

SCHRODER ASIAN ALPHA PLUS FUND - GBP

INVESTMENT RESEARCH NOTE
MARCH 2024

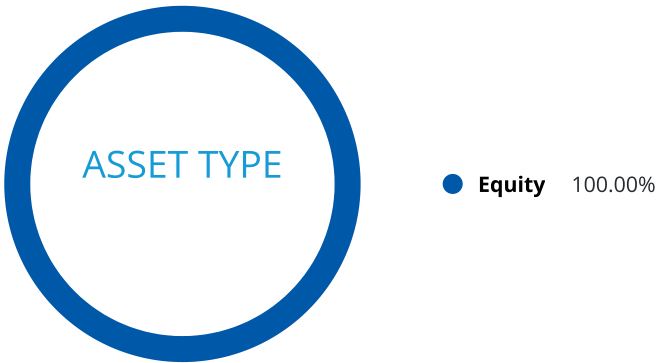
Risk warning: The past is not necessarily a guide to future performance. The value of your investment and the income from it can fall as well as rise and is not guaranteed. You may not get back the full amount invested. Our views are based upon our understanding of current legislation in England. Levels and bases of, and reliefs from, taxation are subject to change and their value to you will depend upon your personal circumstances. You should not act on any of the information without seeking professional advice. clarity Ltd is authorised and regulated by the Financial Conduct Authority (FCA).

SUMMARY

Schroder is one of the largest asset managers globally with over half a billion of assets under management.

Richard Sennitt is the lead fund manager. He has been with the firm since graduation for over 20 years. Sennitt is a FM for Schroders' Pacific Equity and Global Small Cap mandates. He has a wealth of knowledge across the Asia-Pacific region which is put to use when discussing ideas with the wider research team of c.40 analysts in 6 offices across Asia.

A bottom-up, long-only equity predominantly large-cap bias strategy, with a concentrated number of positions (typically between 50-70). It is a growth strategy, albeit the lead manager adheres to a 'value' approach to picking stocks at attractive fundamentals and valuations. There is a bias to quality, not just by returns, but also governance, management quality, etc. The Fund tends to avoid commodity-type businesses which are susceptible to price swings. The investment process is research-heavy, drawing on Schroder's sizeable team of local-based analysts located across Asia as well as a team of global sector analysts. They report to the FM who has the final say into what goes in the portfolio.



INVESTMENT PROCESS

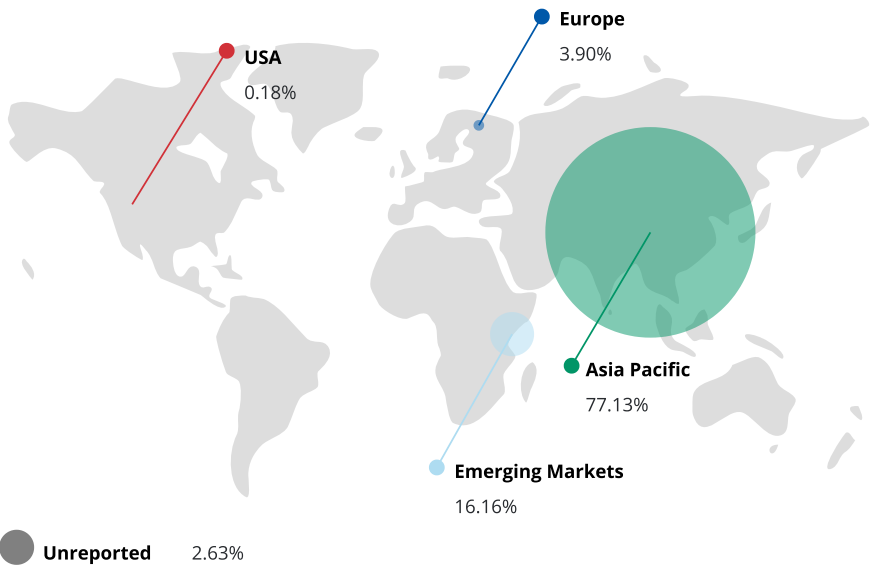
The investment philosophy is driven by the skill and knowledge of the research team to find mis-priced stocks with over 70% of stock selection influenced by analyst input. Information is crucial to discovering attractive opportunities led by the lead managers' strong knowledge of companies across the Asia-Pacific region. Schroders' strength in having locally-based analysts across Asia makes them seen as 'a local firm' with a global reach. The analyst team have an average of 15 years investment experience and a sizable presence in China/Hong Kong. Analysts follow a firm-standard approach to due diligence, with 'quality' being ingrained in them. There is not a 100% stock coverage in the region; rather, the analysts have a focused approach, creating a coverage list which is reviewed every 6 months. Dobbs is keen to make sure that the analysts have a keen work ethic and avoid that 'investment bank' culture of short termism.

The investment process centres around 'knowledge' and is very much bottom-up driven via internal research. Dobbs selects stocks from ideas generated from the research team. He believes that knowledge base gives them a 10-15% edge over peers. Quant screens are used to filter the universe from a top-down country perspective to rank them where they are 'reviewed'. However, even if a country may be ranked lowly, it doesn't mean that the team will ignore opportunities there, it is really a 'light touch' macro overview and can assist in stock conviction views. They use their extensive network of contacts too across Asia including sell-side research to understand 'where the market is'.

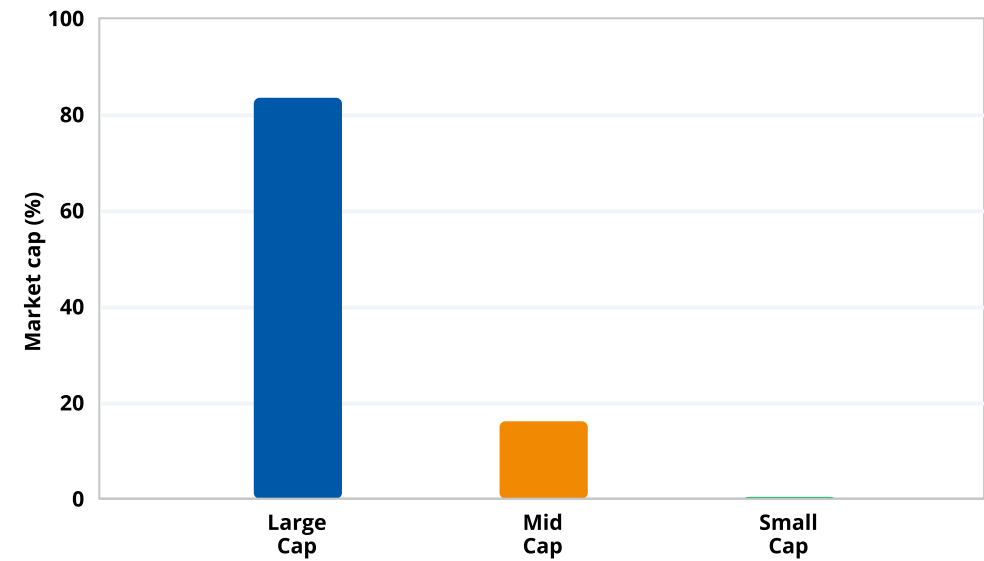
Knowledge is complemented by 'insight', i.e. fundamental assessment of stocks with a long-term view to investing at attractive valuations. Stocks can be held for over 5 years with a disciplined portfolio construction phase which leads to a concentrated portfolio of 40-50 names which is valuation-driven and risk-aware. Stocks are graded by the analysts between -1-4' based on their upside to intrinsic value. The manager focuses on stocks rated '1' and '2' in the main, assessing their earnings growth profile, sustainable returns and valuation support. Stocks are categorised into three areas - 'positive transition', 'core' (superior business model) and 'opportunistic'. The typical split between the three is 40%/40%/20%. Weighting in the portfolio reflects those considerations. Much of this is led by the manager's skill and intuition although he also uses an internal risk system for a quant view of the portfolio characteristics.

AGGREGATED NET EXPOSURE

REGIONAL EXPOSURE



EQUITY MARKET CAP (%)



BOND
MATURITIES

Not Applicable



BOND
RATINGS

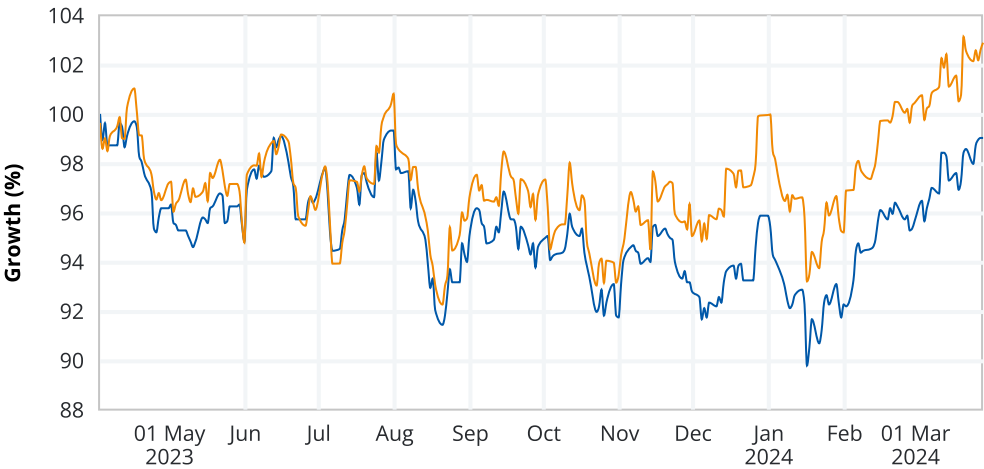
Not Applicable

OVERALL PERFORMANCE

● Schroder Asian Alpha Plus Z Acc ● MSCI AC Asia Pacific ex Japan Net Total Return Index GBP

GROWTH (%) - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024



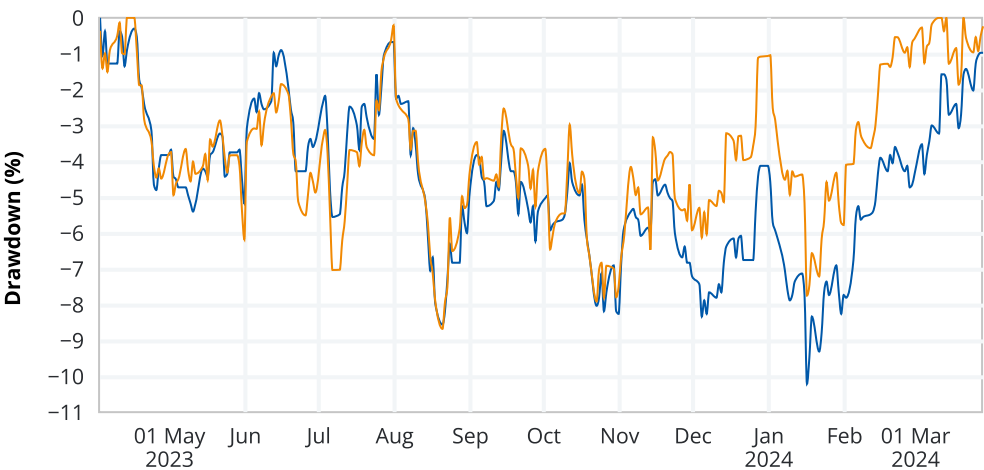
GROWTH (%) - FROM INCEPTION

8 Apr 2008 - 29 Mar 2024



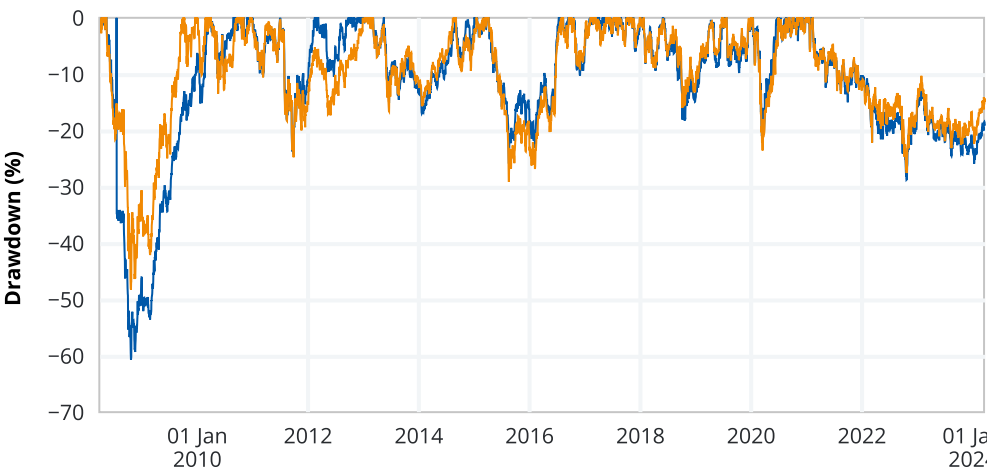
DRAWDOWN (%) - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024



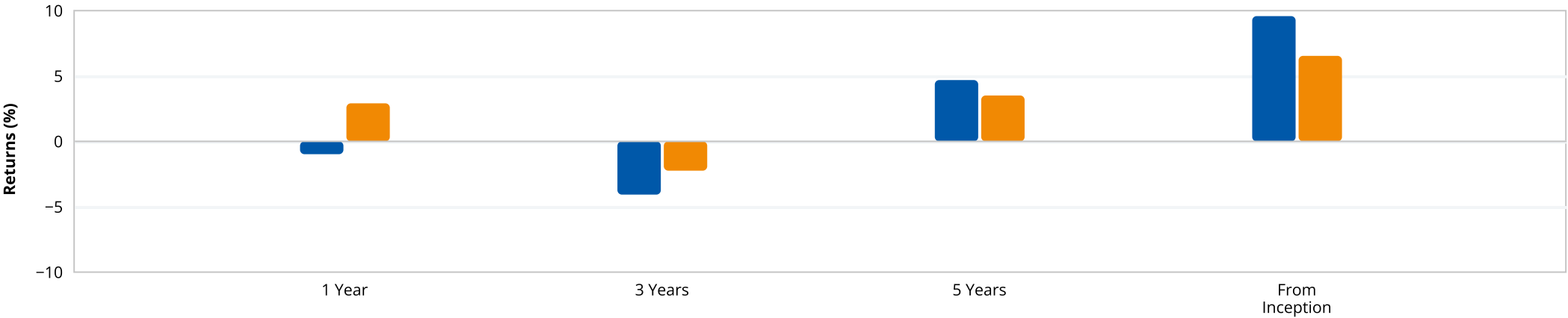
DRAWDOWN (%) - FROM INCEPTION

8 Apr 2008 - 29 Mar 2024



RETURNS

Schroder Asian Alpha Plus Z Acc MSCI AC Asia Pacific ex Japan Net Total Return Index GBP



MONTHLY BREAKDOWN AND YEARLY TOTALS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2024	-4.31	3.93	3.86										3.29
2023	6.17	-4.14	0.99	-3.83	-0.70	1.10	2.88	-5.37	0.64	-2.94	1.47	2.90	-1.47
2022	-2.29	-2.14	-0.58	-2.27	0.15	-2.62	0.15	2.91	-7.15	-7.46	13.34	-0.92	-9.87
2021	3.84	1.14	-0.80	0.60	-1.40	2.03	-5.69	2.53	-2.81	0.07	-0.49	1.70	0.35
2020	-2.73	-1.50	-10.29	9.67	1.64	10.36	1.21	5.36	1.53	2.47	5.51	5.45	30.51
2019	4.23	2.42	3.25	3.33	-6.91	6.83	3.15	-5.39	-0.57	-0.86	2.02	3.68	15.25

Capped to 6 years.

ANNUALISED ROLLING RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
Schroder Asian Alpha Plus Z Acc	-0.98	-4.07	4.69	9.58
MSCI AC Asia Pacific ex Japan Net Total Return Index GBP	2.91	-2.24	3.51	6.54

CUMULATIVE RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
Schroder Asian Alpha Plus Z Acc	-0.98	-11.65	25.62	328.53
MSCI AC Asia Pacific ex Japan Net Total Return Index GBP	2.89	-6.53	18.73	173.86

● Schroder Asian Alpha Plus Z Acc ● MSCI AC Asia Pacific ex Japan Net Total Return Index GBP

PERFORMANCE - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024

	●	●
RETURNS (%)	-0.98	2.91
VOLATILITY (%)	11.74	13.60
ALPHA	-0.20 *	
BETA	0.90 *	1.00
CORRELATION	0.97 *	1.00
SHARPE RATIO	-0.48	-0.14
SORTINO RATIO	-0.66	-0.21
MAX DRAWDOWN (%)	-10.21	-8.68

*Calculated over a 3 year period where history permits.

PERFORMANCE - FROM INCEPTION

8 Apr 2008 - 29 Mar 2024

	●	●
RETURNS (%)	9.58	6.54
VOLATILITY (%)	23.36	19.36
ALPHA	0.25	
BETA	0.99	1.00
CORRELATION	0.95	1.00
SHARPE RATIO	0.35	0.27
SORTINO RATIO	0.55	0.38
MAX DRAWDOWN (%)	-60.69	-48.24

SIMPLE STRESS TEST DRAWDOWN (%)

3 Apr 2023 - 29 Mar 2024



Stress test notes

The chart shows the calculated drawdown over the last year. The Review Point is the fund intervention point. Any drawdown above this line indicates a typical drawdown in a normal market cycle. Should the drawdown hit the review point, then this indicates that market conditions may be abnormal. This is the point that we would consider taking immediate action for an extreme market event.

DISCLAIMER

Schroder Asian Alpha Plus Fund - GBP | March 2024

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