the Board:

The Committee recommended that the Board approve the half year report and the annual report and accounts.

The Committee recommended the adoption of the going concern basis of accounting in the report and accounts and the explanations set out in the viability statement.

As a result of the work performed, the Committee has concluded that the annual report for the year ended 31 December 2023, 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 48.

Having reviewed the performance of the auditor, as described above, the Committee was satisfied that there were no circumstances that affected the independence and objectivity of the auditor and therefore considered it appropriate to recommend the auditor's re-appointment. Resolutions to re-appoint Ernst & Young LLP as auditor to the Company, and to authorise the Directors to determine their remuneration will be proposed at the AGM.

Jasper Judd
Audit and Risk Committee Chair

13 March 2024

Management Engagement Committee Report

The Management Engagement Committee is responsible for (1) the monitoring and oversight of the Manager's performance and fees, and confirming the Manager's ongoing suitability, and (2) reviewing and assessing the Company's other service providers, and reviewing their fees. All Directors are members of the Committee. Sarah MacAulay is the Chair of the Committee. Its terms of reference are available on the Company's web pages, www.schroders.co.uk/satric.

Approach

Oversight of the Manager

The Committee:

- reviews the Manager's performance, over the short and long term, against a peer group and the market;
- considers the reporting it has received from the Manager throughout the reporting period, and the reporting from the Manager to the shareholders;
- assesses management fees including the performance fee on an absolute and relative basis, taking into consideration input from the Company's broker on the peer group and sector together with details on comparative fee structures;
- reviews the appropriateness of the Manager's contract, including terms, such as the notice period; and
- assesses whether the Company receives appropriate administrative, accounting, company secretarial and marketing support from the Manager.

Oversight of other service providers

The Committee reviews the performance and competitiveness of the following service providers on at least an annual basis:

- Depositary and custodian;
- Corporate broker;
- Registrar; and
- Lender.

The Committee also receives a report from the company secretary on ancillary service providers, and considers any recommendations.

The Committee notes the Audit and Risk Committee's review of the auditor.

Application during the year

The Committee undertook a detailed review of the Investment Manager's performance and agreed that there was the appropriate depth and quality of resource to deliver superior returns over the longer term.

The Committee also reviewed the terms of the AIFM agreement, including the fee structure, and agreed they remained fit for purpose.

The Committee reviewed the other services provided by the Manager and agreed they were satisfactory.

The annual review of each of the service providers was satisfactory.

The Committee noted that the Audit and Risk Committee had undertaken a detailed evaluation of the internal controls of the Manager, registrar, depositary and custodian.

Recommendations made to, and approved by, the Board:

- That the ongoing appointment of the Manager on the terms of the AIFM agreement, including the fee, was in the best interests of shareholders as a whole.
- That the Company's service providers' performance remained satisfactory.

Nomination Committee Report

The Nomination Committee is responsible for (1) the recruitment, selection and induction of Directors; (2) their assessment during their tenure; (3) the Board's succession; and (4) Directors' fees. All Directors are members of the Committee. Sarah MacAulay is the Chair of the Committee. Its terms of reference are available on the Company's web pages, www.schroders.co.uk/satric.

Oversight of Directors

Approach

Selection and induction

- Committee prepares a job specification for each role, and an independent recruitment firm is appointed. For the Chair and the Chairs of committees, the Committee considers current Board members too.
- Job specification outlines the knowledge, professional skills, personal qualities and experience requirements.
- Potential candidates assessed against the Company's diversity policy.
- Committee considers the use of an external search agency in recruiting new Directors.
- Committee discusses the long list, invites a number of candidates for interview and makes a recommendation to the Board.
- Committee reviews the induction and training of new Directors.

Board evaluation and Directors' fees

- Committee assesses each Director annually, and considers if an external evaluation is appropriate.
- Evaluation focuses on whether each Director continues to demonstrate commitment to their role and provides a valuable contribution to the Board during the reporting period, taking into account time commitment, independence, conflicts and training needs.
- Following the evaluation, the Committee provides a recommendation to shareholders with respect to the annual re-election of Directors at the AGM.
- All Directors retire at the AGM and their re-election is subject to shareholder approval.
- Committee reviews Directors' fees, taking into account comparative data and reports to shareholders.
- Any proposed changes to the remuneration policy for Directors discussed and reported to shareholders.

Succession

- Taking into consideration diversity and the need for regular refreshment, the Board's succession policy is that Directors' tenure will be for no longer than nine years, except in exceptional circumstances, and that each Director will be subject to annual re-election at the AGM.
- Committee reviews the Board's current and future needs at least annually. Should any need be identified the Committee will initiate the selection process.
- Committee oversees the handover process for retiring Directors.

For application see page 44.

Application during the year

Selection and induction

- Following his appointment, subsequent to a rigorous selection process using independent search firm Cornforth Consulting, Jasper Judd engaged in an induction programme with the Manager and its various operating functions.
- In anticipation of the retirement of Caroline Hitch at the conclusion of the AGM in 2024, the Committee discussed the need to appoint a suitable replacement, having regard to the current Board's composition, diversity and efficacy and a job specification was agreed for the role.
- A job specification was agreed for the role.
- A number of independent search firms were considered to assist with the recruitment of a replacement for Caroline Hitch and, late in 2023, Cornforth Consulting was engaged to commence the process. Cornforth Consulting has previously been engaged by the Company, including in the recruitment of Jasper Judd, as an external search consultant to identify potential candidates for Board appointments. Cornforth Consulting has no other connection with the Company or any of the Directors.
- The Committee will interview suitable candidates and in due course, expects to make a recommendation for the appointment to the Board of a new non-executive Director.

Board evaluation and Directors' fees

- The annual Board evaluation, including evaluation of the Board Committees, was undertaken in December 2023. The evaluation was undertaken internally by the completion of questionnaires.
- The Committee also reviewed each Director's time commitment and independence by reviewing a complete list of appointments, including pro bono not for profit roles, to ensure that each Director remained free from conflict and had sufficient time available to discharge each of their duties effectively. The Committee was also mindful of the concept of 'overboarding' and considered the time, nature and complexity of each Directors' other roles and concluded that it does not believe that any of the Directors are currently overboarded. Notwithstanding that the Chair is a Director or Chair of four companies listed on the London Stock Exchange (as listed on page 34), the Committee has noted the Chair is a full-time non-executive Director and that the less-complex nature of the companies for which the Chair acts as a Director means that the level of time commitment required to fulfil her duties is lower than larger trading companies. All Directors were considered to be independent in character and judgement. The Committee reviews these positions annually.
- The Committee considered each Director's contributions, and noted that in addition to extensive experience as professionals and non-executive Directors, each Director had valuable skills and experience, as detailed in their biographies on pages 34 and 35.
- Based on its assessment, the Committee provided individual recommendations for each Director's re-election, with the exception of Caroline Hitch, who having served as a non-executive Director for nine years in February 2024 will not seek re-election.
- The Committee reviewed Directors' fees, and recommended an increase in Directors' fees, as detailed in the Directors' Remuneration Report.

Succession

- Following a rigorous selection process, Jasper Judd was appointed to the Board as a non-executive Director with effect from 1 February 2023 and as Chair of the Audit and Risk Committee following the retirement of Mike Holt on 25 April 2023. Jasper stood for election as a non-executive Director at the 2023 AGM.
- The Committee reviewed the succession policy and agreed it was still fit for purpose.
- As noted in the Chair's Statement, Caroline Hitch will be retiring as a Director at the forthcoming AGM and a process to appoint her replacement has commenced.

Recommendations made to, and approved by, the Board:

- That Jasper Judd be appointed to the Board with effect from 1 February 2023 and that his election as a Director be proposed, and recommended to shareholders for approval at the 2023 AGM.
- That Cornforth Consulting be engaged to assist in the identification of a successor for Caroline Hitch, who will retire as a Director following the AGM on 24 April 2024.
- That all Directors continue to demonstrate commitment to their roles, provide a valuable contribution to the deliberations of the Board and remain free from conflicts with the Company and its Directors, and accordingly, should all be recommended for re-election by shareholders at the 2024 AGM, with the exception of Caroline Hitch who will not be seeking re-election having served as a non-executive Director since February 2015.
- That Directors' fees be increased, as detailed in the Directors' Remuneration Report, with effect from 1 January 2024.
- That the Directors' Remuneration Report be put to shareholders for approval at the 2024 AGM.

Introduction

The following remuneration policy is currently in force and is subject to a binding vote every three years. The next vote will take place at the 2026 AGM and the current policy provisions will apply until that date. The Directors' report on remuneration, set out below, 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 25 April 2023, 99.91% of the votes cast (including votes cast at the Chair's discretion) in respect of approval of the remuneration policy were in favour, while 0.09% were against and 59,137 votes were withheld.

At the AGM held on 25 April 2023, 99.92% of the votes cast (including votes cast at the Chair's discretion) in respect of approval of the annual report on remuneration for the year ended 31 December 2022 were in favour, while 0.08% were against and 53,249 votes were withheld.

Directors' remuneration policy

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

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 £300,000 per financial year and any increase in this level requires approval by the Board and the Company's shareholders.

The Chair of the Board and the Chair of the Audit and Risk 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, and 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 a pension from the Company 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.

Any Director who performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid additional remuneration to be determined by the Directors, in accordance with the Company's articles of association. 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.

Implementation of policy

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, inflation, 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' report on remuneration

This report sets out how the remuneration policy was implemented during the year ended 31 December 2023.

Fees paid to Directors

The following amounts were paid by the Company to Directors for their services in respect of the year ended 31 December 2023 and the preceding financial year. Directors' remuneration is all fixed; the Directors do not receive any variable remuneration. The performance of the Company over the financial year is presented on the inside front cover and page 1, under the heading "Performance Summary".

	Fees		Taxable benefits[1]			Total		Change in annual fee over years ended 31 December		
	2023	2022	2023	2022	2023	2022	2023	2022	2021	2020
Director	£	£	£	£	£	£	%	%	%	%
Sarah MacAulay (Chair)	**45,000**	45,000	**1,584**	–	**46,584**	45,000	**3.5**	(0.4)	9.7	37.3
Andrew Cainey	**35,000**	35,000	**–**	128	**35,000**	35,128	**(0.4)**	(0.9)	0.5	n/a
Caroline Hitch	**35,000**	35,000	**314**	170	**35,314**	35,170	**0.4**	(0.6)	0.5	15.1
Jasper Judd[2]	**35,269**	–	**–**	–	**35,269**	–	**n/a**	n/a	n/a	n/a
Mike Holt[3]	**13,333**	40,000	**952**	721	**14,285**	40,721	**(64.9)**	1.1	(1.2)	11.4
Total	**163,602**	155,000	**2,850**	1,019	**166,452**	156,019				

[1]Comprise amounts reimbursed for expenses incurred in carrying out business for the Company, and which have been grossed up, to include PAYE and NI contributions.
[2]Appointed as a Director on 1 February 2023 and Chair of the Audit and Risk Committee on 25 April 2023.
[3]Retired as a Director and Chair of the Audit and Risk Committee on 25 April 2023.

The information in the above table has been audited.

Consideration of matters relating to Directors' remuneration

Directors' remuneration was last reviewed by the Nomination Committee and the Board in December 2023. The members of the Board at the time that remuneration levels were considered are set out on pages 34 and 35. No external advice was sought in considering the levels of Directors' fees, although information on fees paid to Directors of other investment companies managed by Schroders and peer group companies provided by the Manager and corporate broker was taken into consideration as was independent third party research.

Following this review, the Board agreed the Nomination Committee's recommendation that Directors' fees should be increased to the following levels with effect from 1 January 2024: Chair: £49,000; Audit and Risk Committee Chair: £43,000; and Director: £37,000.

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

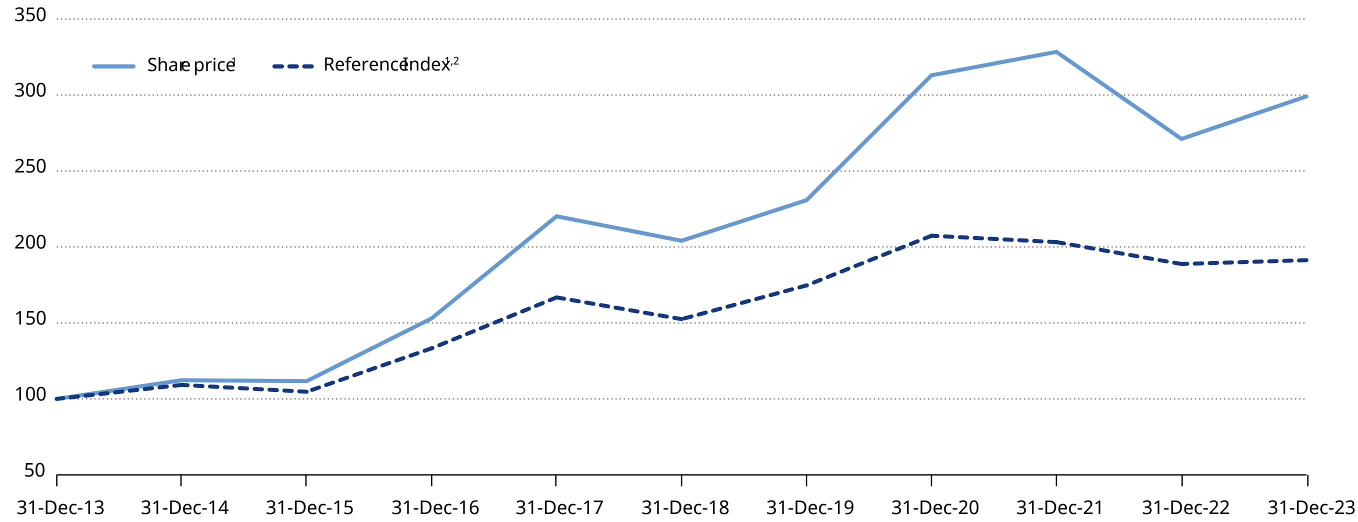
Distributions to shareholders compared to Directors' remuneration

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000	% Change
Remuneration payable to directors	**166**	156	6.4
Distributions paid to shareholders			
– Dividends paid during the year	**11,432**	9,275	
– Share buy backs	**32,936**	15,742	
Total distributions paid to shareholders	**44,368**	25,017	77.4

Performance

A graph showing the Company's share price total return compared with the Reference Index over the last 10 years is set out below. The Reference Index has been selected as an appropriate comparison based on the composition of the Company's investment portfolio.

Ten Year share price and Reference Index total returns[1,2]



[1]Source: Morningstar/Thomson Reuters. Rebased to 100 at 31 December 2013.

[2]Definitions of terms and performance measures are given on pages 78 and 79.

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 2023[1]	At 31 December 2022[1]
Sarah MacAulay	**53,975**	53,975
Andrew Cainey	**26,753**	26,753
Caroline Hitch	**10,000**	10,000
Jasper Judd[2]	**4,837**	n/a
Mike Holt[3]	**n/a**	10,000

[1]Ordinary shares of 5p each.

[2]Jasper Judd was appointed as a Director on 1 February 2023.

[3]Mike Holt retired as a Director on 25 April 2023.

There have been no changes notified to the Company since the year end.

The information in the above table has been audited.

The Portfolio Managers and their connected persons' interests in the Company were approximately 500,000 ordinary shares as at the date of this report.

On behalf of the Board

Sarah MacAulay
Chair
13 March 2024

Directors' Responsibilities

The Directors are responsible for preparing the annual 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 Directors' 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 web pages dedicated to the Company. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Statement

Each of the Directors, whose names and functions are listed on pages 34 and 35, 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 and emerging 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.

On behalf of the Board

Sarah MacAulay
Chair

13 March 2024

Financial

Financial

Opinion

We have audited the financial statements of Schroder Asian Total Return Investment Company plc (the "Company") for the year ended 31 December 2023 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2023 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of the Company's going concern assessment process by engaging with the directors and the Company Secretary to determine if all key factors were considered in their assessment.
- Inspecting the directors' assessment of going concern, including the revenue forecast, for the period to 31 March 2025 which is at least 12 months from the date these financial statements are authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- Reviewing the factors and assumptions, including the impact of the current economic environment and other significant events that could give rise to market volatility, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.
- Considering the mitigating factors included in the revenue forecast that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments to cover the working capital requirements should revenue decline significantly.
- In relation to the Company's borrowing arrangements, inspecting the Directors' assessment of the level of gearing. We recalculated the Company's compliance with debt covenants and performed stress testing to assess the likelihood of the Company breaching the financial covenants as a result of a reduction in the value of the Company's portfolio.
- Reviewing the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period assessed by the directors, being the period to 31 March 2025, which is at least 12 months from the date these financial statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	– Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement. – Risk of incorrect valuation or ownership of the investment portfolio.
Materiality	– Overall materiality of £4.48m which represents 1% of shareholders' funds.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Company has determined that the impact of climate change could affect the Company's investments. This is explained in the principal and emerging risks and uncertainties section on page 29, which forms part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in note 1(a) and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by FRS102. We also challenged the directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement (as described on page 40 in the Audit and Risk Committee's Report and as per the accounting policy set out on page 59). The total revenue for the year to 31 December 2023 was £13.75m (2022: £16.31m), consisting primarily of dividend income from listed equity investments. The Company received seven special dividends amounting to £2.24m (2022: £0.79m), of which £0.60m (2022: £0.73m) was classified as revenue and £1.64m (2022: £0.06m) was classified as capital. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. The directors may be required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.	**We performed the following procedures:** We obtained an understanding of the processes and controls surrounding revenue recognition, including the classification of special dividends by performing walkthrough procedures. For 100% of dividends received and accrued, we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed all exchange rates to an independent data vendor and agreed all dividends received and accrued to bank statements, where paid. For 100% of dividends accrued, we reviewed the investee company announcement to assess whether the dividend entitlements arose prior to 31 December 2023. To test completeness of recorded income, we verified that expected dividends for each investee company held during the year had been recorded as income with reference to investee company announcements obtained from an independent data vendor. For all investments held during the year, we inspected the type of dividends paid with reference to an external data vendor to identify those which were special dividends. We confirmed seven special dividends were received during the year, one classified as capital and six classified as revenue. This is consistent with the special dividends recognised by the Company. For the one capital special dividend above our testing threshold, and a sample of those revenue special dividends below our testing threshold, we assessed the appropriateness of management's classification as revenue or capital by reviewing the underlying rationale for the distributions.	The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Income Statement.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Incorrect valuation or ownership of the investment portfolio (as described on page 40 in the Audit and Risk Committee's Report and as per the accounting policy set out on page 59). The valuation of the investment portfolio at 31 December 2023 was £484.01m (2022: £499.31m) consisting primarily of listed investments. The valuation of the investments held by the Company is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the net asset value and the return generated for shareholders. The fair value of listed investments is determined using quoted market bid prices at close of business on the reporting date.	**We performed the following procedures:** We obtained an understanding of the processes surrounding investment pricing and legal title of listed investments by performing walkthrough procedures. For 100% of investments in the portfolio, we verified the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year end. We inspected the stale pricing reports to identify prices that have not changed around the year-end to verify whether the listed price is a valid fair value through review of trading activity. No stale prices were identified. We compared the Company's investment holdings and derivative positions as at 31 December 2023 to an independent confirmation received directly from the Company's Custodian and Depositary.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio.

There have been no changes to the areas of audit focus raised in the above risk table from prior year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £4.48m (2022: £4.57m), which is 1% (2022: 1%) of shareholders' funds. We believe that shareholders' funds provide us with materiality aligned to the key measurement of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2022: 75%) of our planning materiality, namely £3.36m (2022: £3.43m). We have set performance materiality at this percentage due to our past experience of working with the Company which therefore indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we also applied a separate testing threshold for the revenue column of the Income Statement of £0.57m (2022: £0.72m), being 5% of the revenue return before taxation.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.22m (2022: £0.23m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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 Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 32;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 32;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 32;
- Directors' statement on fair, balanced and understandable set out on page 48;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 29 to 31;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 39 to 41; and
- The section describing the work of the audit and risk committee set out on pages 39 to 41.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 48, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK GAAP, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Statement of Recommended Practice for the Financial Statements of Investment Trust Companies as issued by the Association of Investment Companies, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit and Risk Committee and Company Secretary, review of Board and committee minutes and review of papers provided to the Audit and Risk Committee.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect

classification of special dividends as revenue or capital items in the Income Statement. Further discussion of our approach is set out in the section on key audit matters above.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit and Risk committee, we were appointed by the Company on 6 September 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is five years, covering the years ending 31 December 2019 to 31 December 2023.

- The audit opinion is consistent with the additional report to the Audit and Risk committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Caroline Mercer *(Senior statutory auditor)*
for and on behalf of Ernst & Young LLP, Statutory Auditor Edinburgh

13 March 2024

Income Statement
for the year ended 31 December 2023

	Note	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Gains/(losses) on investments held at fair value through profit or loss	2	–	28,264	28,264	–	(86,397)	(86,397)
Net (losses)/gains on derivative contracts		–	(1,991)	(1,991)	–	9,487	9,487
Net foreign currency gains/(losses)		–	1,846	1,846	–	(5,341)	(5,341)
Income from investments	3	13,568	1,639	15,207	16,278	63	16,341
Other interest receivable and similar income	3	180	–	180	34	–	34
Gross return/(loss)		**13,748**	**29,758**	**43,506**	**16,312**	**(82,188)**	**(65,876)**
Management fee	4	(763)	(2,288)	(3,051)	(809)	(2,427)	(3,236)
Performance fee	4	–	–	–	–	–	–
Administrative expenses	5	(862)	–	(862)	(720)	–	(720)
Net return/(loss) before finance costs and taxation		**12,123**	**27,470**	**39,593**	**14,783**	**(84,615)**	**(69,832)**
Finance costs	6	(695)	(2,084)	(2,779)	(300)	(903)	(1,203)
Net return/(loss) before taxation		**11,428**	**25,386**	**36,814**	**14,483**	**(85,518)**	**(71,035)**
Taxation	7	(931)	(505)	(1,436)	(1,017)	1,129	112
Net return/(loss) after taxation		**10,497**	**24,881**	**35,378**	**13,466**	**(84,389)**	**(70,923)**
Return/(loss) per share (pence)	8	**10.26**	**24.33**	**34.59**	**12.47**	**(78.13)**	**(65.66)**

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 AIC. The Company has no other items of other comprehensive income, and therefore the net return/(loss) after taxation is also the total comprehensive income/(loss) 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 59 to 72 form an integral part of these accounts.

Statement of Changes in Equity
for the year ended 31 December 2023

	Note	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 2021		5,439	113,004	11,646	29,182	370,969	21,505	551,745
Issue of new shares		17	1,652	–	–	–	–	1,669
Repurchase of the Company's own shares into treasury		–	–	–	–	(15,742)	–	(15,742)
Net (loss)/return after taxation		–	–	–	–	(84,389)	13,466	(70,923)
Dividend paid in the year	9	–	–	–	–	–	(9,275)	(9,275)
At 31 December 2022		5,456	114,656	11,646	29,182	270,838	25,696	457,474
Repurchase of the Company's own shares into treasury		–	–	–	–	(32,936)	–	(32,936)
Net return after taxation		–	–	–	–	24,881	10,497	35,378
Dividend paid in the year	9	–	–	–	–	–	(11,432)	(11,432)
At 31 December 2023		**5,456**	**114,656**	**11,646**	**29,182**	**262,783**	**24,761**	**448,484**

The notes on pages 59 to 72 form an integral part of these accounts.

Statement of Financial Position
at 31 December 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	484,012	499,305
Current assets			
Debtors	11	1,194	517
Cash and cash equivalents	11	2,527	5,161
Derivative financial instruments held at fair value through profit or loss	11	178	–
		3,899	**5,678**
Current liabilities			
Creditors: amounts falling due within one year	12	(38,841)	(47,509)
Net current liabilities		**(34,942)**	**(41,831)**
Total assets less current liabilities		**449,070**	**457,474**
Non current liabilities			
Deferred taxation	13	(586)	–
Net assets		**448,484**	**457,474**
Capital and reserves			
Called-up share capital	14	5,456	5,456
Share premium	15	114,656	114,656
Capital redemption reserve	15	11,646	11,646
Special reserve	15	29,182	29,182
Capital reserves	15	262,783	270,838
Revenue reserve	15	24,761	25,696
Total equity shareholders' funds		**448,484**	**457,474**
Net asset value per share (pence)	16	**461.24**	**434.60**

These accounts were approved and authorised for issue by the board of directors on 13 March 2024 and signed on its behalf by:

Sarah MacAulay
Chair

The notes on pages 59 to 72 form an integral part of these accounts.

Registered in England and Wales as a public company limited by shares
Company registration number: 02153093

Cash Flow Statement
for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Net cash inflow from operating activities	17	**10,928**	**11,019**
Investing activities			
Purchases of investments		(115,573)	(151,044)
Sales of investments		158,529	165,507
Net cash flows on derivative instruments		(2,169)	8,938
Net cash inflow from investing activities		**40,787**	**23,401**
Net cash inflow before financing		**51,715**	**34,420**
Financing activities			
Dividends paid		(11,432)	(9,275)
Interest paid		(2,732)	(1,122)
Bank loans repayment		(6,530)	–
Bank loans drawn down		–	18,237
Issue of shares		–	1,669
Repurchase of the Company's own shares into treasury		(33,222)	(15,451)
Net cash outflow from financing activities		**(53,916)**	**(5,942)**
Net cash (outflow)/inflow in the year	18	**(2,201)**	**28,478**
Cash and cash equivalents at the beginning of the year		**5,161**	**(23,107)**
Change in cash and cash equivalents		(2,201)	28,478
Exchange movements		(433)	(210)
Cash and cash equivalents at the end of the year		**2,527**	**5,161**

Dividends received during the year amounted to £15,263,000 (2022: £16,365,000) and deposit interest receipts amounted to £178,000 (2022: £31,000).

The notes on pages 59 to 72 form an integral part of these accounts.

1. Accounting policies

(a) Basis of accounting

Schroder Asian Total Return Investment Company plc (the "Company") is registered in England and Wales as a public company limited by shares. The Company's registered office is 1 London Wall Place, London EC2Y 5AU.

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 July 2022. 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 Directors believe that the Company has adequate resources to continue operating for the period to 31 March 2025, which is at least 12 months from the date of approval of these accounts. In forming this opinion, the Directors have taken into consideration: the controls and monitoring processes in place; the Company's low level of debt and other payables; the low level of operating expenses, comprising largely variable costs which would reduce pro rata in the event of a market downturn; and that the Company's assets comprise cash and readily realisable securities quoted in active markets. In forming this opinion, the Directors have also considered any potential impact of climate change on the viability of the Company. Further consideration of Directors' considerations regarding any potential impact of climate change are given in the Chair's Statement, Investment Managers' Review, Going Concern Statement, Viability Statement and in the principal risks and uncertainties on page 29.

In preparing these financial statements the Directors have also considered the impact of climate change on the value of the listed investments that the company holds. As the portfolio consists of listed equities, which are valued using quoted bid prices for investments in an active market, the fair value reflects market participants' view of climate change risk.

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 2022.

No significant judgements, estimates or assumptions have been required in the preparation of the accounts for the current or prior financial year.

(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 and derivative financial instruments 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 classified by the Company as "held at fair value through profit or loss". Investments are included initially at transaction price, excluding expenses incidental to purchase, which are written off to capital at the time of acquisition. Subsequently, investments are valued at fair value, which are quoted bid prices at the close of each market on the accounting date, for investments traded in active markets.

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 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.

1. Accounting policies continued

(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 or sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and mainly comprise brokerage commission. Details of transaction costs are given in note 10 on page 63.

(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

Cash and cash equivalents 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.

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.

Bank loans and overdrafts are initially recognised at cost, being the proceeds received net of direct issue costs, and subsequently at amortised cost.

(h) Taxation

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

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.

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 determine 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 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. The cost of repurchases of shares into treasury is charged to a distributable capital reserve. Share repurchase transactions are accounted for on a trade date basis.

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/(losses) on investments held at fair value through profit or loss

	2023 £'000	2022 £'000
Gains/(losses) on sales of investments based on historic cost	22,776	(4,066)
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	(21,733)	(39,534)
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	**1,043**	**(43,600)**
Net movement in investment holding gains and losses	27,221	(42,797)
Gains/(losses) on investments held at fair value through profit or loss	**28,264**	**(86,397)**

3. Income

	2023 £'000	2022 £'000
Income from investments		
Overseas dividends	12,934	15,480
Overseas special dividends	601	735
Stock dividend	33	63
	13,568	**16,278**
Other interest receivable and similar income		
Deposit interest	180	34
	13,748	**16,312**
Capital		
Special dividend allocated to capital	1,639	63

4. Management and performance fee

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Management fee	**763**	**2,288**	**3,051**	**809**	**2,427**	**3,236**

No performance fee is payable for the current or prior year and no provision is required at 31 December 2023.

The basis for calculating the management and performance fees are set out in the Report of the Directors on page 37 and details of all amounts payable to the Manager are given in note 19 on page 67.

5. Administrative expenses

	2023 £'000	2022 £'000
Custody fees	208	235
Administrative expenses	363	212
Directors' fees[1]	164	155
Secretarial fee	75	75
Auditor's remuneration[2]	52	43
	862	**720**

[1]Details of all amounts payable to Directors are given in the Directors' Remuneration Report on page 46.
[2]No amounts are payable to the auditor for non-audit services.

6. Finance costs

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Interest on bank loans and overdrafts	**695**	**2,084**	**2,779**	**300**	**903**	**1,203**

7. Taxation

(a) Analysis of tax charge for the year

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Irrecoverable overseas tax	931	–	931	1,017	–	1,017
Overseas capital gains tax	–	505	505	–	(1,129)	(1,129)
Taxation for the year	**931**	**505**	**1,436**	**1,017**	**(1,129)**	**(112)**

The Company has no corporation tax liability for the year (2022: nil).

The overseas capital gains tax relates to the deferred tax liability on unrealised gains on Indian investments held at the year end.

(b) Factors affecting tax charge for the year

The standard rate of corporation tax in the UK is 25%, effective from 1 April 2023. Accordingly, the Company's profits for this accounting year would be taxed at a rate of 23.5% (2022: 19.0%). However the corporation tax charge for the year is nil (2022: 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 and overseas capital gains tax.

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.

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Net return/(loss) on ordinary activities before taxation	11,428	25,386	36,814	14,483	(85,518)	(71,035)
Net return/(loss)on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 23.5% (2022: 19.0%)	2,686	5,966	8,652	2,752	(16,248)	(13,496)
Effects of:						
Capital (gains)/losses on investments	–	(6,608)	(6,608)	–	15,628	15,628
Income not subject to taxation	(3,161)	(385)	(3,546)	(3,071)	(12)	(3,083)
Overseas capital gains tax	–	505	505	–	(1,129)	(1,129)
Irrecoverable overseas tax	931	–	931	1,017	–	1,017
Unrelieved expenses	475	1,027	1,502	319	632	951
Tax on ordinary activities	**931**	**505**	**1,436**	**1,017**	**(1,129)**	**(112)**

(c) Deferred tax

The Company has an unrecognised deferred tax asset of £17,738,000 (2022: £16,139,000) based on a prospective corporation tax rate of 25% (2022: 25%). In its 2021 budget, the government announced that the main rate of corporation tax would increase to 25% for the fiscal year beginning on 1 April 2023. This 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 UK capital gains tax on any capital gains or losses arising on the revaluation or disposal of investments. Please refer to note 13 for details of deferred taxation in relation to overseas capital gains tax.

8. Return/(loss) per share

	2023 £'000	2022 £'000
Revenue return	10,497	13,466
Capital return/(loss)	24,881	(84,389)
Total return/(loss)	**35,378**	**(70,923)**
Weighted average number of shares in issue during the year	102,272,753	108,005,903
Revenue return per share (pence)	10.26	12.47
Capital return/(loss) per share (pence)	24.33	(78.13)
Total return/(loss) per share (pence)	**34.59**	**(65.66)**

9. Dividends

(a) Dividends paid and declared

	2023 £'000	2022 £'000
2022 final dividend of 11.0p per share (2021: 8.5p per share), paid out of revenue profits[1]	**11,432**	**9,275**

	2023 £'000	2022 £'000
2023 final dividend of 11.5p per share (2022: 11.0p per share), to be paid out of revenue profits	**11,182**	**11,579**

[1]The 2022 final dividend amounted to £11,579,000. However the amount actually paid was £11,432,000, as shares were repurchased into treasury after the accounting date but prior to the dividend record date.

(b) Dividends for the purposes of Section 1158 of the Corporation Tax Act 2010 ("Section 1158")

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year as shown below. The revenue available for distribution by way of dividend for the year is £10,497,000 (2022: £13,466,000).

	2023 £'000	2022 £'000
Final dividend of 11.5p (2022: 11.0p)	**11,182**	**11,579**

10. Investments held at fair value through profit or loss

(a) Movement in investments

	2023 £'000	2022 £'000
Opening book cost	391,040	409,406
Opening investment holding gains	108,265	190,596
Opening fair value	**499,305**	**600,002**
Analysis of transactions made during the year		
Purchases at cost	115,788	151,107
Sales proceeds	(159,345)	(165,407)
Gains/(losses) on investments held at fair value	28,264	(86,397)
Closing fair value	**484,012**	**499,305**
Closing book cost	370,259	391,040
Closing investment holding gains	113,753	108,265
Closing fair value	**484,012**	**499,305**

Sales proceeds amounting to £159,345,000 (2022: £165,407,000) were receivable from disposals of investments in the year. The book cost of these investments when they were purchased was £136,568,000 (2022: £169,473,000). These investments have been revalued over time and until they were sold any unrealised gains and losses were included in the fair value of the investments.

(b) Transaction costs

The following transaction costs, mainly comprising brokerage commissions, were incurred during the year:

	2023 £'000	2022 £'000
On acquisitions	170	197
On disposals	264	337
	434	**534**

11. Current assets

Debtors

	2023 £'000	2022 £'000
Dividends and interest receivable	346	484
Securities sold awaiting settlement	816	–
Taxation recoverable	8	10
Other debtors	24	23
	1,194	**517**

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

Cash and cash equivalents

The carrying amount of cash, amounting to £2,527,000 (2022: £5,161,000), represents its fair value. No cash equivalents were held at the year end (2022: same).

Derivative financial instruments held at fair value through profit or loss

	2023 £'000	2022 £'000
Index put options	**178**	**–**

Details of the index put options held at the year end are given on page 22.

12. Current liabilities

Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Bank loan	37,339	46,148
Securities purchases awaiting settlement	122	–
Repurchase of ordinary shares into treasury awaiting settlement	–	285
Other creditors and accruals	1,380	1,076
	38,841	**47,509**

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

The bank loan comprises US$47.6 million (2022: US$55.5 million) drawn down on the Company's £75 million (2022: £50 million), 364 day multi-currency credit facility with Scotiabank Europe plc. 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. The facility is reviewed annually, at which point the Directors can decide to restate and renew the facility for a further year. Further details of this facility are given in note 22(a)(ii) on pages 69 and 70.

13. Deferred taxation

Deferred taxation comprises the deferred tax liability on the unrealised gains on Indian investments. Indian capital gains tax crystallises on disposal of the underlying asset. The provision for deferred taxation at the year end was £586,000 (2022: £nil).

14. Called-up share capital

	2023 £'000	2022 £'000
Ordinary shares of 5p each, allotted, called-up and fully paid		
Opening balance of 105,263,203 (2022: 108,774,651) shares	5,263	5,439
Issue of nil (2022: 340,000) new shares	–	17
Repurchase of 8,029,083 (2022: 3,851,448) shares into treasury	(401)	(193)
Subtotal of 97,234,120 (2022: 105,263,203) shares	**4,862**	**5,263**
11,880,531 (2022: 3,851,448) shares held in treasury	594	193
Closing balance[1]	**5,456**	**5,456**

[1]Represents 109,114,651 (2022: 109,114,651) shares of 5p each, including 11,880,531 (2022: 3,851,448) held in treasury.

During the year, the Company repurchased 8,029,083 of its own shares, nominal value £401,000, to hold in treasury, representing 7.6% of the shares outstanding at the beginning of the year. The total consideration paid for these shares amounted to £32,936,000. The reason for these purchases was to seek to manage the volatility of the share price discount to NAV per share.

15. Reserves

				Capital reserves		
	Share premium[1] £'000	Capital redemption reserve[2] £'000	Special reserve[3] £'000	Gains and losses on sales of investments[4] £'000	Investment holding gains and losses[5] £'000	Revenue reserve[6] £'000
At 31 December 2022	114,656	11,646	29,182	167,204	103,634	25,696
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	1,043	–	–
Net movement in investment holding gains and losses	–	–	–	–	27,221	–
Transfer on disposal of investments	–	–	–	21,733	(21,733)	–
Losses on derivatives	–	–	–	(1,627)	(364)	–
Realised exchange losses on cash and short-term deposits	–	–	–	(433)	–	–
Exchange (losses)/gains on foreign currency loans	–	–	–	(632)	2,911	–
Special dividend allocated to capital	–	–	–	1,639	–	–
Repurchase of shares into treasury	–	–	–	(32,936)	–	–
Management fee and finance costs allocated to capital	–	–	–	(4,372)	–	–
Overseas capital gains tax	–	–	–	88	(593)	–
Dividend paid	–	–	–	–	–	(11,432)
Retained revenue for the year	–	–	–	–	–	10,497
At 31 December 2023	**114,656**	**11,646**	**29,182**	**151,707**	**111,076**	**24,761**

15. Reserves continued

	Share premium[1] £'000	Capital redemption reserve[2] £'000	Special reserve[3] £'000	Capital reserves: Gains and losses on sales of investments[4] £'000	Capital reserves: Investment holding gains and losses[5] £'000	Revenue reserve[6] £'000
At 31 December 2021	113,004	11,646	29,182	182,021	188,948	21,505
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	(43,600)	–	–
Net movement in investment holding gains and losses	–	–	–	–	(42,797)	–
Transfer on disposal of investments	–	–	–	39,534	(39,534)	–
Gains on derivatives	–	–	–	8,613	874	–
Realised exchange losses on cash and short-term deposits	–	–	–	(210)	–	–
Exchange losses on foreign currency loans	–	–	–	(145)	(4,986)	–
Special dividend allocated to capital	–	–	–	63	–	–
Issue of new shares	1,652	–	–	–	–	–
Repurchase of shares into treasury	–	–	–	(15,742)	–	–
Management fee and finance costs allocated to capital	–	–	–	(3,330)	–	–
Capital gains tax provision	–	–	–	–	1,129	–
Dividend paid	–	–	–	–	–	(9,275)
Retained revenue for the year	–	–	–	–	–	13,466
At 31 December 2022	**114,656**	**11,646**	**29,182**	**167,204**	**103,634**	**25,696**

[1]The share premium is a non distributable reserve and represents the amount by which the fair value of the consideration received from shares issued exceeds the nominal value of shares issued.

[2]The capital redemption reserve represents the accumulated nominal value of shares repurchased for cancellation. This reserve is not distributable.

[3]This is a distributable capital reserve arising from the cancellation of the share premium, and may be distributed as dividends or used to repurchase the Company's own shares.

[4]This is a realised (distributable) capital reserve and a positive balance may be used to repurchase the Company's own shares or distributed as dividends.

[5]This reserve may include some 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 distributed as dividends or used to repurchase the Company's own shares) and those that are unrealised.

[6]A positive balance on the revenue reserve may be distributed as dividends or used to repurchase the Company's own shares.

16. Net asset value per share

	2023	2022
Total equity shareholders' funds (£'000)	448,484	457,474
Shares in issue at the year end	97,234,120	105,263,203
Net asset value per share (pence)	461.24	434.60

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

	2023 £'000	2022 £'000
Total return/(loss) on ordinary activities before finance costs and taxation	39,593	(69,832)
Less capital (return)/loss on ordinary activities before finance costs and taxation	(27,470)	84,615
Decrease in prepayments and accrued income	146	83
Decrease/(increase) in other debtors	1	(1)
Increase/(decrease) in other creditors	258	(388)
Special dividend allocated to capital	1,639	63
Less stock and accumulation dividends	(93)	(63)
Management fee allocated to capital	(2,288)	(2,427)
Overseas withholding tax deducted at source	(858)	(1,031)
Net cash inflow from operating activities	**10,928**	**11,019**

18. Analysis of changes in net debt

	2022 £'000	Cash flow £'000	Exchange movements £'000	2023 £'000
Cash and cash equivalents	**5,161**	(2,201)	(433)	**2,527**
Bank loan	**(46,148)**	6,530	2,279	**(37,339)**
Net debt	**(40,987)**	**4,329**	**1,846**	**(34,812)**

19. 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 Directors' Report on page 37. If the Company invests in funds managed or advised by the Manager, any fees earned by the Manager are rebated to the Company. The management fee payable in respect of the year ended 31 December 2023 amounted to £3,051,000 (2022: £3,236,000) of which £775,000 (2022: £799,000) was outstanding at the year end.

No performance fee is payable in respect of the year (2022: nil was payable and outstanding at the year end).

The secretarial fee payable for the year amounted to £75,000 (2022: £75,000) of which £19,000 (2022: £19,000) 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.

20. Related party transactions

Details of the remuneration payable to Directors are given in the Directors' Remuneration Report on page 46 and details of Directors' shareholdings are given in the Directors' Remuneration Report on page 47. Details of transactions with the Manager are given in note 19 above. There have been no other transactions with related parties during the year (2022: nil).

21. 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.

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 59.

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

	2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments	484,012	–	–	484,012
Derivative financial instruments – index put options	178	–	–	178
Total	**484,190**	**–**	**–**	**484,190**

	2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments	499,305	–	–	499,305
Total	**499,305**	**–**	**–**	**499,305**

22. 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 may 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; and
- index put options, which are used to protect the capital value of the portfolio.

(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) Foreign Currency risk

The majority 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.

Management of foreign currency risk

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 derivative instruments to hedge currency exposure as part of the investment strategy to protect the capital value of the portfolio, or for efficient portfolio management.

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 31 December are shown below. The Company's investments 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.

	2023										
	Hong Kong dollars £'000	US dollars £'000	Taiwanese dollars £'000	South Korean won £'000	Indian rupees £'000	Singaporean dollars £'000	Thai baht £'000	Australian dollars £'000	Vietnamese dong £'000	Other £'000	Total £'000
Current assets	11	1,256	302	137	86	1	122	9	41	1	1,966
Current liabilities	–	(38,327)	–	–	–	–	(122)	–	–	–	(38,449)
Non current liabilities	–	–	–	–	(586)	–	–	–	–	–	(586)
Foreign currency exposure on net monetary items	**11**	**(37,071)**	**302**	**137**	**(500)**	**1**	**–**	**9**	**41**	**1**	**(37,069)**
Investments held at fair value through profit or loss	76,860	23,415	112,071	35,009	46,379	38,300	5,653	80,256	6,589	50,080	474,612
Derivative instruments held at fair value through profit or loss – index put options	–	–	178	–	–	–	–	–	–	–	178
Total net foreign currency exposure	**76,871**	**(13,656)**	**112,551**	**35,146**	**45,879**	**38,301**	**5,653**	**80,265**	**6,630**	**50,081**	**437,721**

	2022										
	Hong Kong dollars £'000	US dollars £'000	Taiwanese dollars £'000	South Korean won £'000	Indian rupees £'000	Singaporean dollars £'000	Thai baht £'000	Australian dollars £'000	Vietnamese dong £'000	Other £'000	Total £'000
Current assets	12	275	291	178	–	1	–	221	1,843	–	2,821
Current liabilities	–	(46,270)	–	–	–	–	–	–	–	–	(46,270)
Foreign currency exposure on net monetary items	**12**	**(45,995)**	**291**	**178**	**–**	**1**	**–**	**221**	**1,843**	**–**	**(43,449)**
Investments held at fair value through profit or loss	80,881	22,394	102,549	38,146	45,747	47,327	–	78,030	7,183	51,112	473,369
Total net foreign currency exposure	**80,893**	**(23,601)**	**102,840**	**38,324**	**45,747**	**47,328**	**–**	**78,251**	**9,026**	**51,112**	**429,920**

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

Foreign currency sensitivity

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% (2022: 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:

	2023 £'000	2022 £'000
Income Statement – return after taxation		
Revenue return	1,212	1,500
Capital return	(3,802)	(4,316)
Total return after taxation	(2,590)	(2,816)
Net assets	**(2,590)**	**(2,816)**

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

	2023 £'000	2022 £'000
Income Statement – return after taxation		
Revenue return	(1,212)	(1,500)
Capital return	3,802	4,316
Total return after taxation	2,590	2,816
Net assets	**2,590**	**2,816**

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, and any derivative instruments held, 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.

Management of interest rate risk

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.

Interest rate exposure

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.

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:

	2023 £'000	2022 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	2,527	5,161
Creditors: amounts falling due within one year:		
Bank loan	(37,339)	(46,148)
Total exposure	**(34,812)**	**(40,987)**

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above the applicable Risk Free Reference Rates, respectively (2022: same).

During the year, the Company's multi-currency credit facility with Scotiabank Europe plc was increased to £75 million and extended to 5 July 2024. Amounts are normally drawn down on the facility for one month periods. Interest is payable at a rate based on the Secured Overnight Financing Rate, plus a margin, plus the Credit Adjustment Spread. At 31 December 2023, the Company had drawn down US$47.6million (£37.3 million) at an interest rate of 6.61%, repayable on 5 January 2024. At 31 December 2022, the Company had drawn down US$55.5 million (£46.1 million) at an interest rate of 3.95%.

22. Financial instruments' exposure to risk and risk management policies continued

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:

	2023 £'000	2022 £'000
Maximum debit interest rate exposure during the year – net debt	(47,462)	(55,987)
Minimum debit interest rate exposure during the year – net debt	(22,561)	(34,641)

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1.5% (2022: 1.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial 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.

	2023		2022	
	1.5% increase in rate £'000	1.5% decrease in rate £'000	1.5% increase in rate £'000	1.5% decrease in rate £'000
Income statement – return after taxation				
Revenue return	(102)	102	(96)	96
Capital return	(420)	420	(519)	519
Total return after taxation	(522)	522	(615)	615
Net assets	**(522)**	**522**	**(615)**	**615**

Given the increase in UK interest rates, the interest rate sensitivity has been updated to 1.5%. The prior year disclosure has been updated to 1.5% to show a direct comparison in the sensitivity. In the prior year report, the sensitivity was calculated using 1.0%, which was representative of the market at 31 December 2022. As disclosed in the prior year annual report, an increase of 1.0% reduced total return after taxation by £410,000 (a decrease of 1.0% had an equal and opposite effect).

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 other price risk

The Board meets on at least four 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 risk exposure

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

	2023 £'000	2022 £'000
Investments held at fair value through profit or loss	484,012	499,305
Derivative financial instruments held at fair value through profit or loss:		
Index put options	178	–
	484,190	**499,305**

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

Concentration of exposure to market price risk

An analysis of the Company's investments is given on pages 21 and 22. This shows that the portfolio mainly comprises investments quoted on Asian stock markets. 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% (2022: 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. The sensitivity analysis also takes account of the "beta coefficient" of the portfolio. This is a measure of the volatility of the portfolio compared with the systemic risk of the entire market. As a result, the percentages in the table below represent a 8.05% (2022: 8.43%) increase in fair value and a 7.87% (2022: 8.43%) decrease in fair value.

	2023		2022	
	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	(63)	62	(68)	68
Capital return	38,774	(37,906)	41,887	(41,887)
	38,711	**(37,844)**	**41,819**	**(41,819)**
Percentage change in net asset value	**8.6**	**(8.4)**	**9.1**	**(9.1)**

(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 liquidity 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:

	2023 Three months or less £'000	2022 Three months or less £'000
Creditors: amounts falling due within one year		
Bank loan – including interest	37,546	46,359
Securities purchased awaiting settlement	122	–
Other creditors and accruals	1,208	954
	38,876	**47,313**

(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.

Management of credit risk

This risk is not significant and is managed as follows:

Portfolio dealing

The Company invests almost entirely in markets that operate a "Delivery Versus Payment" settlement process which mitigates the risk of losing the principal of a trade during settlement. The Manager continuously monitors dealing activity to ensure best execution, which involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparties must be pre-approved by the Manager's Credit Committee.

Exposure to the Custodian

The custodian of the Company's assets is HSBC Bank plc which has Long-Term Credit Ratings of AA- with Fitch and Aa3 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.

Credit risk exposure

The amounts shown in the balance sheet under debtors and cash at bank and in hand represent 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. There has been no stock lending during the year, or prior year.

(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.

23. 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 page 24.

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:

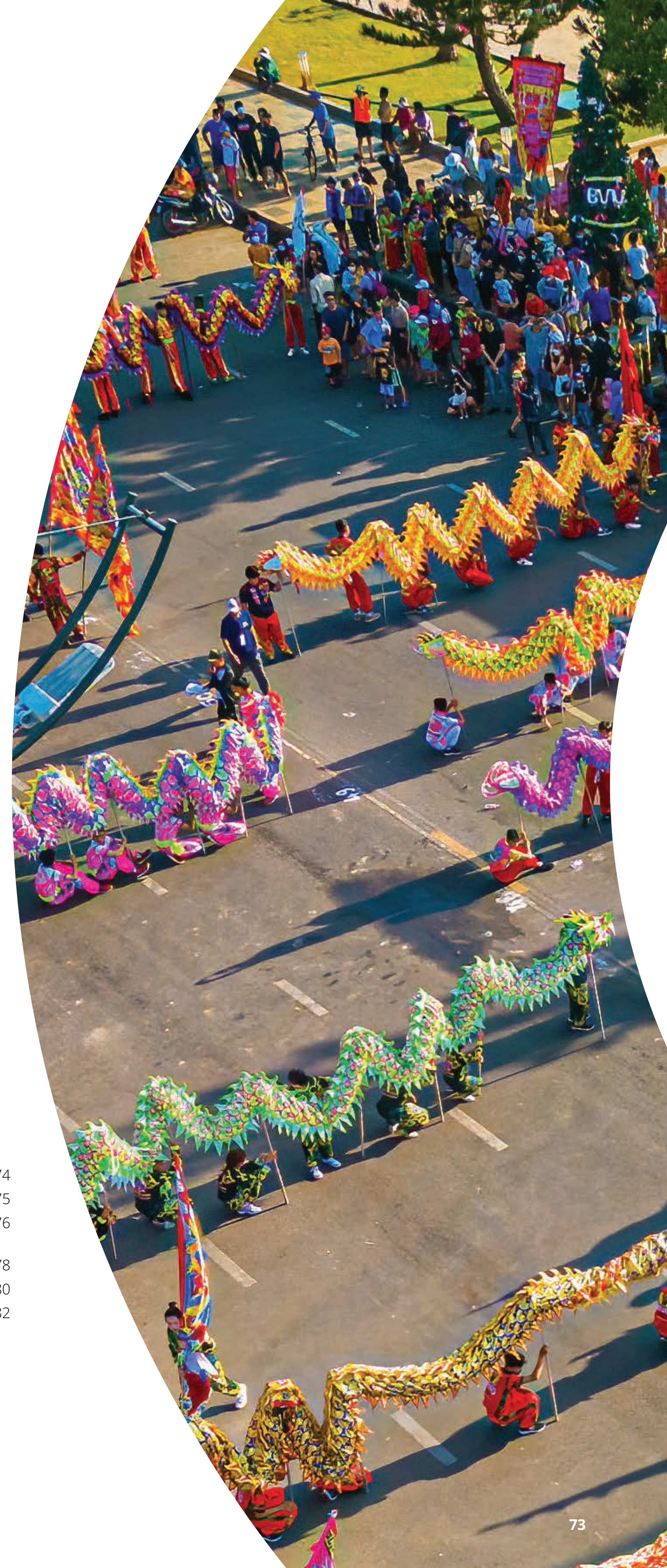
– the planned level of gearing, which takes into account the Manager's views on the market;

– 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 out of treasury; and

– the amount of dividend to be paid, in excess of that which is required to be distributed.

Other Information (Unaudited)



Other Information (Unaudited)

The Annual General Meeting ("AGM") of the Company will be held on Wednesday, 24 April 2024 at 1.00 p.m. The formal Notice of Meeting is set out on page 75.

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.

Ordinary business

Resolutions 1 to 9 are all ordinary resolutions. Resolution 1 is a required resolution. Resolution 2 invites shareholders to approve the final dividend. Resolution 3 concerns the Directors' Remuneration Report, on pages 45 to 47.

Resolutions 4 to 6 invite shareholders to re-elect each of the Directors for another year, following the recommendations of the Nomination Committee, set out on pages 43 and 44 (the Directors' biographies are set out on pages 34 and 35). Resolutions 7 and 8 concern the re-appointment and remuneration of the Company's auditor, discussed in the Audit and Risk Committee Report on pages 39 to 41.

Special business

Resolution 9: Directors' authority to allot shares (ordinary resolution) and resolution 10 – power to disapply pre-emption rights (special resolution)

The Directors are seeking authority to allot a limited number of unissued ordinary shares for cash without first offering them to existing shareholders in accordance with statutory pre-emption procedures.

Appropriate resolutions will be proposed at the forthcoming AGM and are set out in full in the Notice of AGM. An ordinary resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £481,870 (being 10% of the issued share capital (excluding any shares held in treasury) as at 13 March 2024).

A special resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £481,870 (being 10% of the issued share capital as at 13 March 2024) on a non pre-emptive basis. This authority includes shares that the Company sells or transfers that have been held in treasury. 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. Shares issued or treasury shares reissued, under this authority, will be at a price that is equal to or greater than the Company's NAV per share, plus any applicable costs, as at the latest practicable date before the allotment of such shares.

If approved, both of these authorities will expire at the conclusion of the AGM in 2025 unless renewed, varied or revoked earlier.

Resolution 11: authority to make market purchases of the Company's own shares (special resolution)

At the AGM held on 25 April 2023, the Company was granted authority to make market purchases of up to 15,609,275 ordinary shares of 5p each for cancellation or holding in treasury. 7,364,752 shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 8,244,523 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 NAV. 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 13 March 2024 (excluding treasury shares). The Directors will exercise this authority to buy back shares only when the share price is at a discount to the Company's NAV and 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, this authority will lapse at the conclusion of the AGM in 2025 unless renewed, varied or revoked earlier.

Resolution 12: notice period for general meetings (special resolution)

Resolution 12 set out in the Notice of AGM is a special resolution and will, if passed, allow the Company to hold general meetings (other than annual general meetings) on a minimum notice period of 14 clear days, rather than 21 clear days as required by the Companies Act 2006. The approval will be effective until the Company's next AGM to be held in 2025. The Directors will only call general meetings on 14 clear days' notice when they consider it to be in the best interests of the Company's shareholders and will only do so if the Company offers facilities for all shareholders to vote by electronic means and when the matter needs to be dealt with expediently.

Recommendations

The Board considers that the resolutions relating to the above items of business are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the resolutions to be proposed at the forthcoming AGM, as they intend to do in respect of their own beneficial holdings.

Notice of Annual General Meeting

Notice is hereby given that the thirty-sixth Annual General Meeting of Schroder Asian Total Return Investment Company plc will be held on Wednesday, 24 April 2024 at 1.00 p.m. at 1 London Wall Place, London EC2Y 5AU to consider the following resolutions, of which resolutions 1 to 9 will be proposed as ordinary resolutions, and resolutions 10, 11 and 12 will be proposed as special resolutions:

1. To receive the Directors' Report and the audited accounts for the year ended 31 December 2023.
2. To approve a final dividend of 11.5 pence per share for the year ended 31 December 2023.
3. To approve the Directors' Remuneration Report for the year ended 31 December 2023.
4. To approve the re-election of Sarah MacAulay as a Director of the Company.
5. To approve the re-election of Andrew Cainey as a Director of the Company.
6. To approve the re-election of Jasper Judd as a Director of the Company.
7. To re-appoint Ernst & Young LLP as auditor to the Company.
8. To authorise the Directors to determine the remuneration of Ernst & Young LLP as auditor to the Company.
9. 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 £481,870 (being 10% of the issued ordinary share capital at 13 March 2024) 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 2025, 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."
10. To consider and, if thought fit, to pass the following resolution as a special resolution:

    "THAT, subject to the passing of Resolution 9 set out above, the Directors be and are hereby empowered, pursuant to Section 571 of the Act, to allot equity securities (including any shares held in treasury) (as defined in section 560(1) of the Act) pursuant to the authority given in accordance with section 551 of the Act by the said Resolution 9 and/or where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £481,870 (representing 10% of the aggregate nominal amount of the share capital in issue at 13 March 2024); and where equity securities are issued pursuant to this power they will only be issued at a price which is equal or greater than the Company's NAV per share as at the latest practicable date before the allotment; and provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry."
11. 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 14,446,492, representing 14.99% of the Company's issued ordinary share capital as at 13 March 2024 (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 2025 (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."
12. To consider and, if thought fit, to pass the following resolution as a special resolution:

    "THAT a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days notice."

By order of the Board

Schroder Investment Management Limited
Company Secretary

13 March 2024

Registered Office:

1 London Wall Place,
London EC2Y 5AU

Registered Number: 02153093

1. Ordinary shareholders are entitled to attend, ask questions 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 Chair 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 0800-032-0641. If calling from outside the UK, please ensure the country code is used, 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. Voting will be by poll.

   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, Task 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 1.00 p.m. on 22 April 2024. If you have any difficulties with online voting, you should contact the shareholder helpline on 0800-032-0641. If calling from outside the UK, please ensure the country code is used.

   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 22 April 2024, 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 22 April 2024 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. If you are an institutional

investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 1.00 pm on 22 April 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them, and they will govern the electronic appointment of your proxy.

5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of their 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 34 and 35 of the Company's annual report and accounts for the year ended 31 December 2023.

7. As at 13 March 2024, 109,114,651 ordinary shares of 5 pence each were in issue (of which 12,740,453 ordinary shares were held in treasury). Therefore the total number of voting rights of the Company as at 13 March 2024 was 96,374,198.

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 on the Company's web pages, 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 Annual General Meeting 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.

10. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its web pages setting out any matter relating to:

    (a) the audit of the Company's Accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting; or

    (b) any circumstance connected with an auditor of the Company ceasing to hold office since the last AGM, that the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its web pages.

11. The Company's privacy policy is available on its web pages: www.schroders.co.uk/satric. Shareholders can contact Equiniti for details of how Equiniti processes their personal information as part of the Annual General Meeting.

The terms and performance measures below are those commonly used by investment companies to assess values, investment performance and operating costs. Numerical calculations are given where relevant. Some of the financial measures below are classified Alternative Performance Measures ("APMs") as defined by the European Securities and Markets Authority. Under this definition, APMs include a financial measure of historical financial performance or financial position, other than a financial measure defined or specified in the applicable financial reporting framework. APMs have been marked with an asterisk.

Net asset value ("NAV") per share

The NAV per share of 461.24p (2022: 434.60p) represents the net assets attributable to equity shareholders of £448,484,000 (2022: £457,474,000) divided by the number of shares in issue, excluding any shares held in treasury, of 97,234,120 (2022: 105,263,203).

The change in the NAV amounted to 6.1% (2022: –14.3%) over the year. However this performance measure excludes the positive impact of the dividend paid out by the Company during the year. When the dividend is factored into the calculation, the resulting performance measure is termed the "total return". Total return calculations and definitions are given below.

Total return*

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 the assets of the Company at its NAV per share at the time the shares were quoted ex-dividend (to calculate the NAV per share total return) or in additional shares of the Company (to calculate the share price total return).

The NAV total return for the year ended 31 December 2023 is calculated as follows:

Opening NAV at 31/12/22	434.60p
Closing NAV at 31/12/23	461.24p

Dividend received	XD date	NAV on XD date	Factor
11.00p	6/4/23	438.71p	1.0251
NAV total return, being the closing NAV, multiplied by the factor, expressed as a percentage change in the opening NAV:			+8.8%

The NAV total return for the year ended 31 December 2022 is calculated as follows:

Opening NAV at 31/12/21	507.24p
Closing NAV at 31/12/22	434.60p

Dividend received	XD date	NAV on XD date	Factor
8.50p	28/4/22	444.64p	1.0191
NAV total return, being the closing NAV, multiplied by the factor, expressed as a percentage change in the opening NAV:			(12.7%)

The share price total return for the year ended 31 December 2023 is calculated as follows:

Opening NAV at 31/12/22	409.50p
Closing NAV at 31/12/23	440.00p

Dividend received	XD date	Share price on XD date	Factor
11.00p	6/4/23	409.00p	1.0269
Share price total return, being the closing share price, multiplied by the factor, expressed as a percentage change in the opening share price:			10.3%

Share price total return for the year ended 31 December 2022 is calculated as follows:

Opening share price at	31/12/21	506.00p
Closing share price at	31/12/22	409.50p

Dividend received	XD date	Share price on XD date	Factor
8.50p	28/4/22	424.00p	1.0200
Share price total return, being the closing share price, multiplied by the factor, expressed as a percentage change in the opening share price:			(17.4%)

Reference Index

This is the measure against which the Company compares its performance. With effect from 15 March 2013, the Reference Index has been the MSCI AC Asia Pacific ex-Japan Index (with net income reinvested), sterling adjusted. Prior to that date it was the MSCI AC Asia Pacific ex-Japan Index (with gross income reinvested), sterling adjusted.

	31 December	
	2023	2022
MSCI AC Asia Pacific Ex-Japan Index (with net income reinvested), sterling adjusted. (the "Reference Index"):	**1.3%**	**(7.1%)**

Source: Thomson Reuters.

Discount/premium*

The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. If shares are trading at a discount, investors would be paying less than the value attributable to the shares by reference to the underlying assets. A premium or discount is generally the consequence of supply and demand for the shares on the stock market. The discount or premium is expressed as a percentage of the NAV per share. The discount at the year end amounted to 4.6% (2022: 5.8%), as the closing share price of 440.00p (2022: 409.50p) was 4.6% (2022: 5.8%) lower than the closing NAV of 461.24p (2022: 434.60p).

Gearing*

The gearing percentage reflects the amount of borrowings (i.e. bank loans or overdrafts) which the Company has drawn down and invested in the market. This figure is indicative of the extra amount by which shareholders' funds would move if the Company's investments were to rise or fall. This represents 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. The gearing figure at the year end is calculated as follows:

	2023 £'000	2022 £'000
Borrowings used for investment purposes, less cash	**34,812**	40,987
Net assets	**448,484**	457,474
Gearing (%)	**7.8%**	9.0%

Ongoing Charges*

Ongoing Charges is a measure of the ongoing operating costs of the Company. It is calculated in accordance with the AIC's recommended methodology and 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 net assets values during the year, as follows:

	2023 £'000	2022 £'000
Management fee and all other operating expenses excluding finance costs, transaction costs and any performance fee payable	**3,913**	3,956
Average daily net asset values during the year	**450,076**	481,468
Ongoing Charges Ratio	**0.87**	0.82

Leverage

For the purpose of the UK AIFM Directive, leverage is any method which increases the Company's exposure to financial risk, including the borrowing of cash and the use of derivatives. It is expressed as the ratio of the Company's exposure to its NAV and is required to be calculated both on a "Gross" and a "Commitment" method. Under the Gross method, exposure represents the sum of the absolute values of all positions, so as to give an indication of overall exposure. Under the Commitment method, exposure is calculated in a similar way, but after netting off hedges which satisfy certain strict criteria.

The Company's leverage policy and details of its leverage ratio calculation and exposure limits as required by the AIFMD are published on the Company's web pages and within this report. The Company is also required to periodically publish its actual leverage exposures. As at 31 December 2023 these were:

	% of net asset value	
Leverage exposure	**Maximum**	**Actual**
Gross method	2.50	1.17
Commitment method	2.00	1.17

Web pages and share price information

The Company has dedicated web pages, which may be found at www.schroders.co.uk/satric. The web pages have been designed to be used as the Company's primary method of electronic communication with shareholders. They contain details of the Company's share price and copies of annual report 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 web pages contain links to announcements made by the Company to the market, Equiniti's shareview service and Schroders' website.

The Company releases its NAV per share on both a cum and ex-income basis, diluted where applicable, to the market on a daily basis.

Share price information may also be found in the Financial Times and at the Company's web pages.

Association of Investment Companies

The Company is a member of the Association of Investment Companies. Further information on the Association can be found on its website, www.theaic.co.uk.

Individual Savings Account ("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 Directive ("AIFMD") disclosures

The AIFMD UK regulation, transposed AIFMD into the FCA Handbook in the UK and requires that certain pre-investment information be made available to investors in Alternative Investment Funds (such as the Company) and also that certain regular and periodic disclosures are made. This information and these disclosures may be found either below, elsewhere in this annual report, or in the Company's AIFMD information disclosure document published on the Company's web pages.

Illiquid assets

As at the date of this report, none of the Company's assets are subject to special arrangements arising from their illiquid nature.

Remuneration disclosures

Quantitative remuneration disclosures to be made in this annual report in accordance with FCA Handbook rule FUND3.3.5 may also be found in the Company's AIFMD information disclosure document published on the Company's web pages.

Publication of Key Information Document ("KID") by the AIFM

Pursuant to the Packaged Retail and Insurance-based Products Regulation, the Manager, as the Company's AIFM, is required to publish a short KID on the Company. KIDs are designed to provide certain prescribed information to retail investors, including details of potential returns under different performance scenarios and a risk/reward indicator. The Company's KID is available on its web pages.

How to invest

There are a number of ways to easily invest in the Company. The Manager has set these out at www.schroders.com/invest-in-a-trust/.

Complaints

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

Warning to shareholders

Companies are aware that their shareholders have received unsolicited telephone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares or investments.

These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive.

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FCA before getting involved by visiting https://register.fca.org.uk.
- Report the matter to the FCA by calling 0800 111 6768 or visiting www.fca.org.uk/consumers/report-scam-unauthorised- firm.
- Do not deal with any firm that you are unsure about.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

The FCA provides a list of unauthorised firms of which it is aware, which can be accessed at https://www.fca.org.uk/consumers/unauthorised-firms-individuals#list.

More detailed information on this or similar activity can be found on the FCA website at https://www.fca.org.uk/consumers/protect-yourself-scams.

Dividends

Paying dividends into a bank or building society account helps reduce the risk of fraud and will provide you with quicker access to your funds than payment by cheque.

Applications for an electronic mandate can be made by contacting the Registrar, Equiniti.

This is the most secure and efficient method of payment and ensures that you receive any dividends promptly.

If you do not have a UK bank or building society account, please contact Equiniti for details of their overseas payment service.

Further information can be found at www.shareview.co.uk, including how to register with Shareview Portfolio and manage your shareholding online.

Information about the Company

www.schroders.co.uk/satric

Directors

Sarah MacAulay (Chair)
Andrew Cainey
Caroline Hitch
Jasper Judd

Advisers

Alternative Investment Fund Manager (the "Manager" or "AIFM")

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
amcompanysecretary@schroders.com

Registered Office

1 London Wall Place
London EC2Y 5AU

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Lending bank

The Bank of Nova Scotia, London Branch
201 Bishopsgate
6th Floor
London EC2M 3NS

Corporate broker

Winterflood Securities Limited
Riverbank House
2 Swan Lane
London EC4R 3GA

Independent auditors

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

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Shareholder helpline: 0800 032 0641[1]
Website: www.shareview.co.uk

[1]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 above address and telephone number above.

Other information

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

Privacy notice

The Company's privacy notice is available on its web pages.

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1 London Wall Place, London EC2Y 5AU, United Kingdom
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