Issued in October 2016

Schroder Asian Growth Fund
Monthly Fund Update

Fund Performance

In SGD Terms	1 M (%)	3 M (%)	6 M (%)	YTD (%)	1 Y (%)	3 Y (% p.a.)	5 Y (% p.a.)	10 Y (% p.a.)	Since Inception (% p.a.)^
Fund (Bid-to- Bid)	2.22	13.39	15.60	11.00	20.15	9.07	11.63	6.95	8.65
Fund (Offer-to-Bid)	-2.89	7.72	9.82	5.45	14.14	7.22	10.48	6.40	8.47
Benchmark*	1.67	11.58	11.96	8.85	13.36	5.72	8.16	4.64	5.84

Source: Schroders, Morningstar, as at 30 Sep 2016. Please note that past performance is not indicative of future returns. Performance above reflects that of the Fund's SGD Share Class.
^ Since inception returns are measured from 31st May 1991; fund was incepted on 8th May 1991.
* On 01/03/2016 the benchmark changed from MSCI AC Far East ex Japan (NDR) to MSCI AC Asia ex Japan (NDR). The full track record of the previous index has been kept and chain linked to the new one.

Market Commentary^

Asian equities consolidated in September after a strong rally post-Brexit, ending the month broadly unchanged as investors took profits after recent gains. The China market was up slightly with sentiment supported by signs of stabilization in economic activity, while Hong Kong was the best performing market driven by the property sector and a rally in Macau gaming stocks ahead of the Chinese Golden Week holidays.

Elsewhere, Taiwan advanced led by the technology sector on the back of the iPhone 7 launch with pre-orders beating expectations. In contrast, ASEAN markets fell as foreign outflows increased amid a slowing economic backdrop, with Philippines leading the region's decline as concerns mounted over unpredictable policies from new President Rodrigo Duterte and expensive valuations.

Performance Commentary

The portfolio gained 2.22% in September, outperforming the benchmark which returned 1.67%. Stock selection in China and Taiwan drove most of the gains, with key contribution from Chinese internet (Alibaba, Tencent) and consumer name New Oriental Education on the back of strong earnings growth momentum. In Taiwan, technology stocks (Largan Precision, TSMC and Hon Hai Precision) extended gains, while bicycle manufacturer Merida Industry advanced on hopes of an improving earnings outlook and margin recovery.

Hong Kong stocks also saw significant moves with Galaxy Entertainment and property stocks (Kerry Properties, Hongkong Land) rebounding strongly, the sector boosted by better than expected primary residential sell-through rate and robust secondary property prices. This was offset by profit taking in Techtronic Industries and Pacific Textiles, and jewellery retailer Chow Sang Sang on concerns over a continued muted growth outlook. Elsewhere, ASEAN names fell on broad-based weakness, while Indian stock HDFB bank consolidated after its YTD outperformance.

Market outlook and portfolio strategy

Markets have shrugged off recent macro and market developments with perhaps some level of complacency, as expectations still remain for accommodative policies by central banks. However a number of risks including a significant shift in Fed policy, renewed fears around a significant RMB devaluation should show signs of stress emerging from China's banking and shadow financial system, as well as heightened geopolitical uncertainties from the upcoming US presidential elections and developments in Europe around Brexit are all potential triggers that could derail the market's current trajectory. With central banks being accommodative, global bond yields are expected to continue to decline, encouraging investors' to search for yield in global equity markets. Aggregate valuations for regional markets have moved back in line with longer term averages,

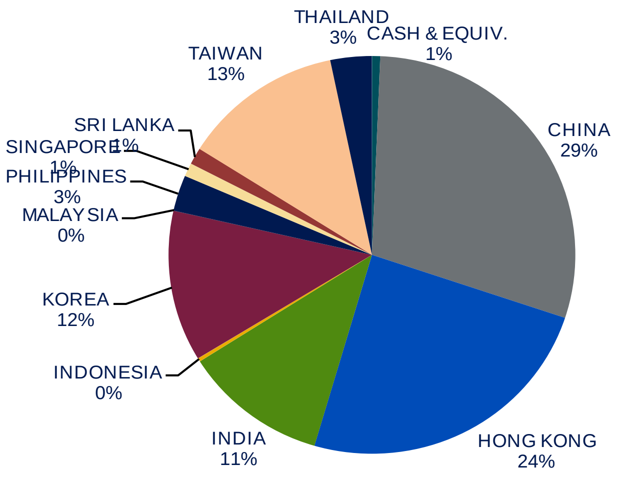
Schroders

leaving the valuation argument to be far less compelling. This is particularly the case for the better quality names where multiples are now looking fairly stretched. After several years of disappointing earnings outcomes in Asia, expectations for 2016 and 2017 now look more realistic although we continue to expect that the global growth backdrop will remain very subdued. As China is likely to see a continued slowdown in growth as it rebalances its economy we are not expecting a strong cyclical upswing in the region over the medium term.

Against this macroeconomic backdrop where growth is subdued, a protracted period of uncertainty and volatility can be expected, market direction and beta is less clear and therefore bottom-up stock selection is key to identifying the attractive pockets of growth across regional markets. We remain focused on reasonably valued companies with solid balance sheets, cash flows that are operating in segments or niches that are well placed to ride out continued economic and market volatility. We believe that our quality bias will provide investors with favourable risk-adjusted returns over the long term in a region that continues to offer superior growth prospects within a global context. Uncertainties in the macroeconomic environment and bouts of extreme risk aversion in markets, when they occur, will offer opportunities and attractive entry points into Asian stockmarkets for long term investors.

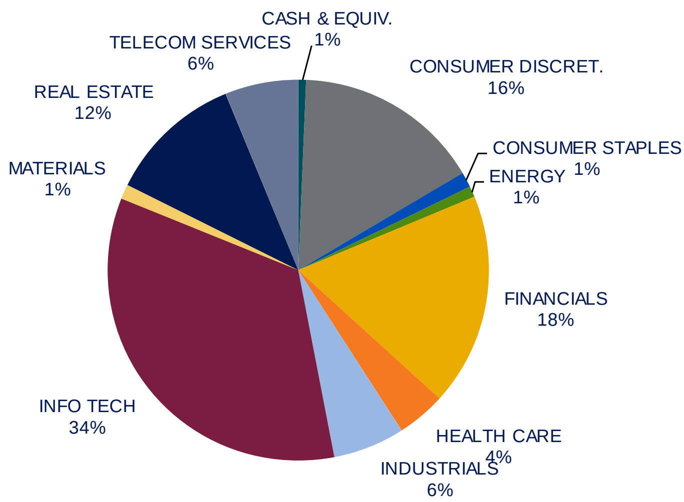
Asset Allocation

Country Breakdown of Fund*



*As at 30th Sep 2016

Sector Breakdown of Fund*



*As at 30th Sep 2016

*For illustrative purpose only. It does not represent any recommendation to invest or divest of the above mentioned countries/sectors.

This report includes some views on the specific underlying securities of the fund, but the views are not necessarily indicative of the future or likely performance of the underlying securities of the fund.

Schroder Investment Management (Singapore) Ltd
Co. Reg. No. 199201080H
65 Chulia Street
#46-00 OCBC Centre
Singapore 049513
Tel: +65 6535 3411
Fax: +65 6535 3486

Schroders