



Schroder ISF¹ China A All Cap

Strategy introduction

Maggie Zheng, Fund Manager – China Equities

October 2023

¹Schroder International Selection Fund is referred to as Schroder ISF throughout this presentation.
Marketing material for professional clients only

SISF China A All Cap

An unconstrained, high conviction portfolio providing investors with China A-share exposure

1

Why Invest in China A-shares?

This is the **largest and most diverse** Chinese equity market, providing investors access to some of China's most innovative and fast growing companies

China A-Shares remain a **relatively small allocation in global portfolios**. MSCI's recent inclusion is set to change this.

High return dispersion due to market inefficiencies presents a **strong alpha opportunity for active investors**

2

Why SISF China A All Cap?

A **China A-share focused strategy** which leverages off the success of the Schroders China equity platform

Unconstrained, high conviction portfolio (30-50 names) investing into the large and mid cap space

Flexibility to **take advantage of valuation opportunities in broader China market** (up to 10% dual listed, 10% offshore)

3

Why Invest with Schroders?

A **large, on the ground team of experienced investment professionals** (23) covering the Greater China market

A **time-tested, disciplined and repeatable investment process** focusing on quality, sustainability and valuation

A **proven track record** of consistent outperformance over medium and long term time periods

Schroders



Schroders China Equity Capabilities

Schroders China Equity capabilities

A strong stable of dedicated China funds

Strategy	Greater China	Offshore China	All China	China A focused	
Universe	Hong Kong, China (offshore), China A (onshore), Taiwan	China (offshore), China A (onshore), Hong Kong	Hong Kong, China (offshore), China A (onshore)	China A (onshore)	China A (onshore) China (offshore)
Fund name	SISF Greater China	SISF China Opportunities	SISF All China	SISF China A	SISF China A All Cap
Fund AUM (US\$m)	2,651	1,332	785	4,081	46
Capability Assets (US\$m)	3,886	2,860	1,954	5,489	112
Benchmark	MSCI Golden Dragon	MSCI China	MSCI China All Shares	MSCI China A Onshore	MSCI China A Onshore
Fund Manager	Louisa Lo	Louisa Lo / Maggie Zheng	Louisa Lo	Jack Lee	Maggie Zheng
Max exposure to A Shares	50%	50%	70%	100%	100%
Fund status	Soft closed	Capacity managed	Capacity managed	Soft closed	Open

Source: Schroders, as of 30 June 2023.

Schroders China Equity Capabilities

Fund Performance – strategies across the range

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

As at 30 September 2023	YTD	1 Year	3 Years	5 Years
Schroder ISF China Opportunities–Class I Acc	-10.9%	0.6%	-9.8%	-0.2%
MSCI China TR Net	-7.3%	5.2%	-14.3%	-4.2%
Excess Returns	-3.6%	-4.6%	+4.5%	+4.0%
Comparator ⁴	-12.0%	-2.8%	-13.5%	-3.6%
Quartile ranking	2	2	1	2
Schroder ISF Greater China –Class I Acc	-6.7%	6.6%	-6.6%	2.7%
MSCI Golden Dragon	-3.8%	8.8%	-8.3%	-0.7%
Excess Returns	-2.9%	-2.2%	+1.7%	+3.5%
Comparator ⁵	-3.0%	6.0%	-8.5%	0.6%
Quartile ranking	2	1	1	1
Schroder ISF China A – Class I Acc	-10.9%	-4.5%	-6.8%	6.4%
MSCI China A Onshore Index	-8.8%	-5.4%	-6.7%	3.3%
Excess Returns	-2.0%	+1.0%	-0.1%	+3.1%
Comparator ⁶	-11.5%	-8.1%	-9.3%	1.2%
Quartile ranking	2	2	2	1
Schroder ISF Hong Kong Equity –Class I Acc	-10.3%	4.8%	-5.1%	-1.4%
FTSE AW Hong Kong ¹	-15.5%	-0.4%	-3.9%	-3.3%
Excess Returns	+5.2%	+5.2%	-1.2%	+1.8%
Comparator ⁷	-9.1%	3.7%	-7.6%	-4.7%
Quartile ranking	2	2	1	1
Schroder ISF All China –Class I Acc	-11.4%	-0.8%	-6.9%	5.2%
MSCI China All Shares ²	-8.0%	0.4%	-11.5%	-1.6%
Excess Returns	-3.4%	-1.1%	+4.6%	+6.8%
Comparator ⁴	-12.0%	-2.8%	-13.5%	-3.6%
Quartile ranking	2	2	1	1
Schroder ISF China A All Cap –Class I Acc³	-5.4%	0.7%	-16.2%³	-
MSCI China A Onshore Index	-8.8%	-5.4%	-18.2%	-
Excess Returns	+3.4%	+6.1%	+2.0%	-
Comparator ⁶	-11.5%	-8.1%	-20.2%	-
Quartile ranking	1	1	-	-

Performance shown is for the lowest fee class share (I class) whereas the quartile ranks from Morningstar reflect the performance of the highest fee class share (A class).

¹Effective from 1 July 2017 FTSE AW Hong Kong replaced the 90% FTSE AW Hong Kong + 10% HSBC as the benchmark; ²Effective from 1 May 2021 MSCI China All Shares replaced 70% MSCI China + 30% MSCI China A Onshore as the benchmark; ³Inception date: 15 October 2021; ⁴Morningstar China Equity sector, ⁵Morningstar Greater China Equity sector, ⁶Morningstar China A Shares sector, ⁷Morningstar Hong Kong Equity sector. Source: Schroders, net of management fee, in USD (except Schroder ISF Hong Kong is in HKD), based on I share classes for the above listed funds.

Schroders China Equity Capabilities

Fund Performance – strategies across the range

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Schroder ISF China Opportunities- Class I Acc	-19.1%	-13.1%	45.5%	21.6%	-13.4%	46.8%	5.0%	-0.7%	9.5%	9.5%
MSCI China TR Net	-21.9%	-21.7%	29.5%	23.5%	-18.9%	54.1%	0.9%	-7.8%	8.0%	3.6%
Excess Returns	+2.8%	+8.6%	+16.0%	-1.9%	+5.4%	-7.2%	+4.1%	+7.1%	+1.5%	+5.9%
Comparator ⁵	-25.3%	-15.5%	37.4%	23.3%	-20.3%	46.5%	-1.9%	-3.8%	4.6%	8.5%
Schroder ISF Greater China – Class I Acc	-22.2%	-5.4%	45.6%	27.3%	-10.2%	48.5%	8.5%	-1.4%	10.3%	8.2%
MSCI Golden Dragon	-22.3%	-9.5%	28.2%	23.8%	-14.8%	43.8%	5.4%	-7.4%	7.7%	6.9%
Excess Returns	+0.1%	+4.1%	+17.4%	+3.5%	+4.6%	+4.7%	+3.1%	+6.0%	+2.6%	+1.3%
Comparator ⁶	-27.5%	-7.3%	38.9%	28.9%	-21.1%	44.9%	-1.0%	-3.4%	2.7%	9.7%
Schroder ISF China A – Class I Acc¹	-29.3%	6.9%	65.6%	40.3%	-21.3%	-	-	-	-	-
MSCI China A Onshore Index ¹	-27.2%	4.0%	40.0%	37.5%	-33.0%	-	-	-	-	-
Excess Returns	-2.0%	+2.9%	+25.6%	+2.8%	+11.7%	-	-	-	-	-
Comparator ⁷	-28.4%	-0.6%	43.3%	35.0%	-27.3%	-	-	-	-	-
Schroder ISF Hong Kong Equity – Class I Acc	-10.9%	-9.5%	22.8%	17.5%	-12.6%	54.4%	2.3%	-3.5%	6.1%	9.5%
FTSE AW Hong Kong ²	-6.9%	-3.6%	7.0%	11.2%	-10.1%	37.4%	4.1%	-4.4%	2.2%	9.4%
Excess Returns	-4.0%	-5.9%	+15.8%	+6.3%	-2.5%	+17.0%	-1.8%	+0.9%	+3.9%	+0.1%
Comparator ⁸	-15.0%	-11.1%	10.9%	12.4%	-12.7%	41.9%	0.7%	-5.1%	1.6%	5.9%
Schroder ISF All China – Class I Acc³	-20.1%	-4.2%	56.1%	35.9%	-	-	-	-	-	-
MSCI China All Shares ⁴	-23.6%	-12.9%	32.7%	27.7%	-	-	-	-	-	-
Excess Returns	+3.5%	+8.7%	+23.4%	+8.2%	-	-	-	-	-	-
Comparator ⁵	-25.3%	-15.5%	37.4%	23.3%	-	-	-	-	-	-
Schroder ISF China A All Cap– Class I Acc⁹	-27.5%	-	-	-	-	-	-	-	-	-
MSCI China A Onshore Index	-27.2%	-	-	-	-	-	-	-	-	-
Excess Returns	-0.3%	-	-	-	-	-	-	-	-	-
Comparator ⁷	-28.4%	-	-	-	-	-	-	-	-	-

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

Performance shown is for the lowest fee class share (I class)

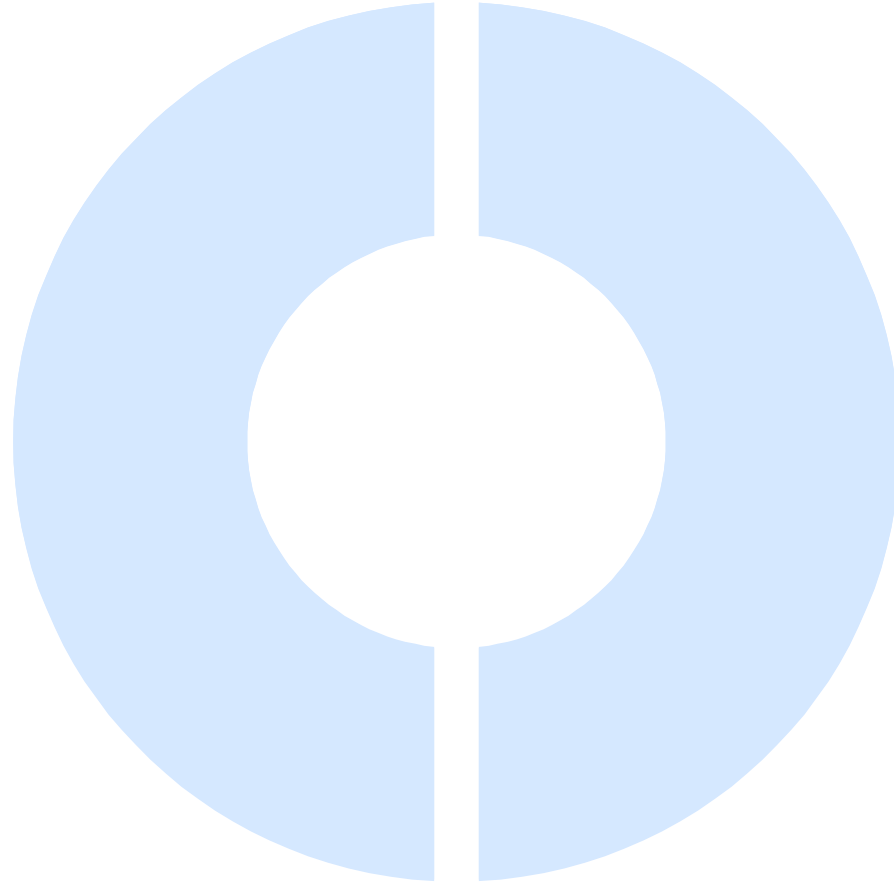
¹Inception date: 6 December 2017. ²Effective from 1 July 2017 FTSE AW Hong Kong replaced the 90% FTSE AW Hong Kong + 10% HSBC as the benchmark

³Inception date: 27 June 2018. ⁴Effective from 1 May 2021 MSCI China All Shares replaced 70% MSCI China + 30% MSCI China A Onshore as the benchmark.

⁵Morningstar China Equity sector, ⁶Morningstar Greater China Equity sector, ⁷Morningstar China A Shares sector, ⁸Morningstar Hong Kong Equity sector. ⁹Inception date: 15 October 2021

Source: Schroders, net of management fee, in USD (except Schroder ISF Hong Kong is in HKD), based on I share classes for the above listed funds.

Schroders



Team & Investment Process

Schroders Asian Equities

Strong regional and Greater China resources

- 53 Asia Pacific ex Japan fund managers and analysts¹ based in seven offices conduct more than 2,300 company visits per year² across the Asia Pacific region
- The Greater China equity team is headed by Louisa Lo, and is comprised of other 22 members from the above-mentioned Asian equities team
- Total Asia Pacific ex Japan Equity AUM of about US\$51bn as at 30 June 2023. Greater China equities is a significant part of our business, and is about US\$20bn of total Asian equities AUM
- Our Greater China suite of products spans several successful strategies, including Greater China, Hong Kong, offshore as well as domestic onshore China equities

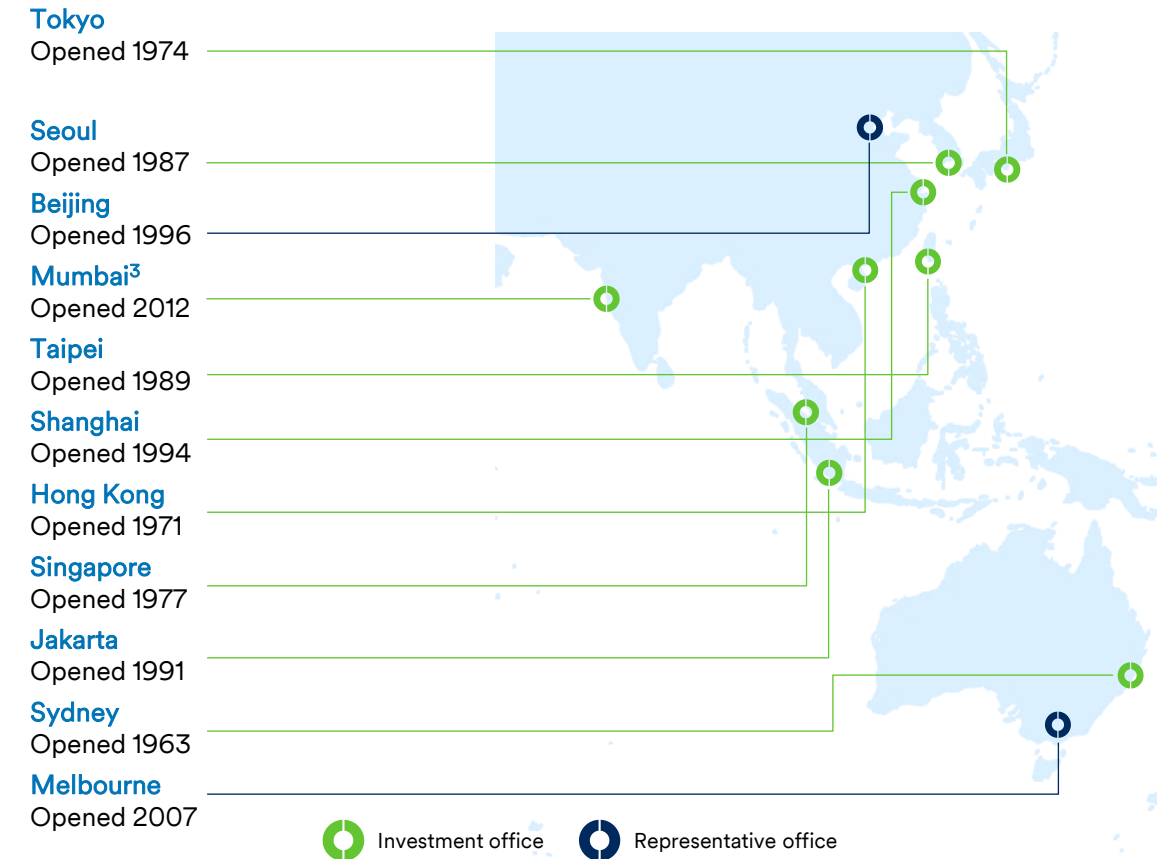
Source: Schroders, September 2023

¹Including Schroders' local specialist team of 8 equity analysts in Sydney, as well as a joint-venture team of 9 Indian equity analysts at Axis Asset Management (Axis AMC) in Mumbai

²For the calendar year 2022

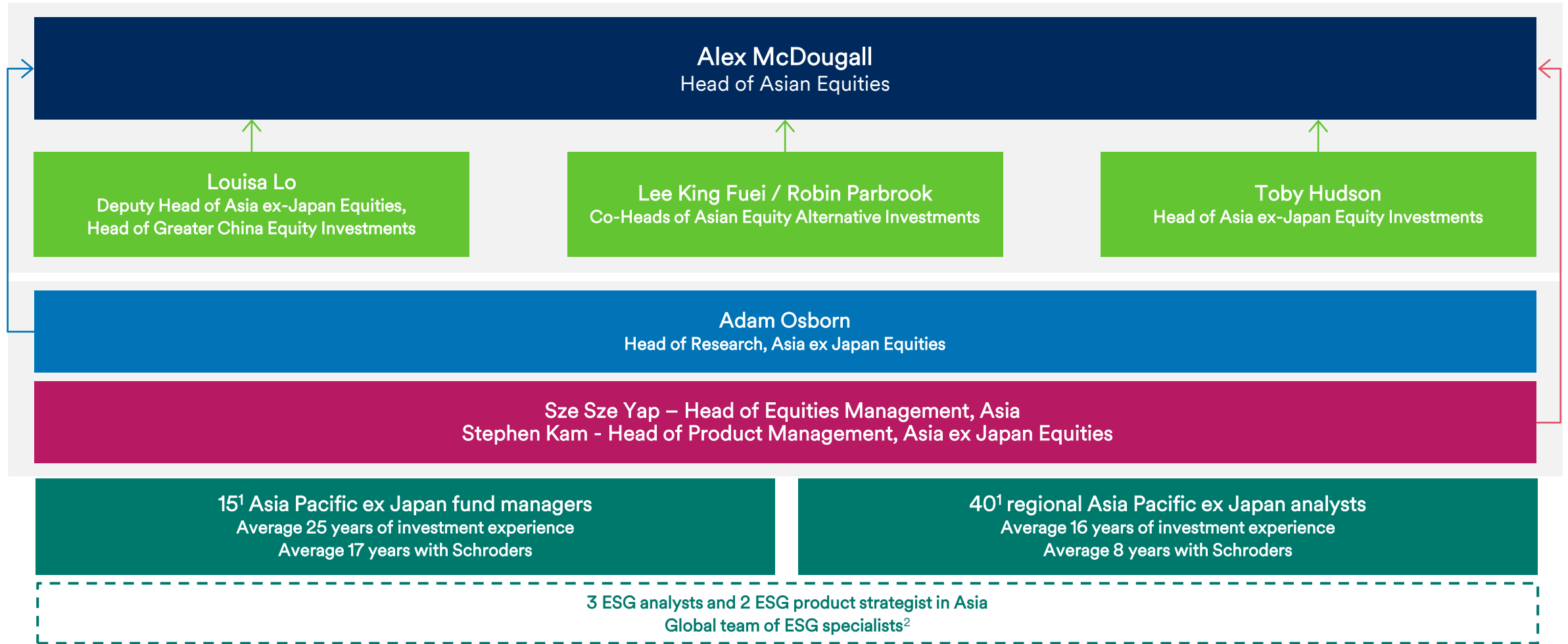
³A joint venture fund management company Axis Asset Management Company.

Schroders offices



Asian Equity Team Structure

Separation of key managerial and investment roles



Source: Schroders, September 2023

¹ Including Schroders' local specialist team of 8 equity analysts in Sydney, as well as a joint-venture team of 9 Indian equity analysts at Axis Asset Management (Axis AMC) in Mumbai; Jay Luong and Chuanyao Lu holds both analyst and fund manager roles. ² Global ESG Team is London-based team, with dedicated analysts/managers to liaise with and support the Asian Equities Team.

Greater China investment team

Cohesiveness underpins team-approach to drive long-term alpha generation

Schroders China Fund Management Team

Louisa Lo – Head of Greater China Equities

Deputy Head of Asia ex Japan Equities, Head of Greater China Equities, 30 years investment experience, 27 years with Schroders

Hong Kong / China Equity Fund Managers

Toby Hudson

31 years of investment experience
31 years with Schroders
Located in Hong Kong

Amelia Wong

24 years of investment experience
16 years with Schroders
Located in Hong Kong

Maggie Zheng

22 years of investment experience
10 years with Schroders
Located in Hong Kong

Jack Lee

25 years of investment experience
11 years with Schroders
Located in Hong Kong

Schroders China Equity Research

Adam Osborn – Head of Research, Asia ex Japan Equities
32 years of investment experience, 21 years with Schroders

Financials

Sherry Lin¹
(30yrs/13yrs)

Healthcare

David Li
(10yrs/2yr)

Real Estate/ Conglomerates

Alice Liu
(14yrs/5yrs)

Industrials/ Utilities/ Energy

Kelly Zhang
(12yrs/8yrs)

Abigail Sun
(8yrs/4yrs)

Leo Chou
(8yrs/3yrs)

Stanley Wang
(7yrs/3yrs)

Sameer Kakakhel
Energy and Materials
(29yrs/12yrs)

Technology

Jose Pun
Software/Internet
(13yrs/5yrs)

Cissy Yang
Software/Internet
(4yrs/2yrs)

Jingyi Song
Technology
(7yrs/4yr)

Chen Hsiu Chen
Technology Hardware
(26yrs/24yrs)

Alice Chen
Downstream
Technology
(17yrs/2yrs)

Chris Yim
Upstream Technology
(13yrs/2yr)

Consumption services and leisure

Sarah Liu*
(17yrs/9yrs)

Candice Chen
(10yrs/6yrs)

Maggie Li
(10yrs/10yrs)

Sustainable Research Team²

Hong Kong – 8 analysts
Shanghai – 7 analysts
Taipei – 2 analysts
Singapore – 1 analyst

Source: Schroders, September 2023

* Head of China A-shares Research

¹Analyst experience: Years of investment Experience/ Years with Schroders.

²Sustainable Research Team is London-based team, with dedicated analysts/managers to liaise with and support the Asian Equities Team.

Biography

Lead investment professional



Maggie Zheng

Fund Manager – China Equities (Based in Hong Kong)

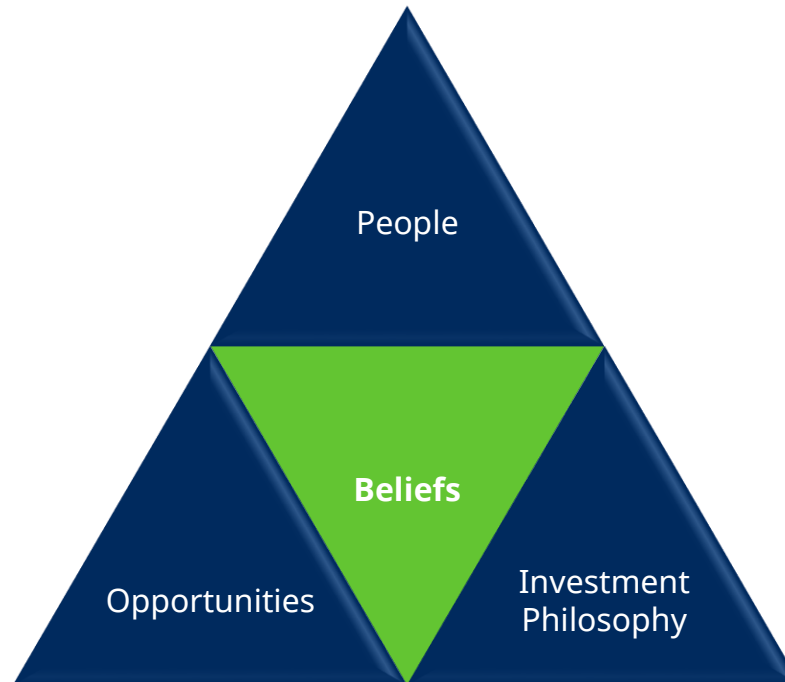
- Over 22 years of investment experience
- Over 10 years with Schroders
- Maggie joined Schroders in November 2013 as a China equity portfolio manager, based in Hong Kong. She joined Schroders from Harvest Global Investment in Hong Kong, where she was portfolio manager for China equity funds and institutional mandates
- Prior to Harvest, Maggie was at Hang Seng Investment Management from 2005, where she managed Chinese domestic A share QFII funds and mandates. Her investment career commenced in October 2001 at Shenzhen Higheast Venture Capital Investment Ltd in Shenzhen as a Chinese A share analyst
- She graduated with a Bachelor's degree in Science with a major in Finance from South-Central University for Nationalities, and has a Master's degree in Business Administration from Beijing Jiao Tong University

Core beliefs

How we add value

- **Investment Discipline:** Key to effective long-term stock analysis and portfolio construction
- **Local Asian team:** Information advantage derived from the quality and breadth of the team
- **Team stability:** Long established working relationship ensures sharing of best ideas across team

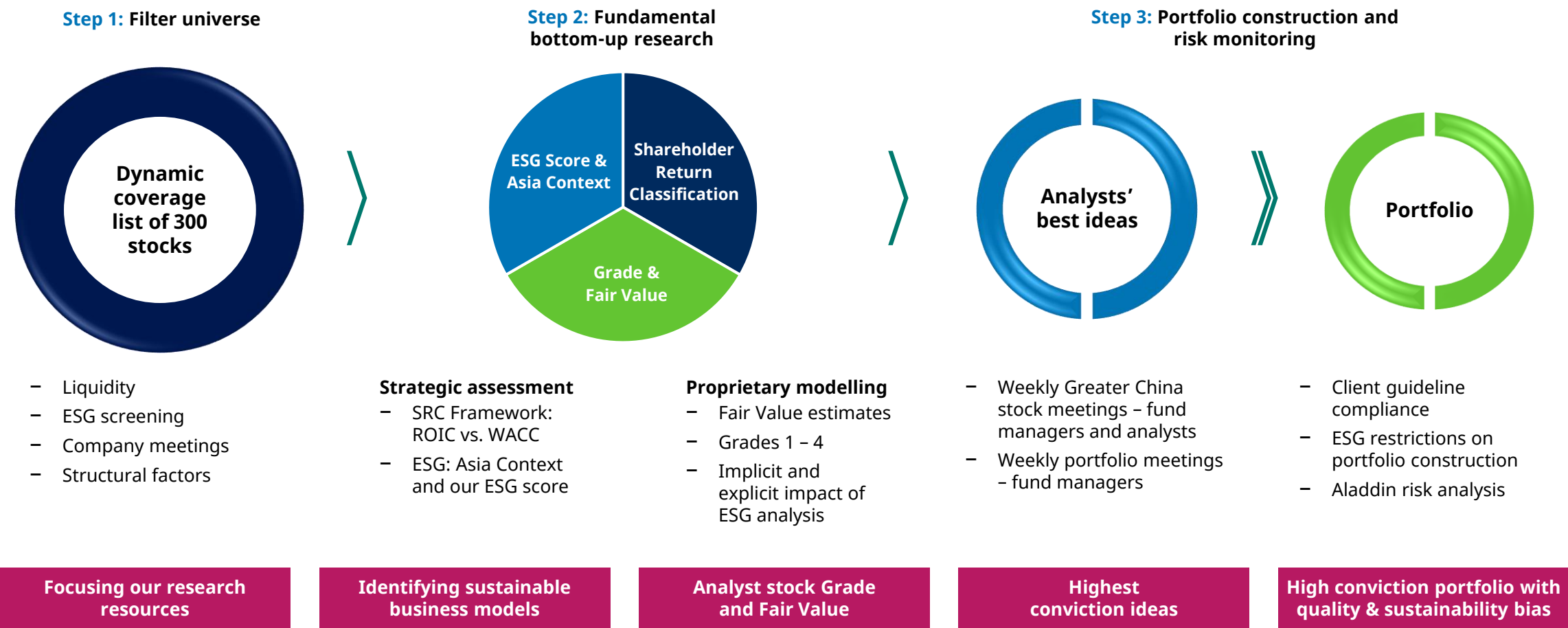
- **Asian markets are inefficient and volatile:** volatility creates opportunities to add value
- **Longer time horizon gives greater chance of realizing alpha**
- **Understanding the Fair Value of stocks is key to realizing these opportunities**



- **Economic growth ≠ Stock market returns:** Picking **quality companies** adds most value
- **Focus on companies that deliver a superior return on capital over long term:** Focus on **superior** or **improving ROIC** over time
- **Mid and Small Caps:** Attractive, under-researched investment opportunities
- **ESG and Sustainability are key:** Integrated into company research given critical importance in driving long term returns for businesses

Investment process

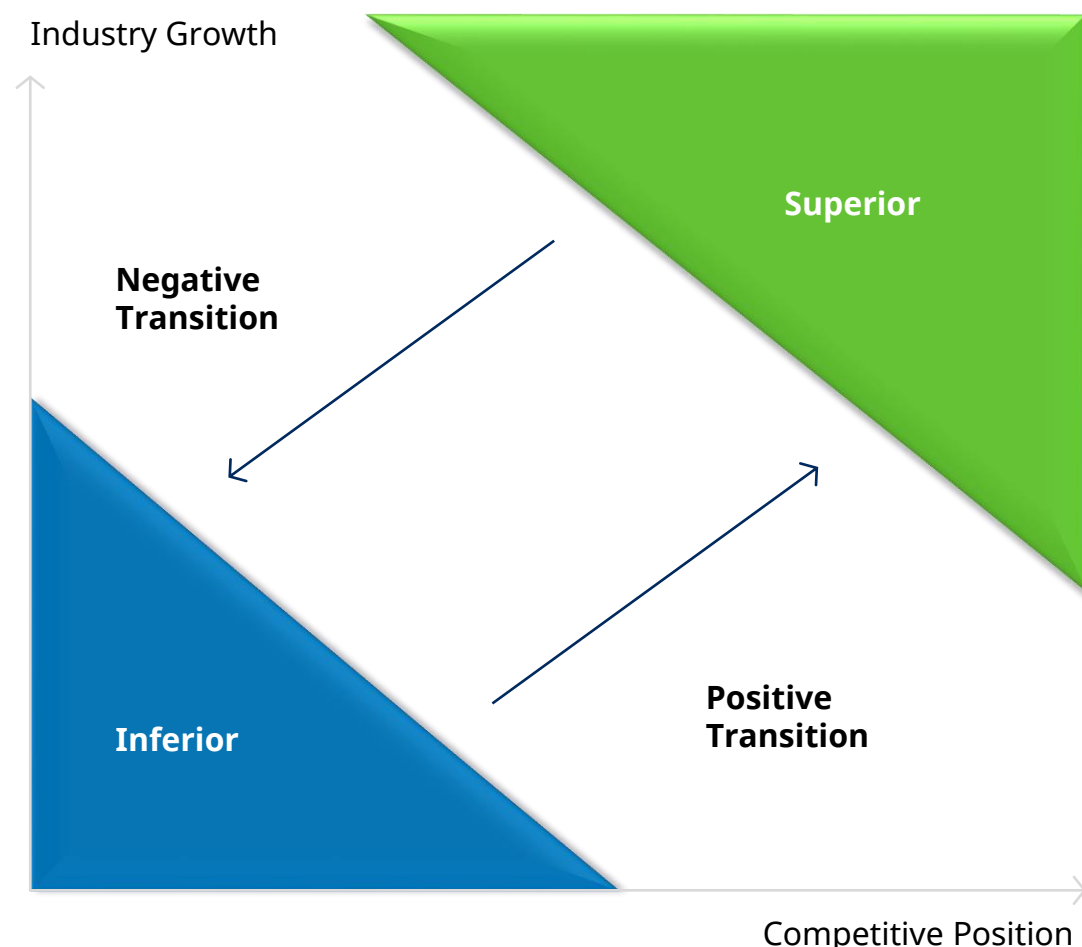
Simple, disciplined and repeatable process



Source: Schroders.

Shareholder return classifications bring discipline

Analysts classify stocks based on projections for Return on Capital

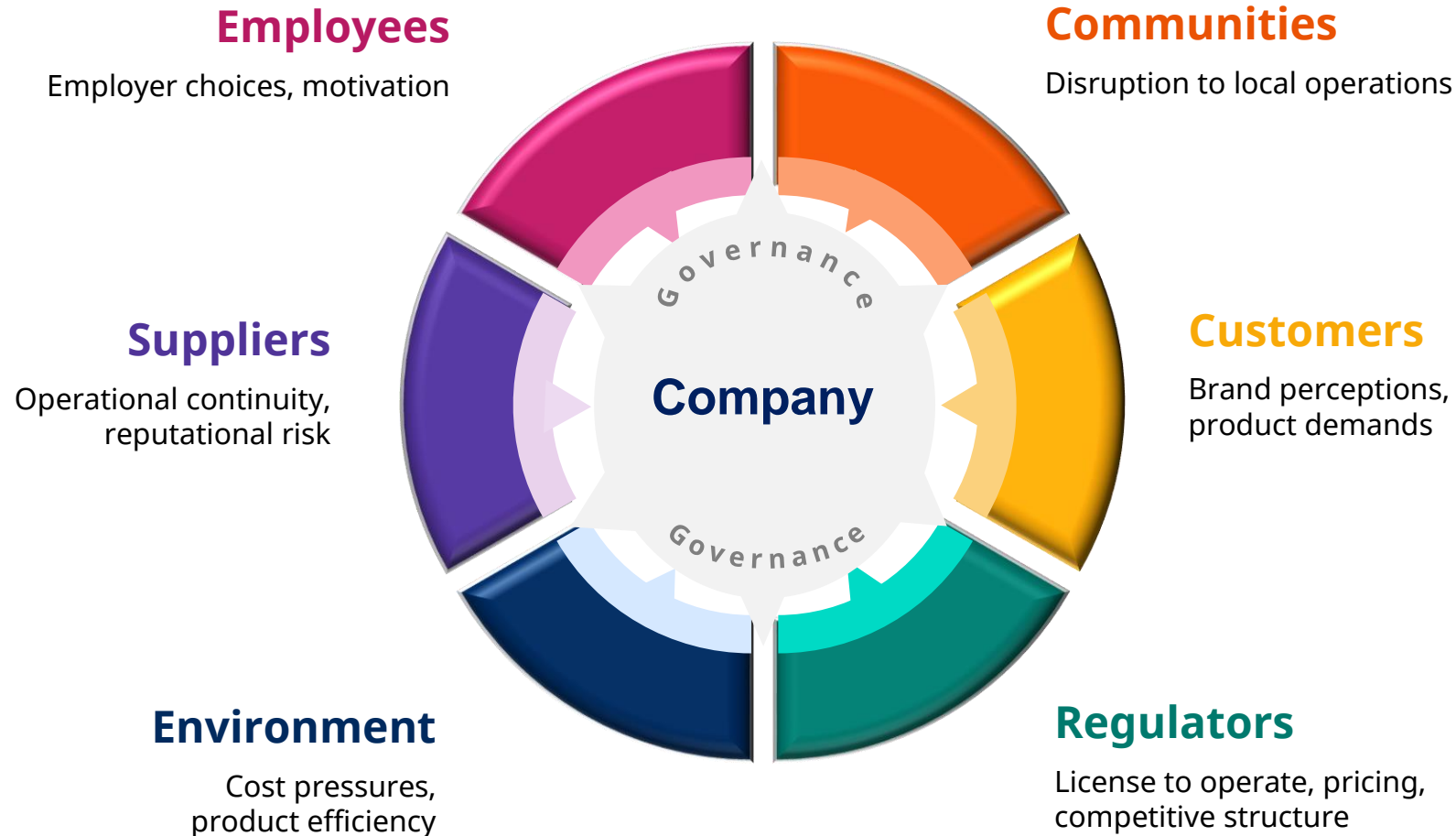


Securities shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.
Source: Schroders, April 2023

Classification	Company Characteristics and Sample Companies
Superior	ROIC > WACC and stable/rising e.g. Gongniu Group, CATL, Kweichou Moutai, Xiamen Faratronic,, Baidu.com
Positive Transition	ROIC < WACC but improving to a positive spread e.g. Sanhua Intelligent Controls, Shenzhen Inovance Technology, East Money Information, Hualan Biological Engineering, Miniso
Negative Transition	ROIC > WACC but deteriorating e.g. China property, China banks
Inferior	ROIC < WACC and not improving e.g. Coal, steel, thermal power, selected offline retailers

ESG integration

CONTEXT framework – Stakeholder analysis provides insights into managing change



Context is a proprietary tool used by Schroders to support the analysis of companies' and issuers' management of the environmental, social and governance trends, challenges and opportunities that Schroders believes to be most relevant to that company's or issuer's industry. It provides access to a wide range of data sources chosen by Schroders. Any views or conclusions integrated into Schroders' investment-decision making or research by fund managers or analysts through the use of CONTEXT will reflect their judgement of the sustainability of one or more aspects of the relevant company's or issuer's business model rather than a systematic and data-driven score of the company or issuer in question.

Source: Schroders. Please refer to 'Important Information' slide for the disclaimers on the use of information from SustainEx/ CONTEXT.

ESG integration – Asia CONTEXT

Our tool for capturing material ESG considerations, built around a stakeholder framework

Sample overall ESG assessment summary

Ticker				
Company Name				
Country				
Industry				
Headline E score	Moderate		SIM Score	Quintile
	Stakeholder Weight	12%	50%	Q3
Headline S score	Moderate		50%	Q3
	Stakeholder Weight	48%		
Headline G score	Moderate		50%	Q3
	Stakeholder Weight	40%		
Total ESG score	Moderate		50%	Q3

Overall ESG assessment	Moderate
What is the overall direction of ESG travel - is the company improving/ deteriorating?	Steady state
Have you included an explicit ESG premium/ discount in your Fair Value calculation?	No, implicit in forecasts
Is there a comprehensive CSR/ Sustainability report?	Yes but lacking in data/ insights, box ticking?
How seriously do management take ESG/ Sustainability issues?	Aware: but could do more
Due to ESG considerations alone, what is your conviction on meeting your forecast ROIC (SRC)?	Low conviction meet
What is your Shareholder Return Classification (SRC)?	Superior
Offer your view on what is <u>material</u> from an ESG perspective, both positive and negative, and how does this impact your <u>long term ROIC trend</u> ?	
1. What is/are the most material tail risk(s) you have identified and their likelihood?	
2. How does your ESG analysis impact your view of the attractiveness of the business and your SRC?	
3. What is your view of the level of commitment that management has to ESG and Sustainability issues?	
4. What are the details of your proposed engagement and what colour are you seeking?	

- Detailed analysis of ESG issues across key stakeholder groups, focused on **identifying material issues impacting ROIC** over the medium-long term
- **40+ questions to help guide analysts' assessment and rating.** Analysts also asked to highlight and address company and/or industry specific ESG issues
- **Companies are scored** from 'very weak' to 'very strong' (5 scale rating) for each question, which guides overall stakeholder score
- **Numerical score for E, S & G generated from assessment**, alongside an overall ESG score
- **An absolute scoring mindset being adopted** – i.e. 'dirty' industries can only rank as 'weak' or 'very weak' on E score
- Analysis supported by dedicated ESG analyst based in Asia and ESG team in London

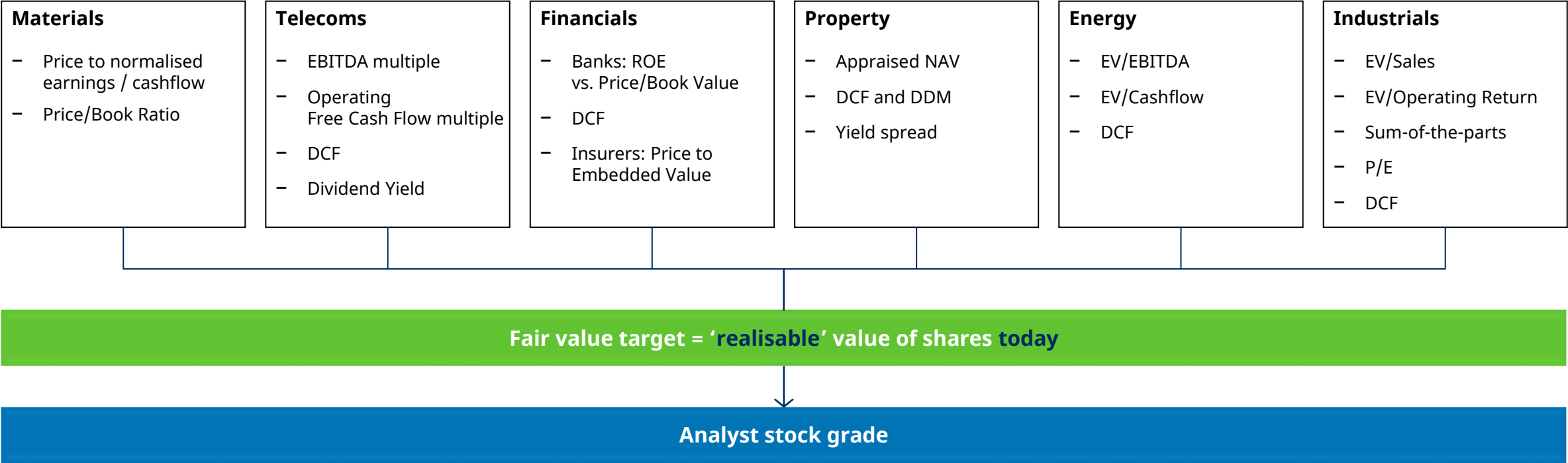
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Company analysis

Proprietary fundamental research



Fair Value Targets Set Using Appropriate Valuation Approach – not always DCF



Source: Schroders.
For illustrative purpose only, it does not represent any recommendation to invest or disinvest in the above-mentioned sectors.

Sample research note

Deep dive fundamental research with integrated ESG approach

XXX

Schroders
Equity Research
Xxx, 06 Jul 2020

Share Price		SIM Holding		SIM Total ESG	
Market Grade		SRC		SIM E / S / G	
Fair Value		FV Premium/(Discount)		Previous FV	

	Schroders EPS		Cons EPS		SDR vs Cons	EPS Revision	Sales Growth	EBIT Margin	Valuation					
	EPS	Growth	EPS	Growth					PE	EV/EBITDA	FCF Yield	Div Yield	PBV	
FY0														
FY1														
FY2														
FY3														

Why do we fundamentally like/ dislike this stock: essentially your investment thesis.

What's changed: e.g. any Grade/ FV/ SIM estimate change or expected change, resultant view/ estimates relative to consensus, any new material information.

Grade & Fair Value: Grade reflects your conviction of stock performance relative to benchmark. Mind-set should always be, 'what is/ is not discounted in the price' [is the ROIC trend mispriced?], FV methodology and any reason why the stock is expected to trade above/ below your FV? Comment on how SRC/ ESG/ Asymmetric risk feed into your investment recommendation and FV.

SRC qualify / rationale: qualify your SRC rating by discussing if the ROIC trend is driven by Industry dynamics (where we are in the cycle) and/ or stock specific drivers.

ESG: What is material from an ESG/Sustainability/Stakeholder perspective – both positive and negative - and how does this impact your Grade, FV and long term ROIC trend?

Asymmetric risk: The upside/ downside scenarios could be 'best reasonable' estimates of alternative and plausible scenarios around your base case, while discussing more improbable (but possible) tail risk would really add value here. If appropriate, upside & downside scenarios could include ESG issues.

Key Risks to Thesis: not laundry list of factors that could go wrong (e.g. macro conditions) but key industry/ stock risk that could contradict your thesis, and drive ROIC on a different path to your SRC classification.

Summary of investment conclusions

Key point 1:

Key point 2:

Key point 3:

[Expand as you see fit i.e. freestyle comments re investment case, results, etc.]

Risks to the Investment Case

Key point 1:

Key point 2:

Valuation

Fundamental value of the company today:

Asymmetric risk:

Peer Group Valuation:

ESG Analysis:

Red Flags

[paste GMT Output section here – please use last FY numbers for output]

Insights on Red Flags: e.g. The RF score for the last actual year is X% relative to global peers, Y% and Z% for the last 1 & 3 year change, which is High. Material flags of concern and to monitor include XXXX. We believe Flags surrounding a high level of payables and LT Liabilities can be explained.

Overall ESG assessment summary

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Country			
Industry			
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Overall ESG assessment	Moderate
What is the overall direction of ESG travel - is the company improving/ deteriorating?	Steady state
Have you included an explicit ESG premium/ discount in your Fair Value calculation?	No, (implied in forecasts)
Is there a comprehensive CSR/ Sustainability report?	Yes but lacking in data/ insights, box ticking?
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Portfolio construction

Determining stock position sizes

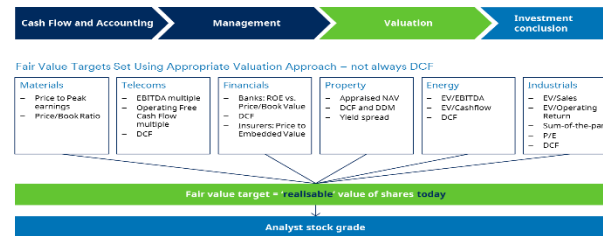
Shareholder Return Classification

Classification	L-T Portfolio Position ¹
Superior	Overweight
Positive transition	Overweight
Negative transition	Zero Weight
Inferior	Zero Weight

Setting long term construction framework based on SRC

+

Valuation and conviction



Stocks are graded 1 through 4

- 1 = Strong conviction stock will outperform the country
- 2 = Stocks expected to outperform
- 3 = Stocks expected to underperform
- 4 = Strong conviction stock will underperform the country

Conviction level driven by Stock Grades and Valuation

+

Risk Management



==

Portfolio weight

Clear understanding of portfolio risks using sophisticated tools

Schroders: Schroders. For illustrative purpose only.
¹Subject to Valuation and Risk.

Portfolio construction

Sell discipline

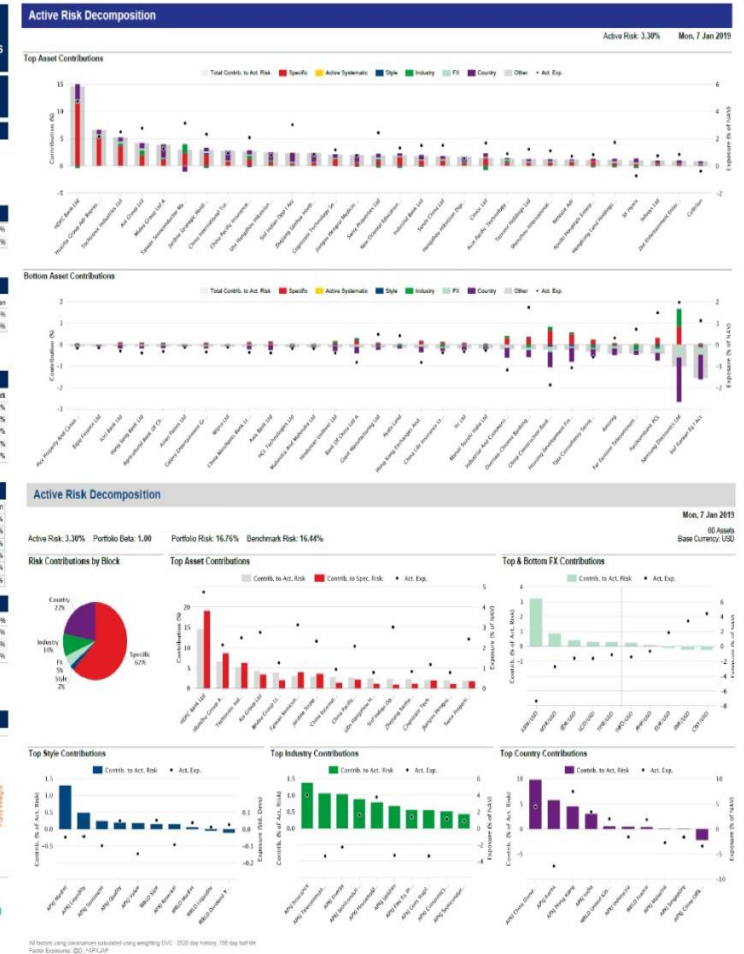
Stock positions will be reviewed with a view to sell when:

- A company is trading at or above the top of our analyst's assessment of its fair value target
- A more attractive investment opportunity is identified
- There is a change to management strategy or an ESG red flag
- A major sale of assets or divisions has occurred
- There is an unexpected structural change to an industry in which the company is involved

Managing portfolio risk

Portfolio and risk management system – ‘Aladdin’

- Identifies active risk and sources of risk based on technical and fundamental characteristics
 - Stock specific risk
 - Country risk
 - Industry risk
- Capability to drill-down into various factors and undertake what-if analysis
- Monthly review of fund risk profile between fund manager, product manager and APAC Risk team (SIREN automated risk framework system)
- Quarterly review of fund risk profile and portfolio performance by Equity Risk Committee, Chaired by Global Head of Equities



Source: Schroders. Securities shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Analyst remuneration

Recommendations key to stock selection, aligned to performance

Stocks are graded 1 through 4

- 1 = Strong conviction stock will outperform the country
- 2 = Stocks expected to outperform
- 3 = Stocks expected to underperform
- 4 = Strong conviction stock will underperform the country

Bonus assessment for analysts

Quantitative (70%)	<ul style="list-style-type: none">• Performance of analyst grades and portfolio impact
Qualitative (30%)	<ul style="list-style-type: none">• Productivity• Communication• Conviction/Impact• Teamwork

Research team directly incentivized based on performance of grades and contribution of recommendations to portfolio returns

Summary – The Schroders advantage

What sets us apart?



Large, on-the-ground
team of experienced
investment
professionals
covering the China
market



A time-tested,
disciplined process
focusing
on quality,
sustainability and
valuation



Unconstrained,
high conviction
portfolio
construction with
strong risk
management



China capabilities
have proven track
record of consistent
outperformance
over the medium
and long term

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

Source: Schroders.

Schroders



Schroder ISF China A All Cap

Portfolio positioning

Schroder ISF China A All Cap

Key characteristics

Investment proposal	<ul style="list-style-type: none">- The Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of Chinese companies listed and traded on Chinese stock exchanges such as Shenzhen or Shanghai Stock Exchanges (China A-Shares)- The Fund may invest in a broad range of companies regardless of market capitalisations- The Fund may invest up to 10% of its assets in offshore listed Chinese companies, and up to 10% of its assets in the offshore listing of dual-listed Chinese A-Share companies
Outperformance target	The fund's objective is to be a top quartile performer in the Morningstar Peer Group for dedicated China A-share portfolios
Reference benchmark	MSCI China A Onshore (Net TR)
Investment parameters	<ul style="list-style-type: none">- Stock active weights: +/- 7%- Sector active weights: unconstrained- Investment into offshore Chinese equities: Up to 10%- Investment into offshore dual listed A-shares: Up to 10%
Expected turnover	50-150%
Expected tracking error	Up to 12%
Expected # of holdings	30-50 names

Source: Schroders. For illustrative purposes only and does not constitute a recommendation to buy or sell.

Performance summary – Schroder ISF China A All Cap

As at 30 September 2023

Past Performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of investments to fall as well as rise. Performance data does not take into account any commissions and costs, if any, charged when units or shares of any fund, as applicable, are issued and redeemed.

	3 months	6 months	YTD	1 year	3 years	5 years	Since Inception*
	%	%	%	%	% p.a.	% p.a.	% p.a.
Schroder ISF China A All Cap – Class C	-6.4	-11.2	-6.3	-0.5	-	-	-17.2
MSCI China A Onshore (NR)	-4.6	-14.0	-8.8	-5.4	-	-	-18.2
Relative performance	-1.8	+2.8	+2.6	+4.9	-	-	+1.0
Morningstar China A Shares Category	-5.1	-15.0	-11.5	-8.1	-	-	-20.2

Calendar year performance	2022	2021	2020	2019	2018
Schroder ISF China A All Cap– Class C	-28.4	-	-	-	-
MSCI China A Onshore (NR)	-27.2	-	-	-	-
Relative performance	-1.2	-	-	-	-
Morningstar China A Shares Category	-28.4	-	-	-	-

Fund size (USD): 36M

*Since inception: 15 October 2021
Source: Schroders, net of fees.

Performance summary – Schroder ISF China A All Cap

As at 30 September 2023

Past Performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of investments to fall as well as rise. Performance data does not take into account any commissions and costs, if any, charged when units or shares of any fund, as applicable, are issued and redeemed.

	3 months	6 months	YTD	1 year	3 years	5 years	Since Inception*
	%	%	%	%	% p.a.	% p.a.	% p.a.
Schroder ISF China A All Cap – Class I	-6.2	-10.7	-5.4	+0.7	-	-	-16.2
MSCI China A Onshore (NR)	-4.6	-14.0	-8.8	-5.4	-	-	-18.2
Relative performance	-1.5	+3.4	+3.4	+6.1	-	-	+2.0
Morningstar China A Shares Category	-5.1	-15.0	-11.5	-8.1	-	-	-20.2

Calendar year performance	2022	2021	2020	2019	2018
Schroder ISF China A All Cap– Class C	-27.5	-	-	-	-
MSCI China A Onshore (NR)	-27.2	-	-	-	-
Relative performance	-0.3	-	-	-	-
Morningstar China A Shares Category	-28.4	-	-	-	-

Fund size (USD): 36M

*Since inception: 15 October 2021
Source: Schroders, net of fees.

Risk Factors

Main risk considerations include:

Concentration risk: The fund may be concentrated in a limited number of geographical regions, industry sectors, markets and/or individual positions. This may result in large changes in the value of the fund, both up or down.

Liquidity risk: In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares.

Operational risk: Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.

Derivatives risk – efficient Portfolio Management and Investment Purposes: Derivatives may be used to manage the portfolio efficiently. A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the fund. The fund may also materially invest in derivatives including using short selling and leverage techniques with the aim of making a return. When the value of an asset changes, the value of a derivative based on that asset may change to a much greater extent. This may result in greater losses than investing in the underlying asset.

Stock Connect risk: The fund may be investing in China "A" shares via the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect which may involve clearing and settlement, regulatory, operational and counterparty risks.

Emerging Markets & Frontier risk: Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty, operational and liquidity risk than developed markets.

Higher volatility risk: The price of this fund may be volatile as it may take higher risks in search of higher rewards.

Performance risk: Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.

IBOR: The transition of the financial markets away from the use of interbank offered rates (IBORs) to alternative reference rates may impact the valuation of certain holdings and disrupt liquidity in certain instruments. This may impact the investment performance of the fund.

Market risk: The value of investments can go up and down and an investor may not get back the amount initially invested.

Onshore renminbi currency risk: The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses. Currency control decisions made by the Chinese government could cause the fund to defer or suspend redemptions of its shares.

Sustainability risk: The fund has environmental and/or social characteristics. This means it may have limited exposure to some companies, industries or sectors and may forego certain investment opportunities, or dispose of certain holdings that do not align with its sustainability criteria chosen by the investment manager. The fund may invest in companies that do not reflect the beliefs and values of any particular investor.

Relative performance attribution – stock and sector

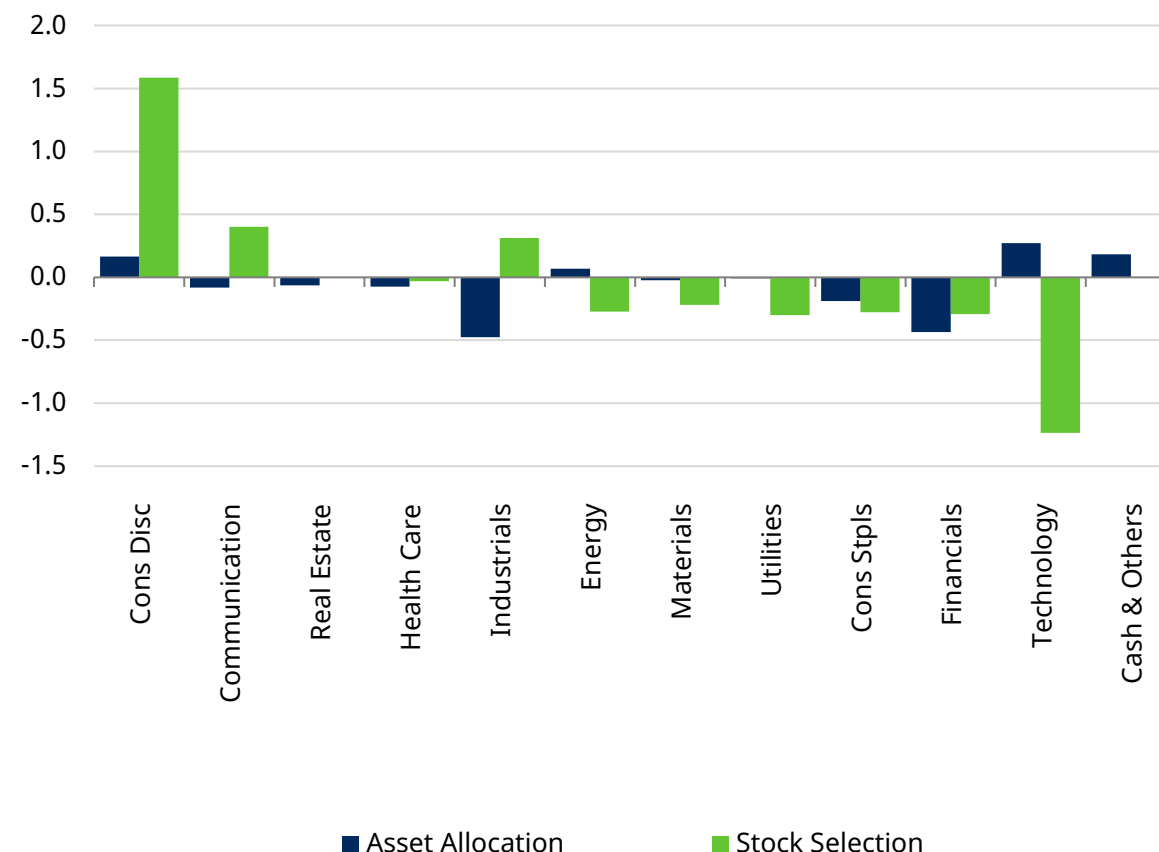
Schroder ISF China A All Cap

3 Months to 30 September 2023

Top 5 contributors	Sector	OW / UW	Return (%)	Total effect (%)
New Oriental Education	Cons Disc	O/W	+55.2	+0.7
Miniso	Cons Disc	O/W	+60.0	+0.7
Keboda Technology	Cons Disc	O/W	+24.6	+0.4
Asymchem Laboratories	Health Care	O/W	+28.0	+0.3
East Money Information	Financials	O/W	+6.5	+0.3

Top 5 detractors	Sector	OW / UW	Return (%)	Total effect (%)
Everbright Photonics	Technology	O/W	-31.3	-0.9
Xiamen Faratronic	Technology	O/W	-29.8	-0.6
Shanghai Moons Electrical	Industrials	O/W	-14.7	-0.4
Leader Harmonious Drive	Industrials	O/W	-27.7	-0.4
Anjoy Foods	Cons Stpls	O/W	-16.0	-0.3

Performance attribution by sector (% in USD)



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

Source: Schroders. Gross returns.

The sectors and securities shown are for illustrative purposes only and are not to be considered a recommendation to buy or sell.

Relative performance attribution – stock and sector

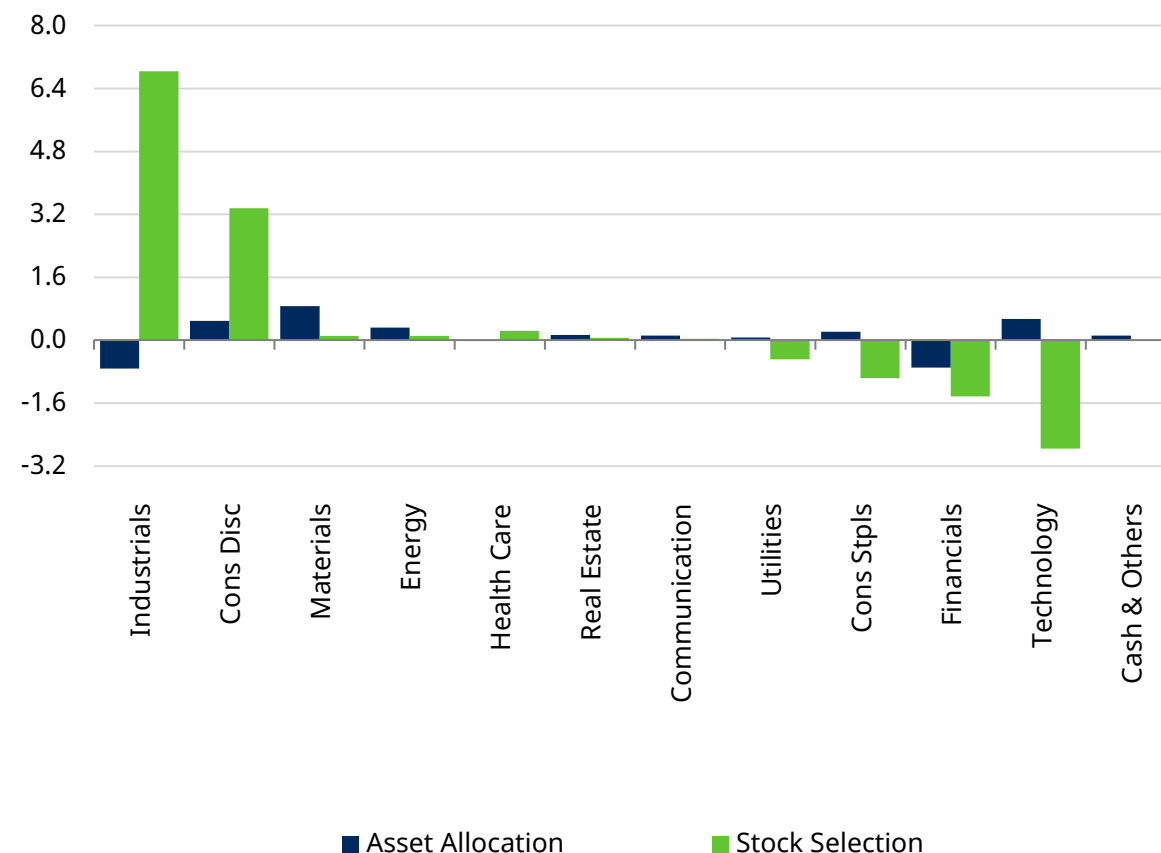
Schroder ISF China A All Cap

12 Months to 30 September 2023

Top 5 contributors	Sector	OW / UW	Return (%)	Total effect (%)
Zhongji Innolight	Technology	O/W	+236.6	+3.0
Shanghai Moons Electrical	Industrials	O/W	+122.5	+2.0
Miniso	Cons Disc	O/W	+437.7	+1.8
Inovance Technology	Industrials	O/W	+12.9	+1.0
New Oriental Education	Cons Disc	O/W	+54.7	+0.8

Top 5 detractors	Sector	OW / UW	Return (%)	Total effect (%)
Xiamen Faratronic	Technology	O/W	-40.7	-1.0
Everbright Photonics	Technology	O/W	-37.9	-0.7
Bank Of Ningbo	Financials	O/W	-5.8	-0.6
Goertek	Technology	O/W	-26.2	-0.6
Haitian Flavouring & Food	Cons Stpls	O/W	-45.9	-0.5

Performance attribution by sector (% in USD)



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

Source: Schroders. Gross returns.

The sectors and securities shown are for illustrative purposes only and are not to be considered a recommendation to buy or sell.

Key positions

Schroder ISF China A All Cap

30 September 2023

Top 10 holdings

Stock	Sector	Portfolio Weight (%)
Kweichow Moutai	Consumer Staples	6.7
Ping An Insurance	Financials	5.4
Inovance Technology	Industrials	5.2
Contemporary Amperex	Industrials	4.9
East Money Information	Financials	4.2
Hualan Biological Engineering	Health Care	4.1
Yizumi Holdings	Industrials	3.5
Baidu	Communication Services	3.3
Anjoy Foods	Consumer Staples	3.2
Zhejiang Sanhua	Industrials	3.1

Major overweight stocks

Stock	Active position (%)
Inovance Technology	4.7
Hualan Biological Engineering	4.0
Ping An Insurance	3.5
Yizumi Holdings	3.5
East Money Information	3.4

Major underweight stocks

Stock	Active position (%)
China Merchants Bank	-1.9
Wuliangye Yibin	-1.3
Industrial Bank	-1.1
Citic Securities	-0.9
BYD	-0.9

Source: Schroders.

Note: The securities shown are for illustrative purposes only and are not to be considered a recommendation to buy or sell.

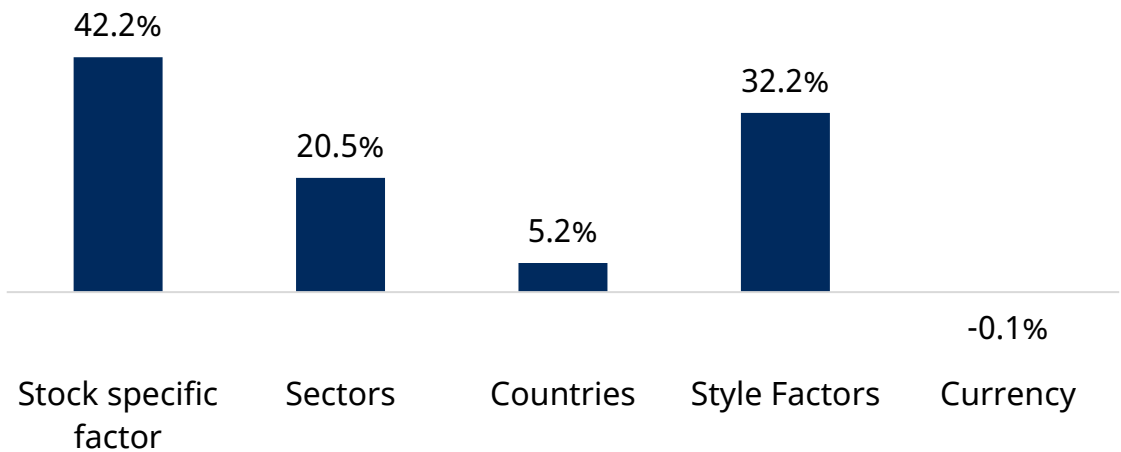
Portfolio analysis – Schroder ISF China A All Cap

As at 30 September 2023

Tracking error: 6.97%, Beta: 1.04

Characteristics	%
Active share	85.0
Benchmark coverage	15.0
% of non-index stocks	23.6

Active risk decomposition



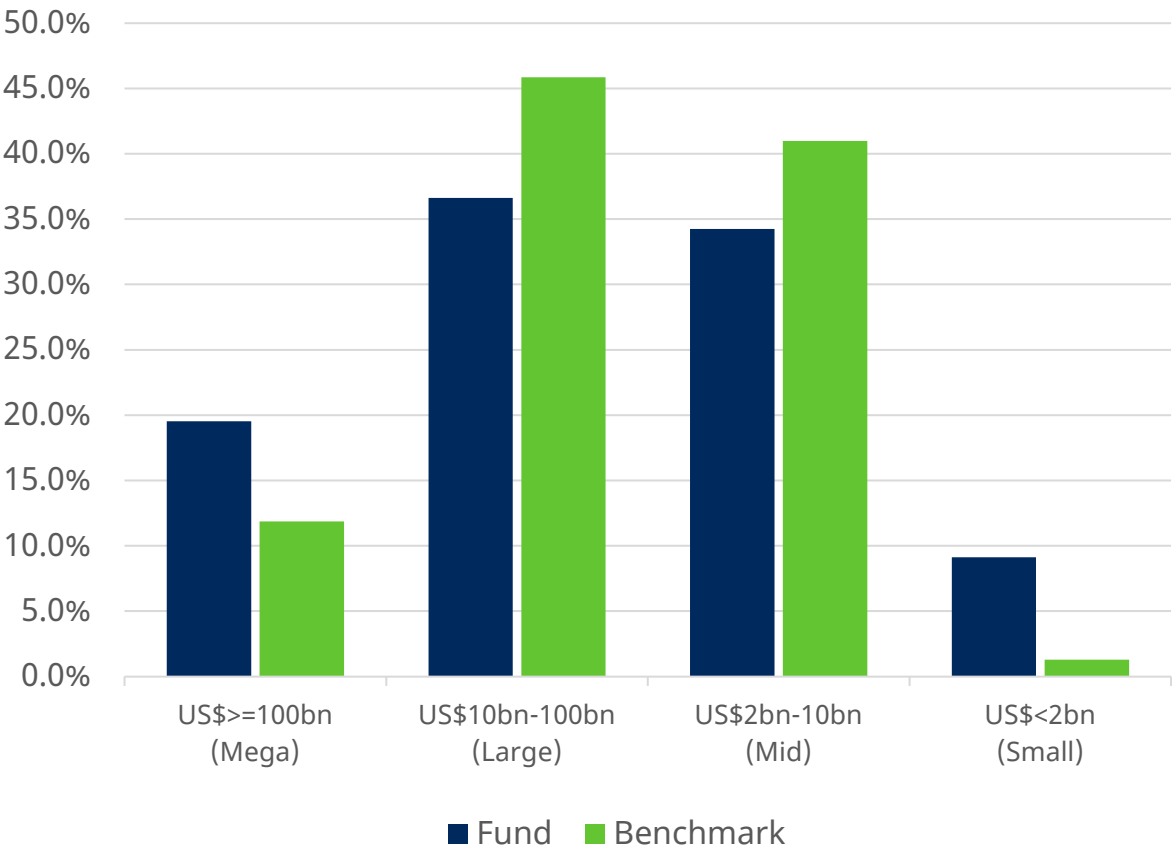
	Contribution to Specific Risk (%)	Active Weight (%)
Baidu	7.1	3.3
Inovance Technology	6.3	4.7
Yizumi Precision	6.1	3.5
Everbright Photonics	5.0	2.5
Hithink Royalflush	5.0	2.1
Sanhua Intelligent Controls	5.0	2.9
East Money Information	4.7	3.4
Shanghai MOONS' Electric	4.5	1.7
Alibaba	4.4	2.5
New Oriental Education	3.2	1.8

Source: Schroders, BRS. For illustrative purpose only, it does not constitute any recommendation to invest or disinvest in the above-mentioned securities.

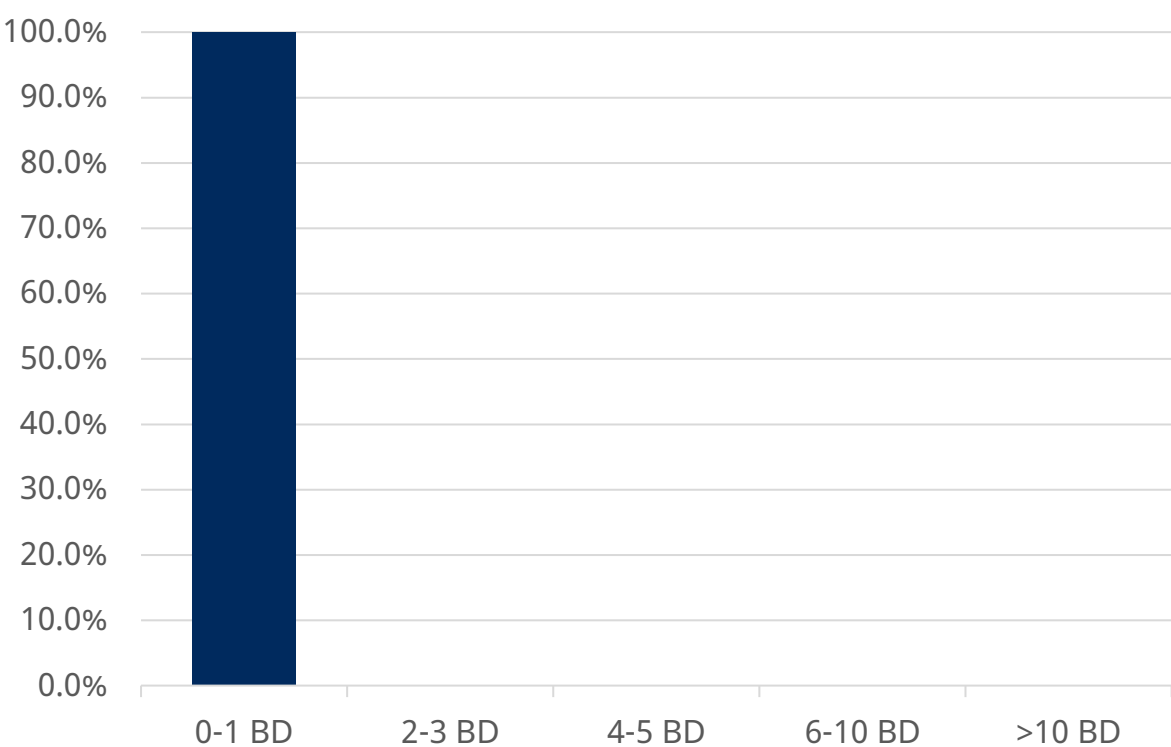
Portfolio analysis – Schroder ISF China A All Cap

As at 30 September 2023

Market cap distribution



Days to liquidate (assuming 20% of ADT)




Source: Schroders
ADT stands for average daily turnover

Sector Positions

Schroder ISF China A All Cap

30 September 2023

 Key overweights  Key underweights

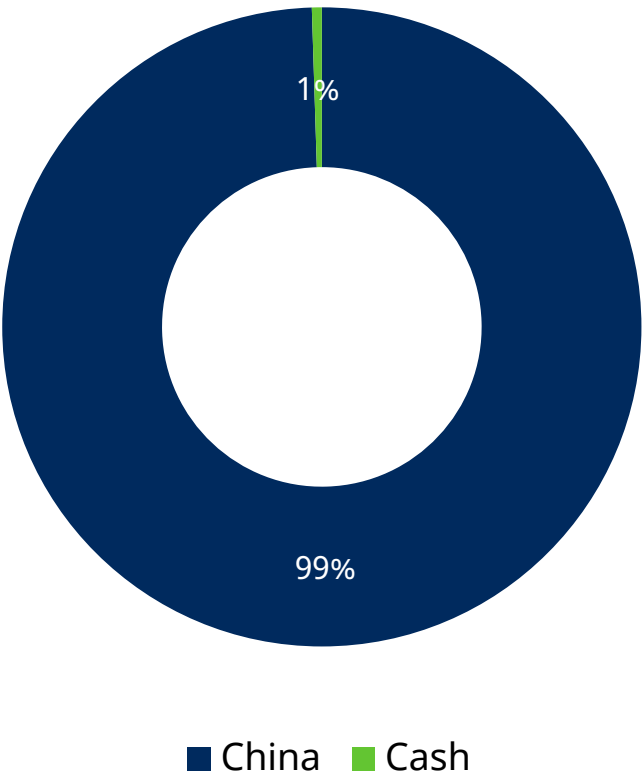
Sector	Portfolio (%)	Benchmark (%)	Difference (%)
Communication Services	3.3	2.2	1.1
Consumer Discretionary	13.4	7.3	6.0
Consumer Staples	11.0	11.8	-0.8
Energy	1.6	2.3	-0.7
Financials	14.4	17.6	-3.2
Banks	-	8.8	-8.8
Financial Services	6.5	6.2	0.3
Insurance	7.9	2.6	5.3
Health Care	8.8	8.7	0.1
Industrials	23.6	16.3	7.3
Information Technology	12.6	18.0	-5.4
Materials	8.3	11.6	-3.3
Real Estate	-	1.6	-1.6
Utilities	2.5	2.5	-0.0
Cash & Others	0.5	-	0.5

Source: Schroders. For illustrative purposes only. The table above compares the sector allocation of the fund against the fund's benchmark as measured by stock market capitalisation. The weights are subject to change and should not be viewed as an investment recommendation. The benchmark refers to the MSCI China A Onshore.

China A All Cap investment strategy and sector

As at 30 September 2023

Asset allocation*



China exposure breakdown

China Onshore	83.1%
China HK listed	16.4%
China US listed	0.5 %

*Differences may exist due to rounding
Source: Schroders. The sectors, securities, regions and markets shown are for illustrative purposes only and are not to be considered a recommendation to buy or sell.

Investment Strategy

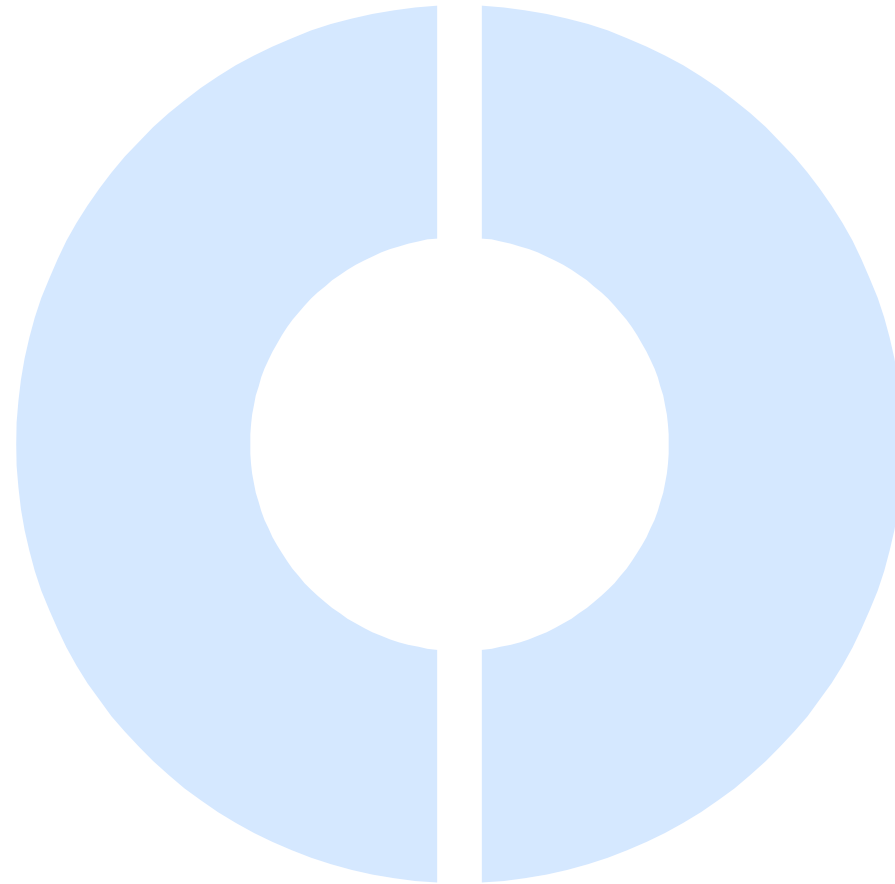
How are we positioned?

Portfolio themes	Rationale
Alternative energy	Carbon neutrality is a key long term theme. Solar supply chain and alternative energy operators are well positioned to benefit from this trend.
NEV/Smart car	NEV proliferation, EV batteries, equipment and supply chain related companies. 'Smart-isation' of vehicles.
Industrials	Industrial automation and import substitution trends. Potential for market share gains for Chinese industrial companies.
Technology	Software localization like ERP and Cloud computing, AR/VR for 5G application, and semi-conductor equipment import substitution.
Healthcare	Healthcare expenditure to personal disposable income ratio rising. Select medical disposables, pharmaceutical and online platform companies are likely beneficiaries.
Consumption	Market is expecting the reopening in China step by step after 3 years of strict zero-covid policy. Consumption may have a rebound from the very low base.
Financials	Maintain our underweight in the sector due to lack of near-term catalysts.
Properties	Policy tightening measures continue to weigh on sector performance. We prefer leading players with strong balance sheet and exposure to top-tier cities.

Source: Schroders, as at April 2023

Countries and sectors shown above are for illustration purposes only and should not be considered a recommendation to buy or sell.

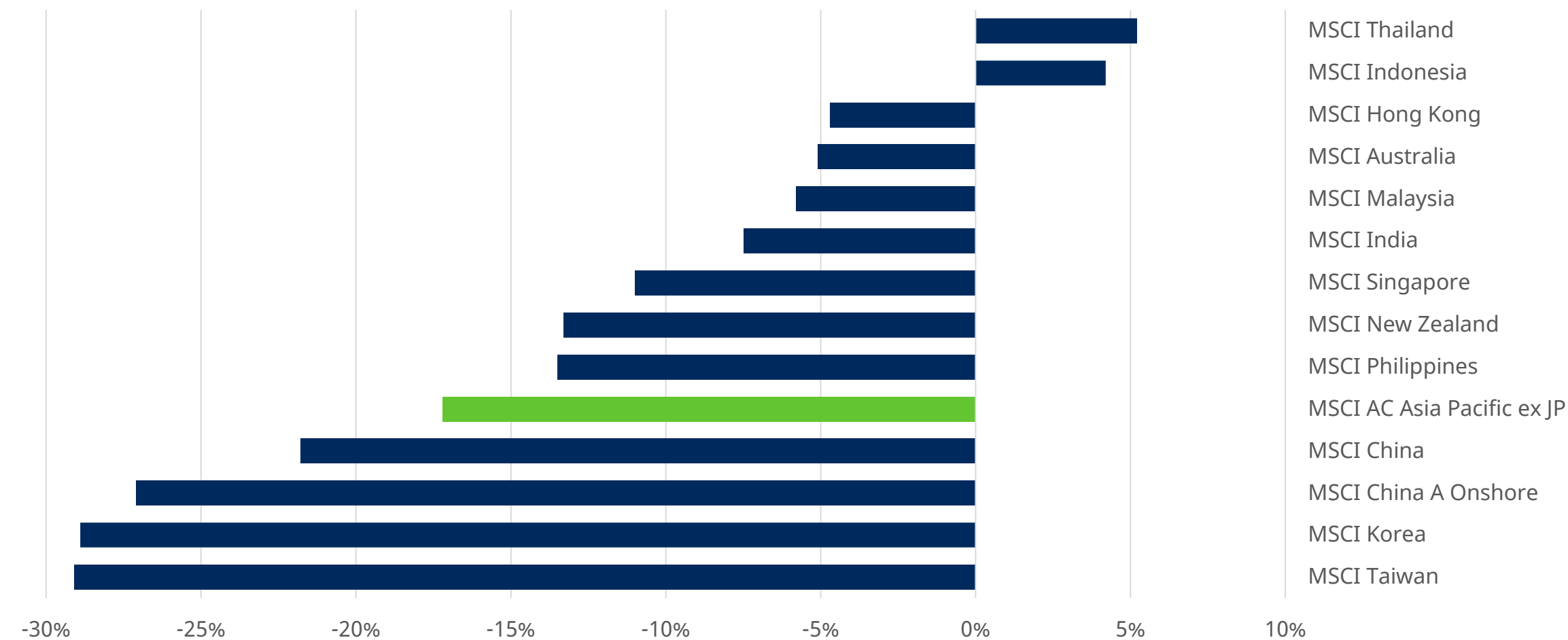
Schroders



Market outlook

2022 was a difficult year for Asian markets

Year-to-date performance of major markets in Asia Pacific region



Past performance is not a guide to future performance and may not be repeated.

Source: FactSet, MSCI, Schroders, December 2022

Outlook for 2H 2023

A year of moderate recovery

POSITIVE:

- Reopening earlier than expected, improved liquidity, refocus on growth from top management. 5% GDP growth rate is not difficult.
- US interest rate cycle is peaking, which is positive to Emerging markets, including China
- 1Q data surprised on the upside especially in consumption and SOE names; but disappointment in industrial and private sector due to the Covid outbreak in Jan and Feb holidays. But some saw strong recovery in March and the momentum is still there in April.
- Property sector recognized positive transaction volume growth in 1Q and some private property companies have reached the deal on debt restructuring. The risk in financial system should be under control.
- RMB internationalization and One-belt-one-road strategy will help export. More companies are looking for new opportunities in overseas market. Leading companies may have better position at gaining more market share.
- CPI in China is below expectation and remains at very low level, which gives PBOC the flexibility to keep the interest rate low to support the liquidity

Source: Schroders, June 2023

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

Outlook for 2H 2023

A year of moderate recovery

Negative:

- Sino-US relationship continues to be challenging
- LGFA risk is increasing due to the weak land sales and overspending in past 3 year of Covid
- The momentum of consumption recovery may not be keeping well as the consumer confidence is still very weak
- High US interest rate makes the equity market less attractive, especially for growth story
- Squeezed profitability in China makes private investment unattractive, China may need to cut interest rate to support investment
- China is in the transition period – what's the next driver for the economy?

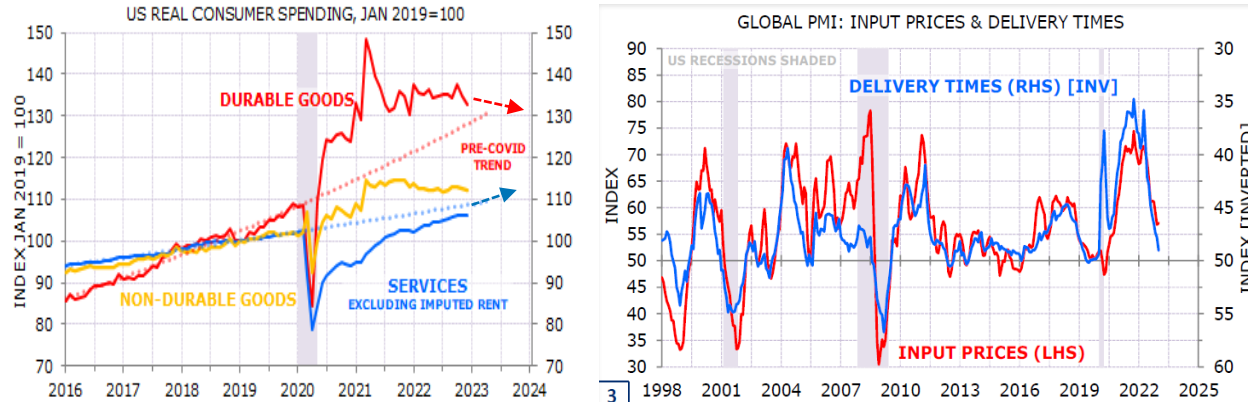
Source: Schroders, June 2023

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

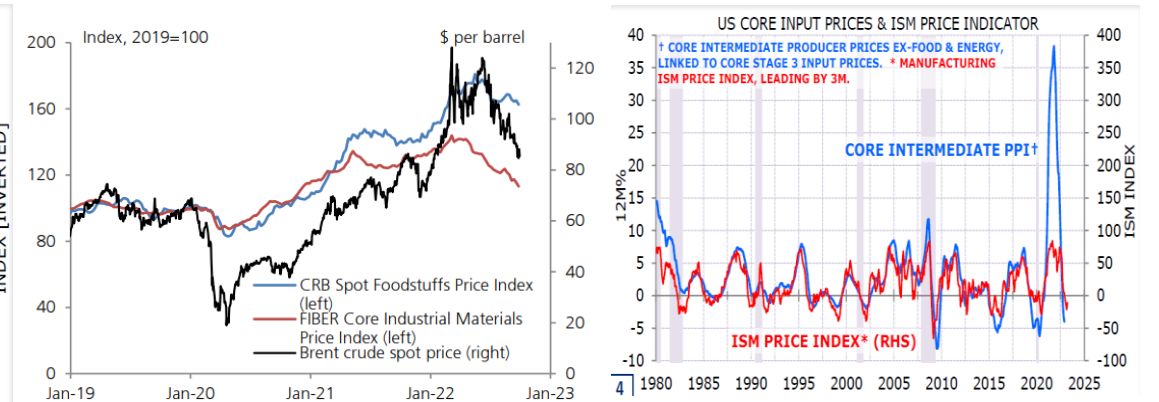
Inflation outlook key to rates and markets – goods pressures fading, services stickier

Fed hiking rates to slow growth and create labour market slack – but how much is enough?

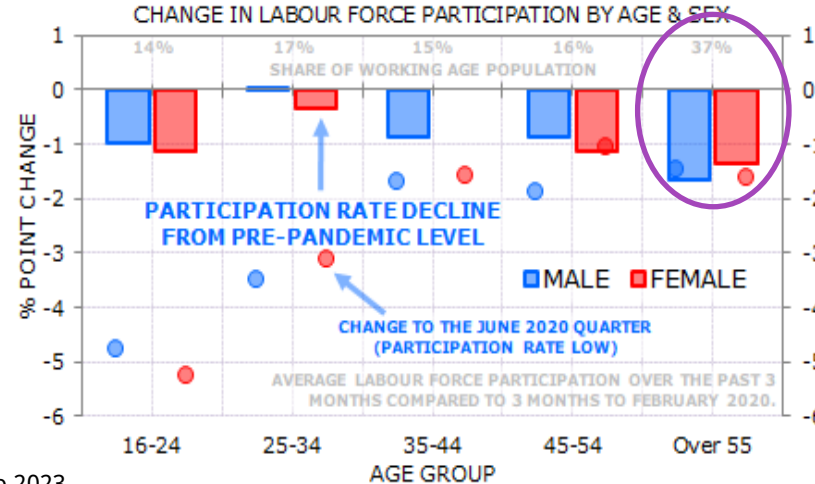
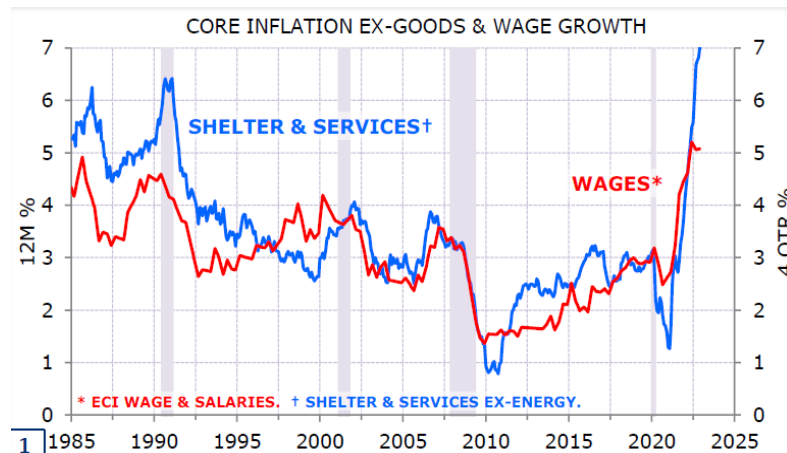
Supply chain normalizing post COVID as spending patterns shift



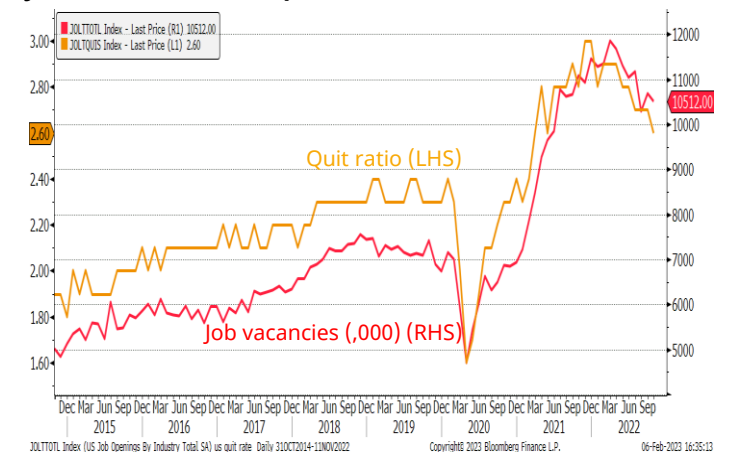
Commodity price pressures and PPI easing recently



But....very tight labour markets driving service sector inflation. Lower participation amongst >55 yr olds key



US Job Vacancies and Quit ratio still elevated



Source: UBS, Oct 2022. Minack Advisers, Jan/Feb 2023, Bloomberg, Feb 2023.

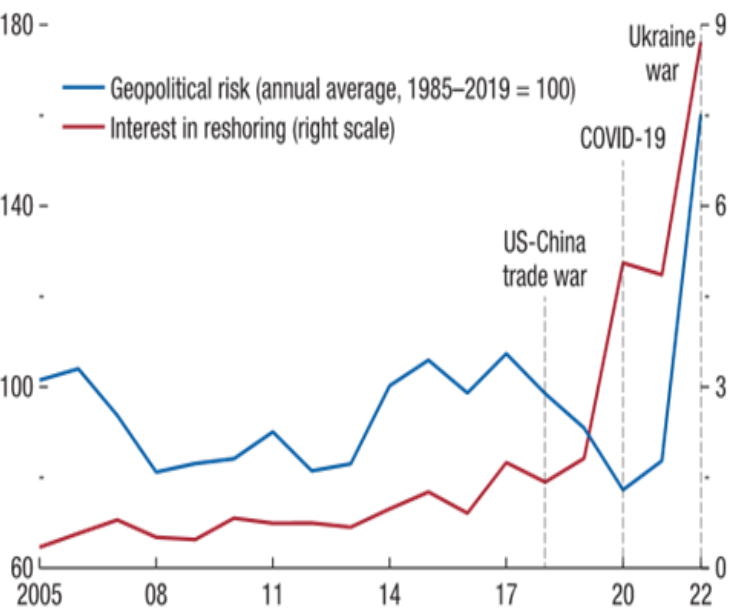
US / China geopolitical tensions and decoupling look here to stay

FDI flows and supply chains shifting to reflect ‘new normal’ in strategic rivalry between US & China and also reduce risks of single (China) sourcing post-COVID. Outcome likely sub-optimal. But, scale of current trade means wholesale decoupling impractical.

Rising geopolitical tension and foreign direct investment fragmentation¹

(Index; frequency of mentions of reshoring on right scale)

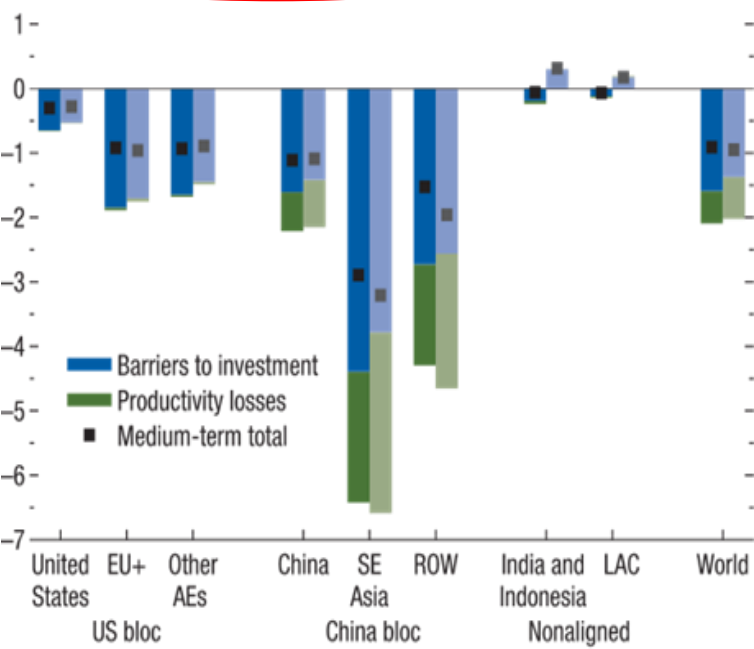
Recent years have seen increasing geopolitical risk and companies' interest in reshoring and friend-shoring.



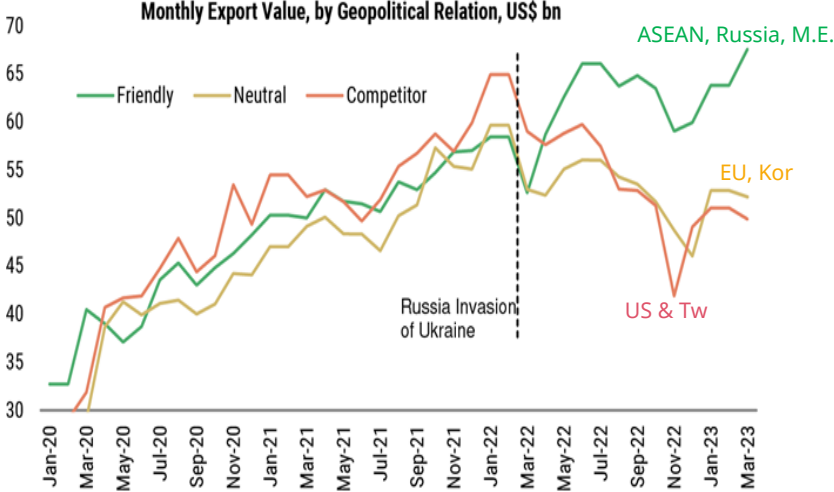
Impact of investment flow barriers on GDP²

(Percent deviation from no-fragmentation scenario)

Fragmentation could lower global output by up to 2 percent.



Impact of geopolitical factors already apparent on China's exports³



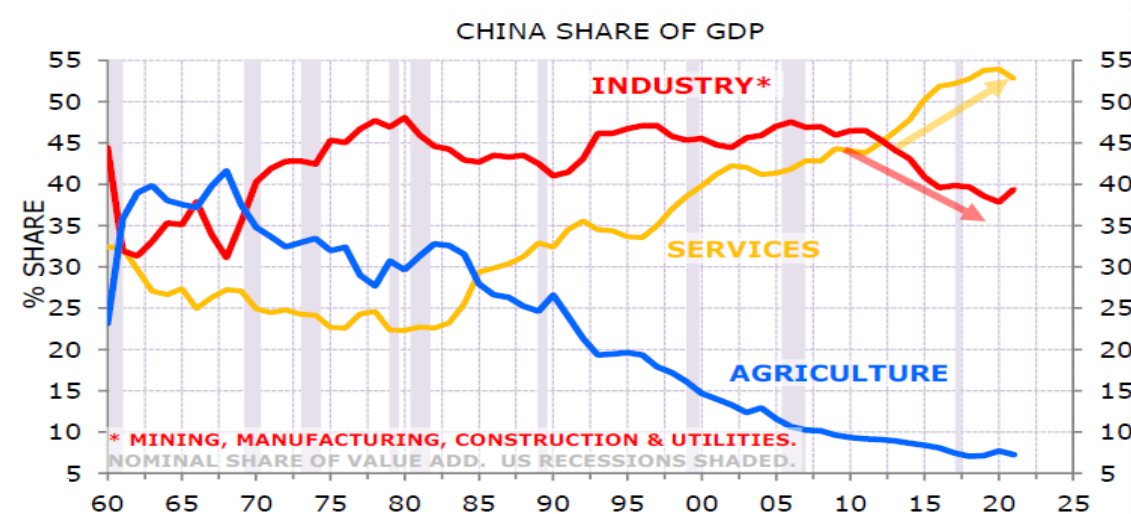
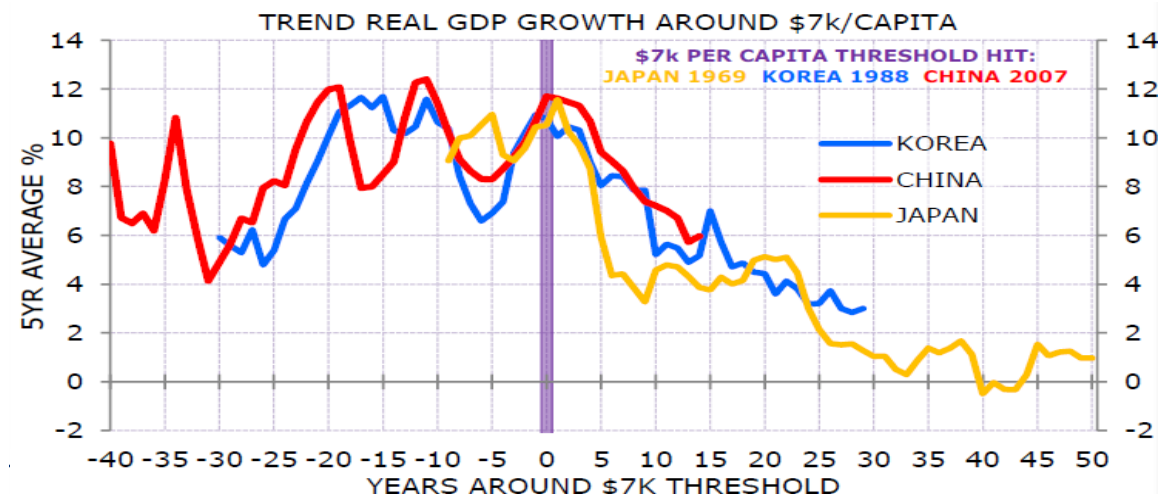
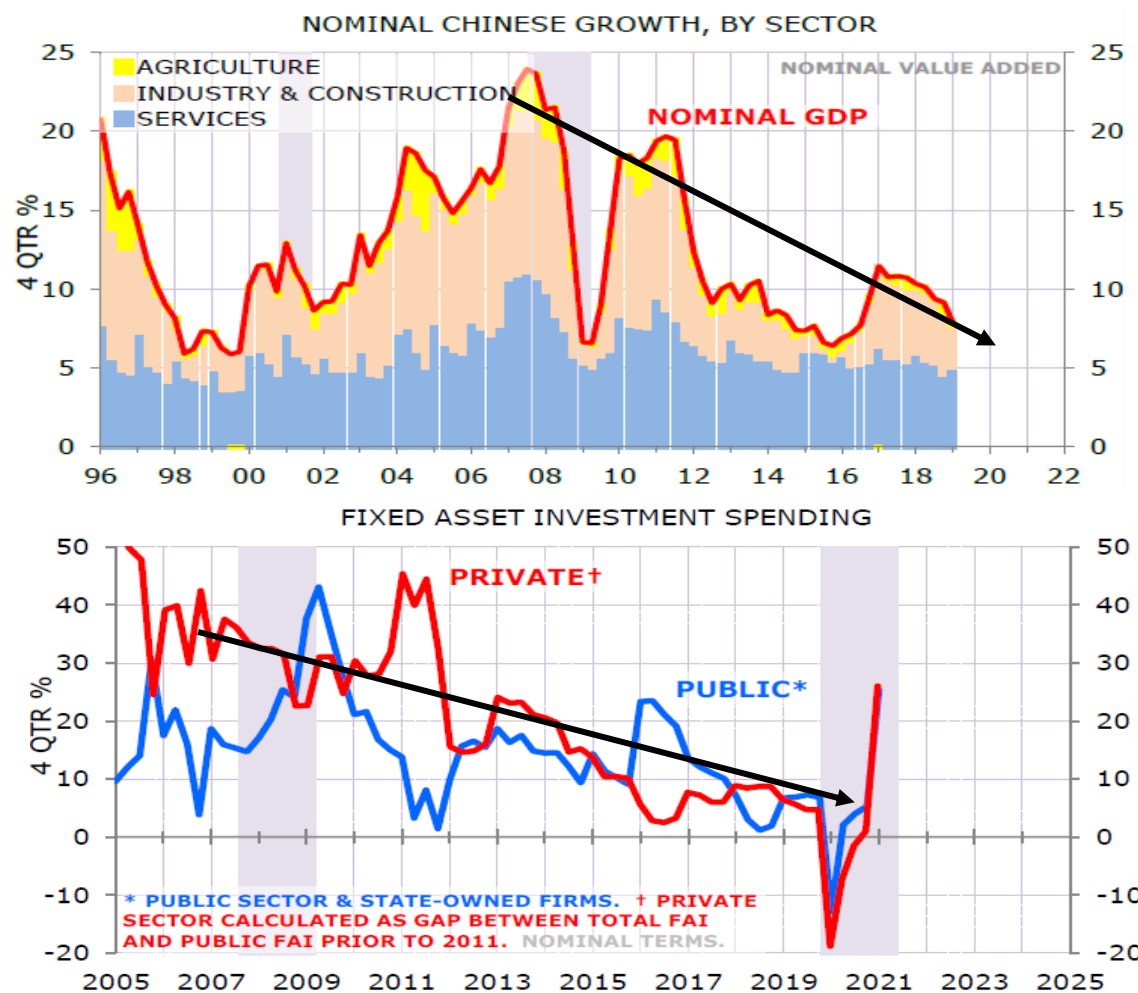
Export Destination - 2020 - % total								
	USA	Europe & Central Asia	China & HK	Other East Asia Pacific	MENA	S.Asia	LATAM	Africa
China	18%	22%	---	27%	5%	4%	6%	3%
USA	---	23%	10%	15%	4%	2%	24%	1%

Import Source - 2020 - % total								
	USA	Europe & Central Asia	China	Other East Asia Pacific	MENA	S.Asia	LATAM	Africa
China	7%	19%	---	44%	6%	1%	8%	3%
USA	---	25%	19%	19%	---	3%	18%	1%

¹Source: Bailey, Strezhnev, and Voeten (2017); Hassan and others (2019); NL Analytics; and IMF staff calculations. Note: The interest in reshoring measures the frequency of mention of reshoring, friend-shoring, or near-shoring in firms' earnings calls. ²Source: Source: IMF staff calculations Note: Baseline fragmentation sceqario represents barriers generating 50 percent decline in investment inout flows between China and US blocs, with no barriers with two nonaligned regions (India and Indonesia and Latin America and the Caribbean). Darker bars denote scenario with lower elasticity of substitution (1.5) between foreign sources of investment inputs. Lighter bars denote scenario with higher elasticity of substitution (3.0) between foreign sources of investment inputs and thus a greater role for diversion. AEs = advanced economies; EU+ = European Union and Switzerland; LAC = Latin America and the Caribbean; ROW = rest of the world; SE = Southeast. ³Source: IMF World Economic Outlook Apr 2023; Morgan Stanley, Apr 2023; Schroders, World Bank Apr 2023

China – inevitable slowdown in GDP growth as investment boom peaks

Chinese authorities seem more focused on ‘quality’ of growth rather than forcing top line GDP given secular slowdown as working population now in decline

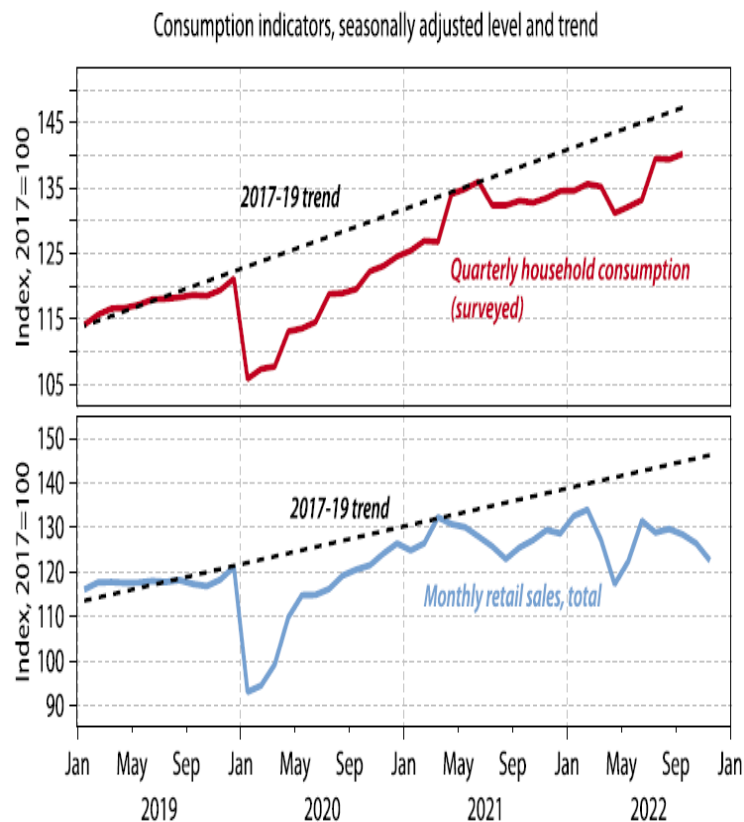


Source: Minack Advisers, July 2019, Mar 2022

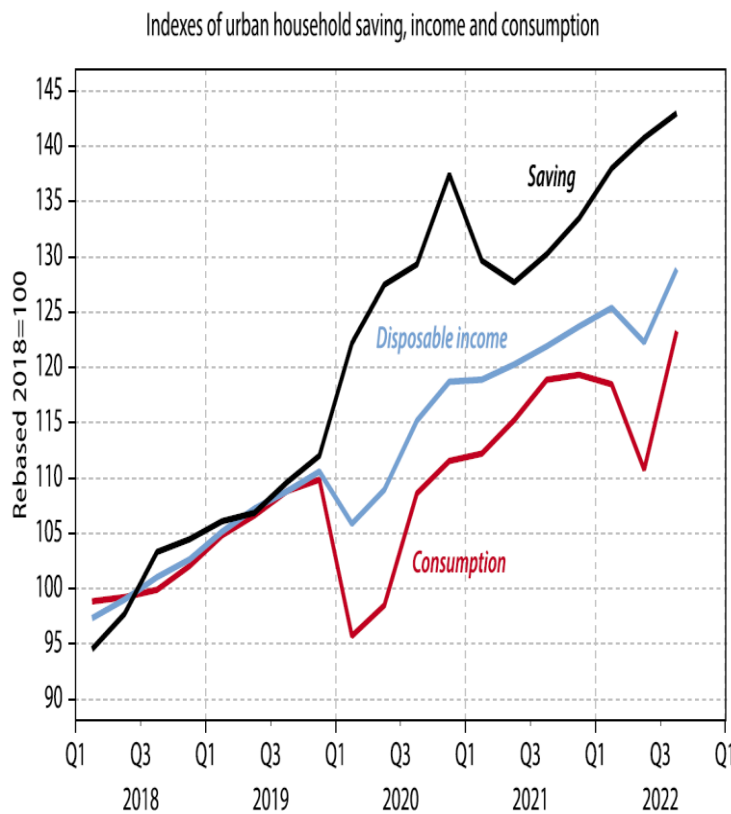
China consumption – scope for recovery as seen in the West

Higher household savings after prolonged period of sub-par consumption could fuel a strong rebound in 2023/24

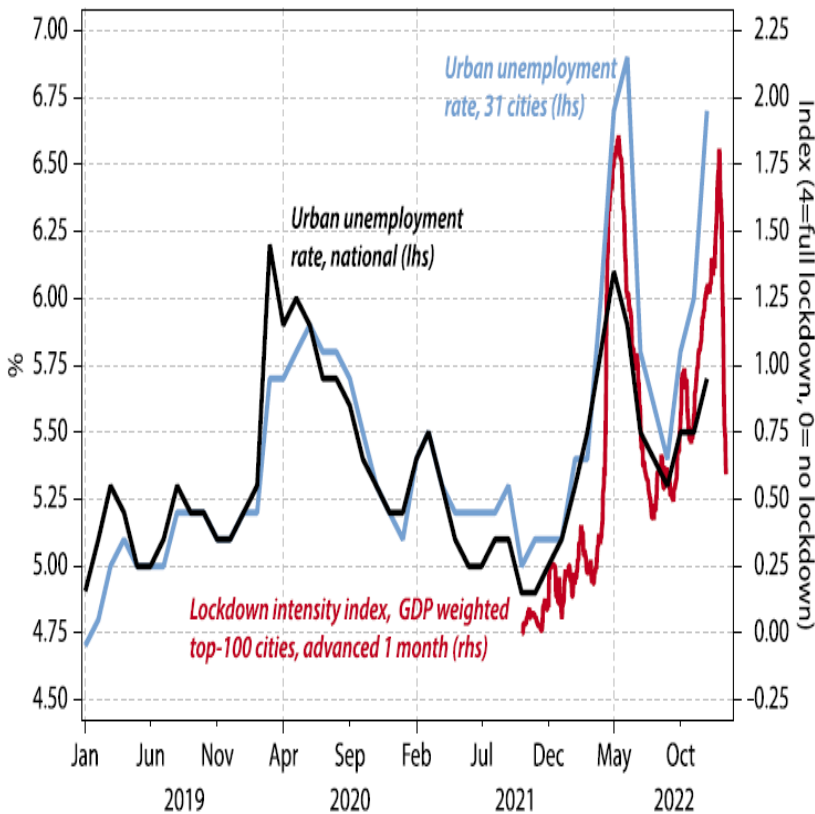
Since 2020, household consumption has been persistently below trend



Chinese household saving is way above pre-pandemic levels



The rollback of Covid restrictions should be good for employment

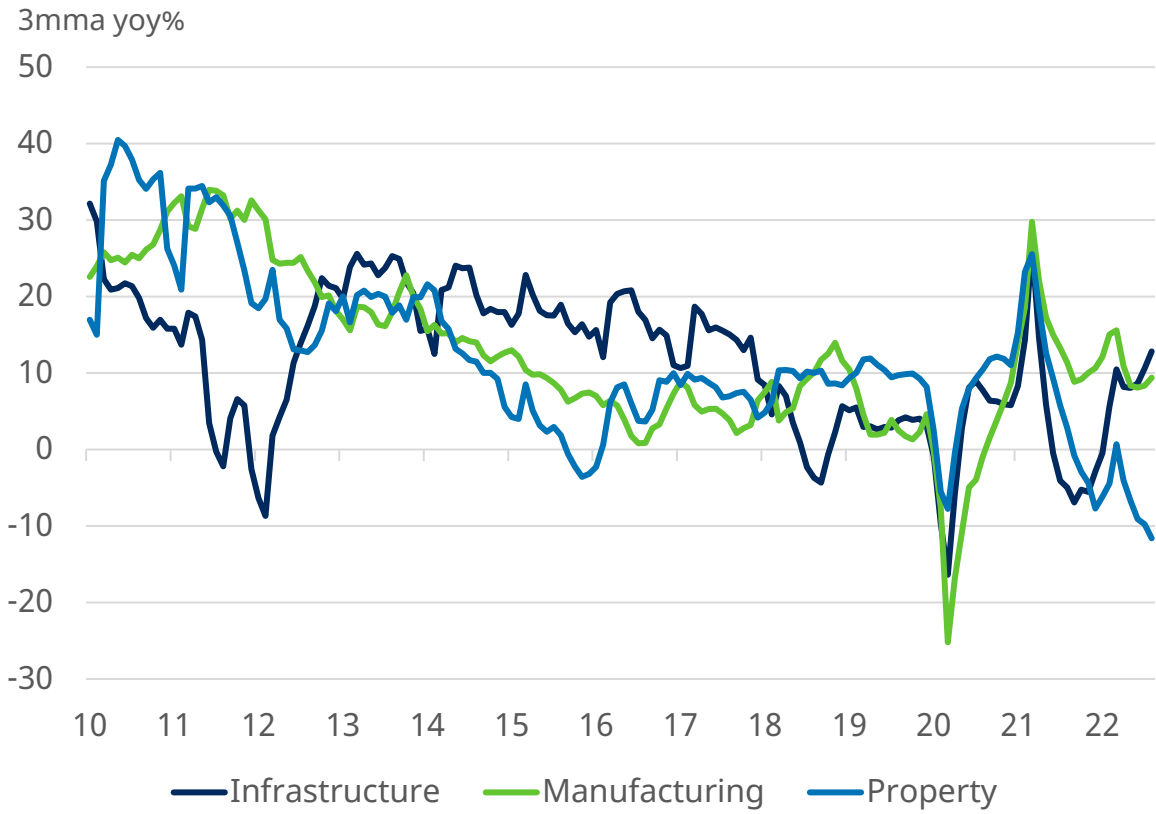


Source: Gavekal Dragonomics, December 2022 & January 2023

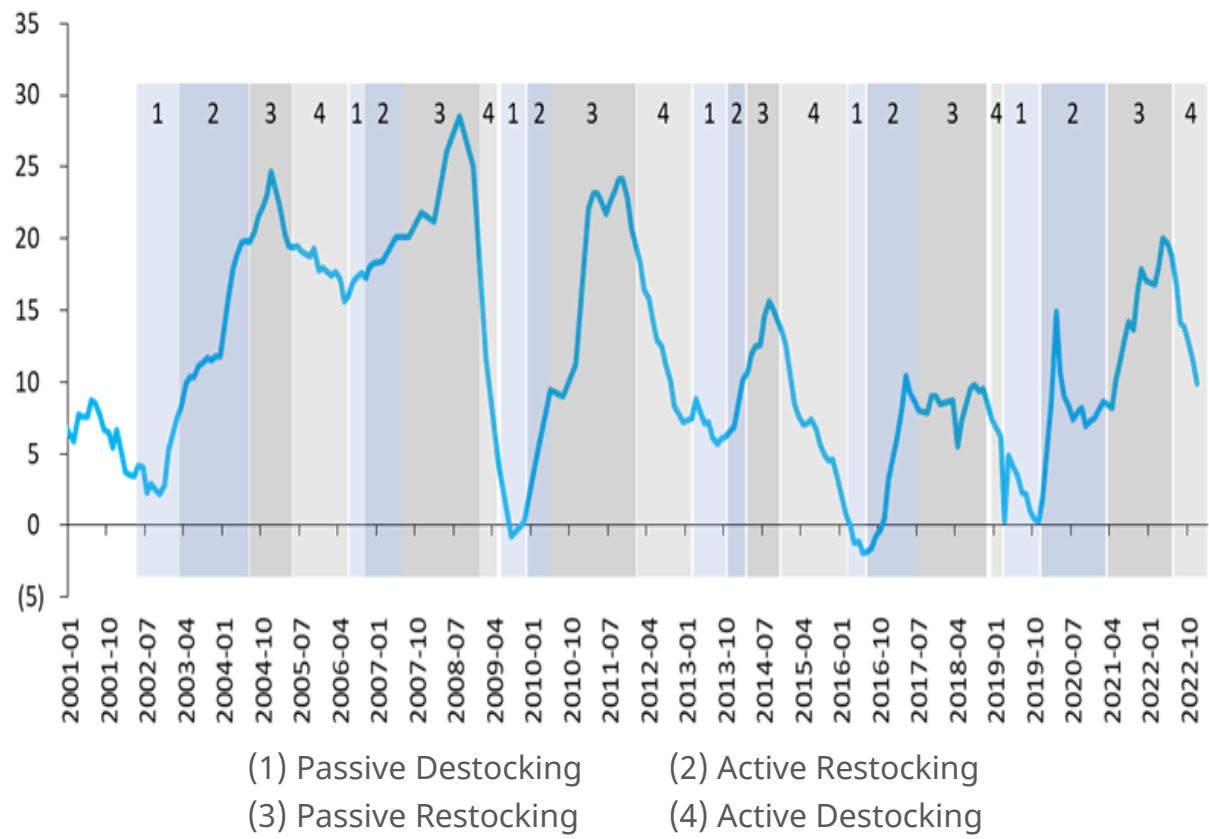
Industrial production activity

Activity levels (ex property) are showing an improving trend, but strength of recovery has been mixed

Infrastructure picking up, manufacturing steady¹



Inventory of finished goods for industrial enterprises (%)²



¹Source: NBS, WIND, Macquarie, September 2022.

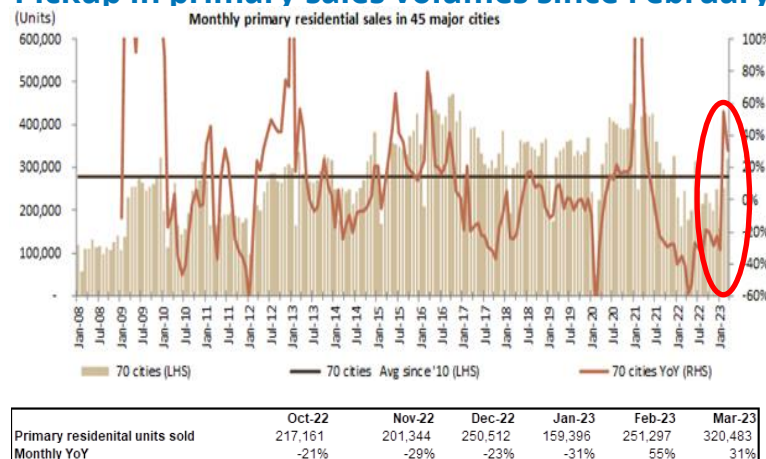
²Source: Huatai Securities, April 2023.

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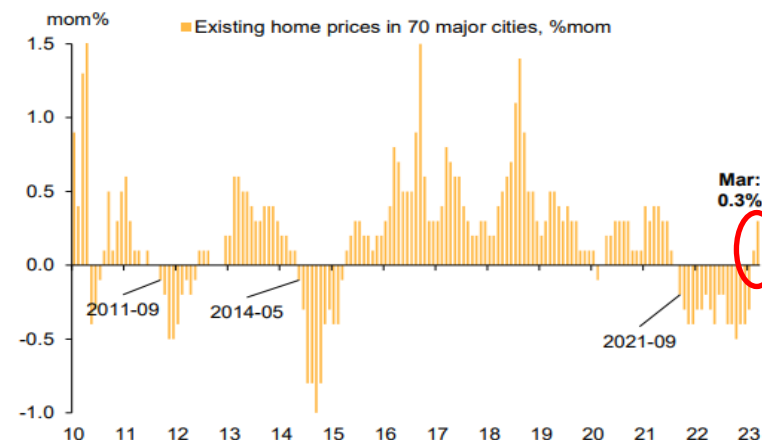
First signs of stabilization in China property market

Still a fragile market given inventory overhang and severe distress amongst private developers, but lower mortgage rates, an end to COVID restrictions and relaxation of administrative controls bringing signs of life after 2-year downturn

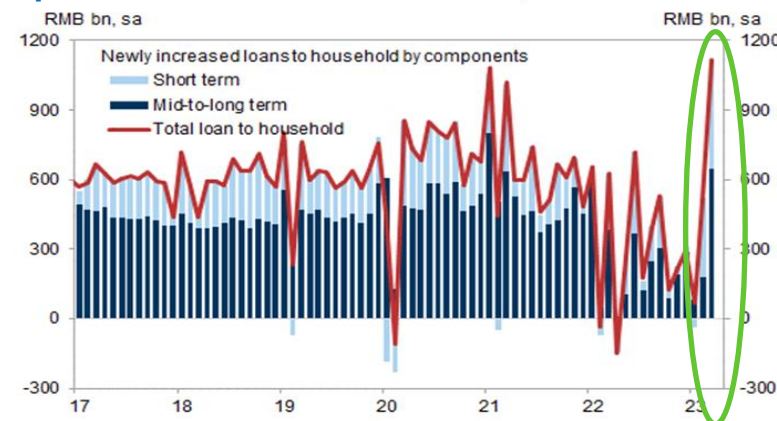
Pickup in primary sales volumes since February



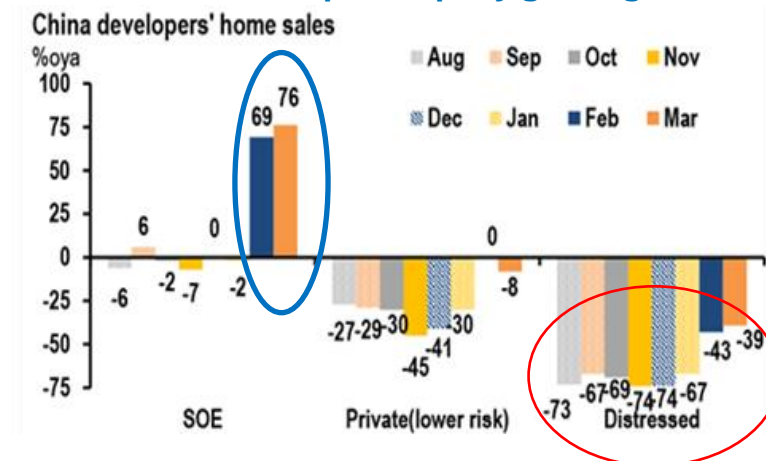
House prices increased m/o/m in Feb & March



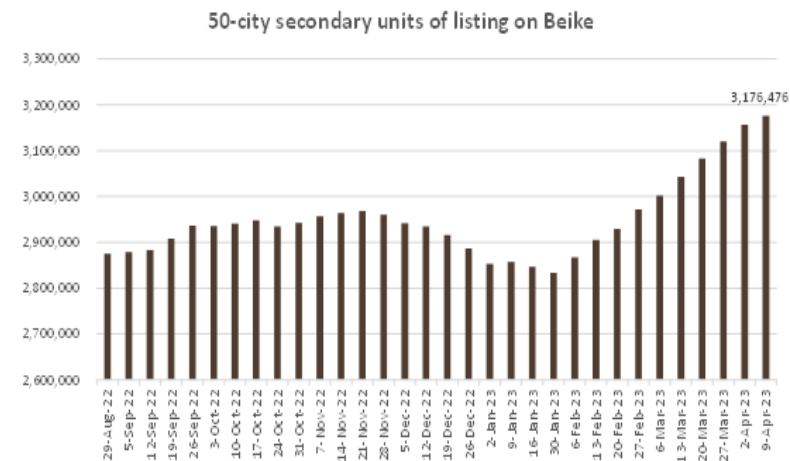
Big jump in mortgage lending in March after quiet 2022



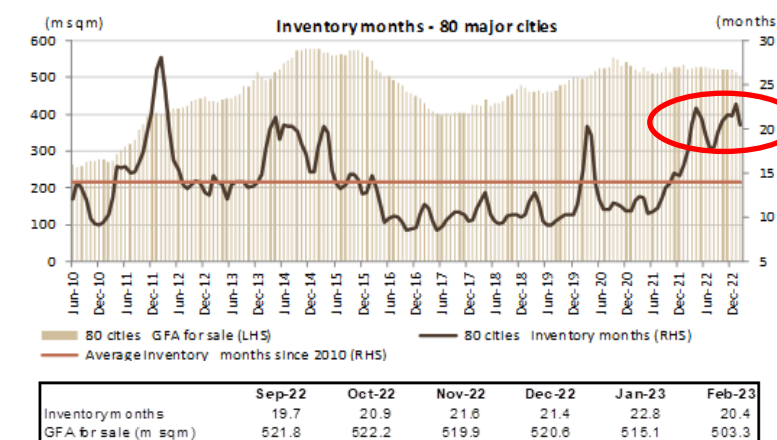
State owned developers rapidly gaining share



Increased secondary market activity post CNY



BUT - inventories remain very elevated..

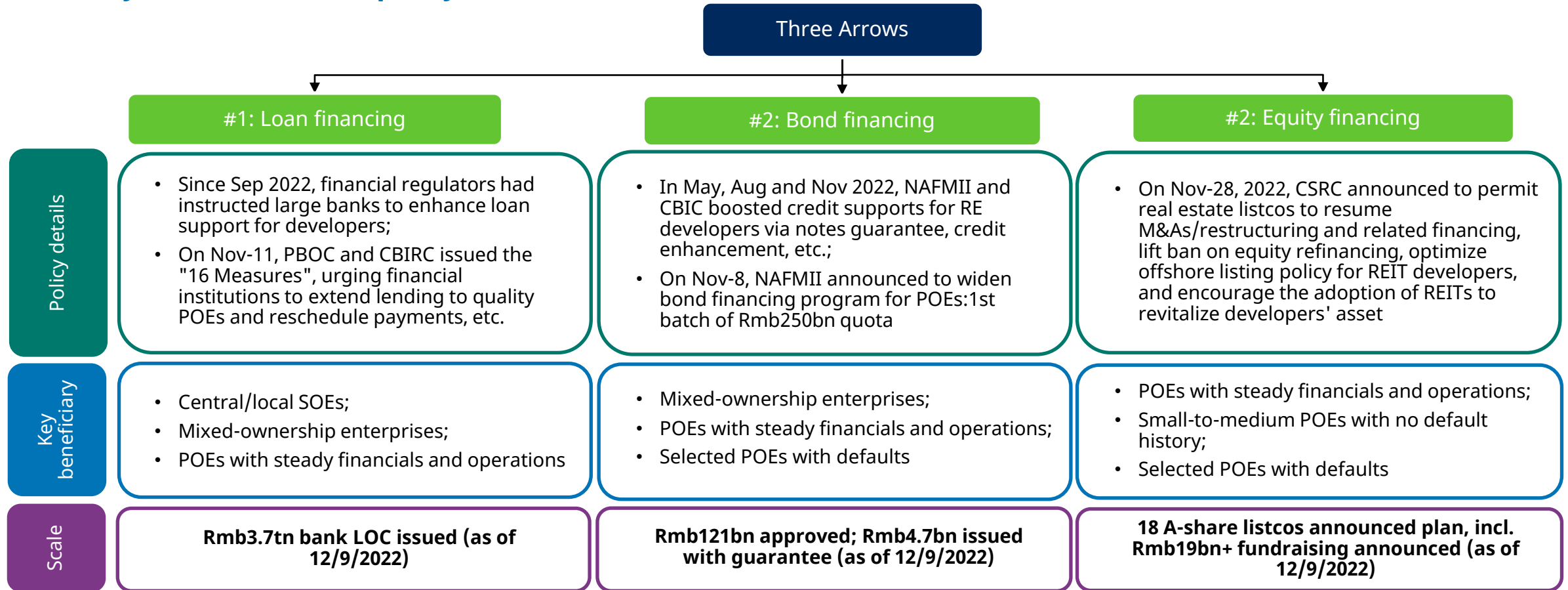


Source: UBS April 2023; JP Morgan April 2023, Goldman Sachs, April 2023, Macquarie April 2023

China Property policies

Now '3 Arrows' to alleviate financing stress of developers

Summary of Three Arrows policy

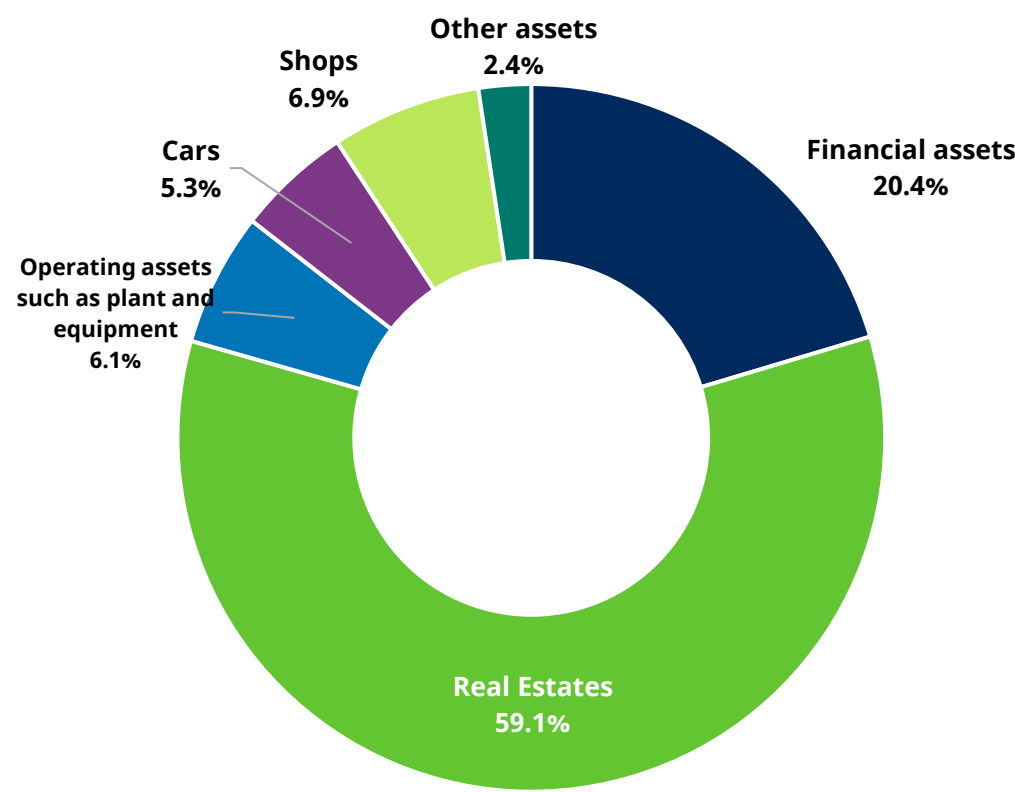


Source: Government announcement, Company announcement, data complied by Goldman Sachs Gao Hua Securities Research, as at Dec 2022.

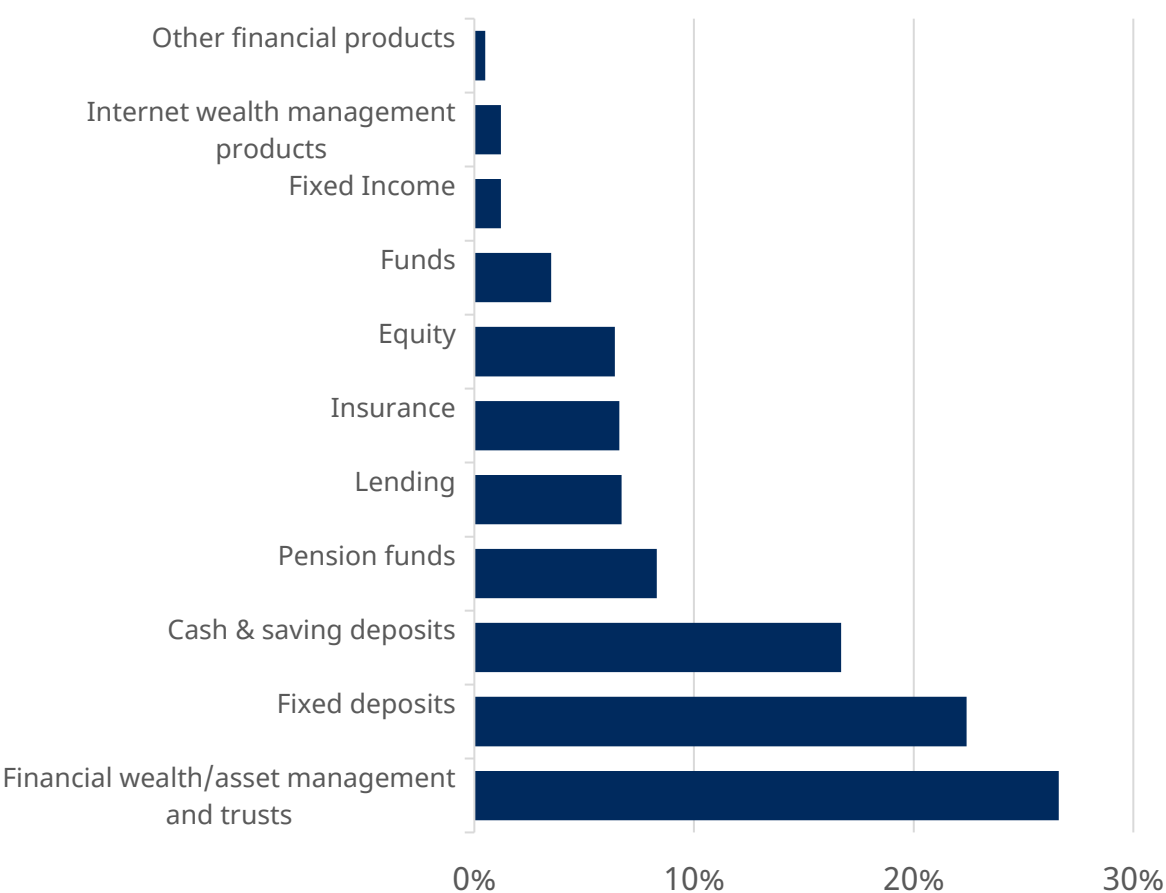
China urban household wealth is concentrated in fixed assets

But allocation to financial assets is growing

Urban household assets breakdown in 2019



Urban household financial assets breakdown in 2019

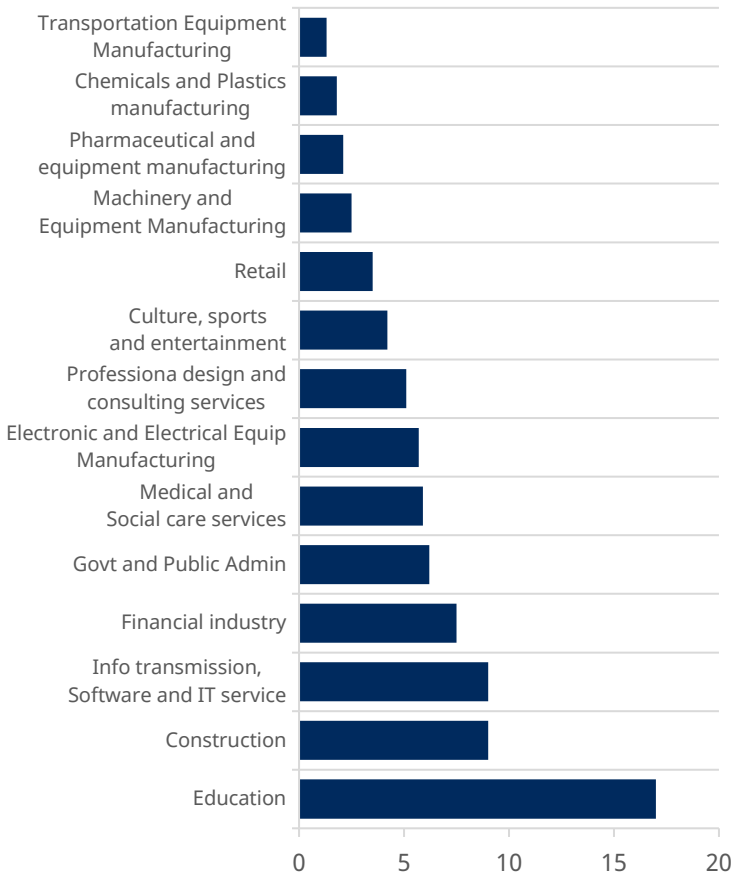


Source: The People's Bank of China, CICC, May 2023

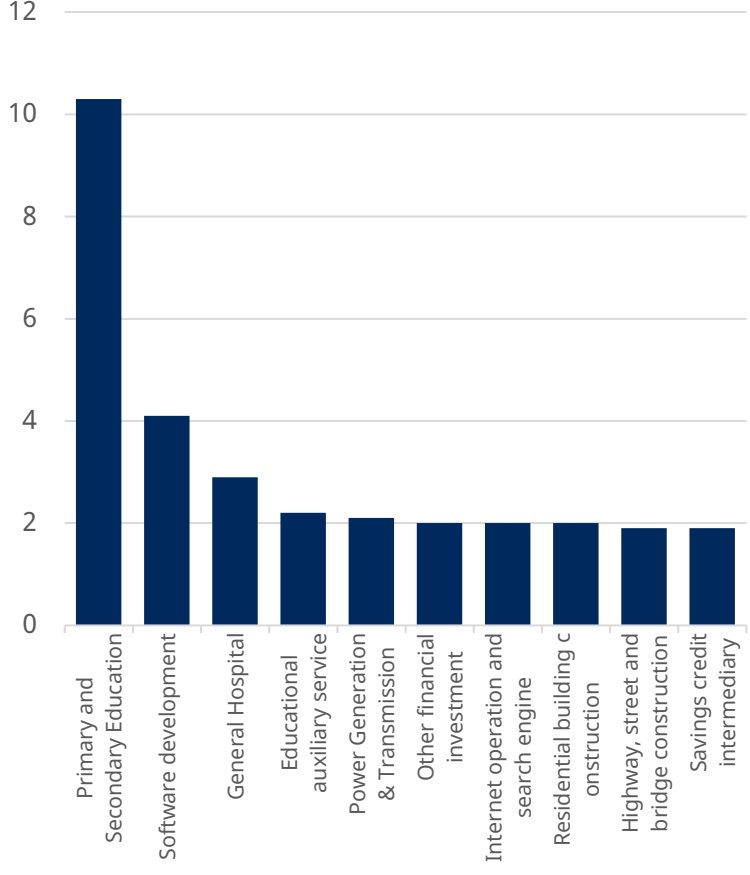
Graduate labour market in 2020

The picture before the policy reset in China education industry

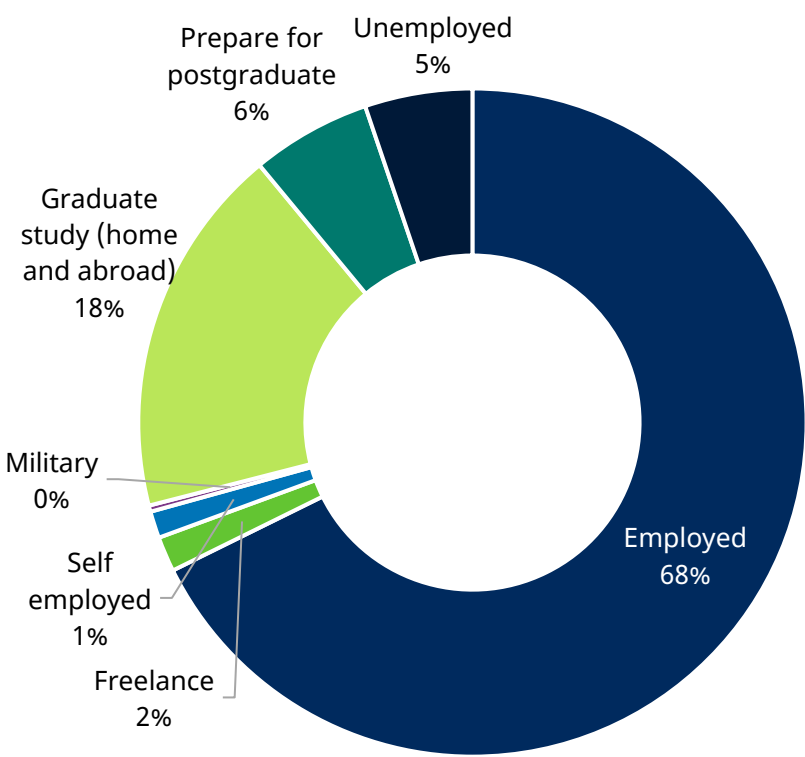
Employer industry after graduation in 2020 (%)



Top 10 industry in 2020 graduates (%)



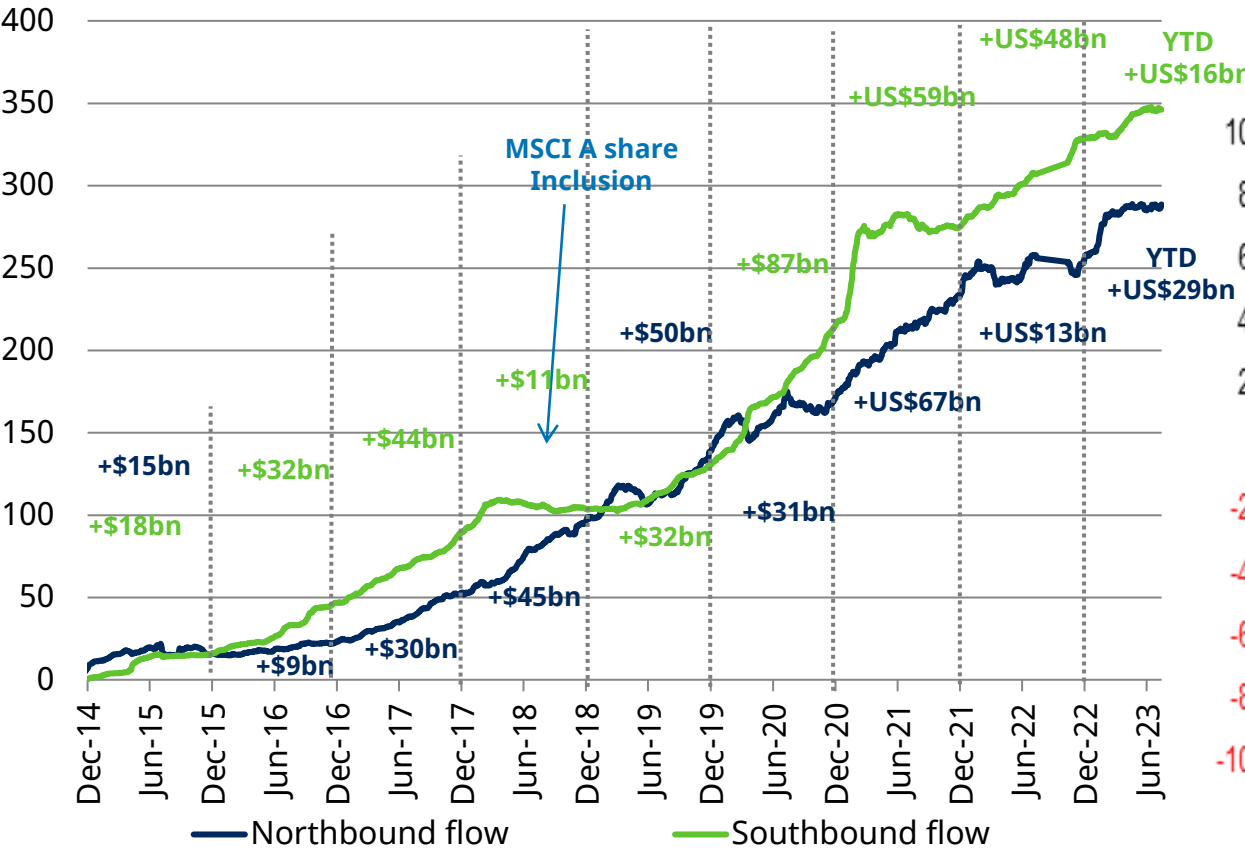
Year 2020 graduates breakdown (%)



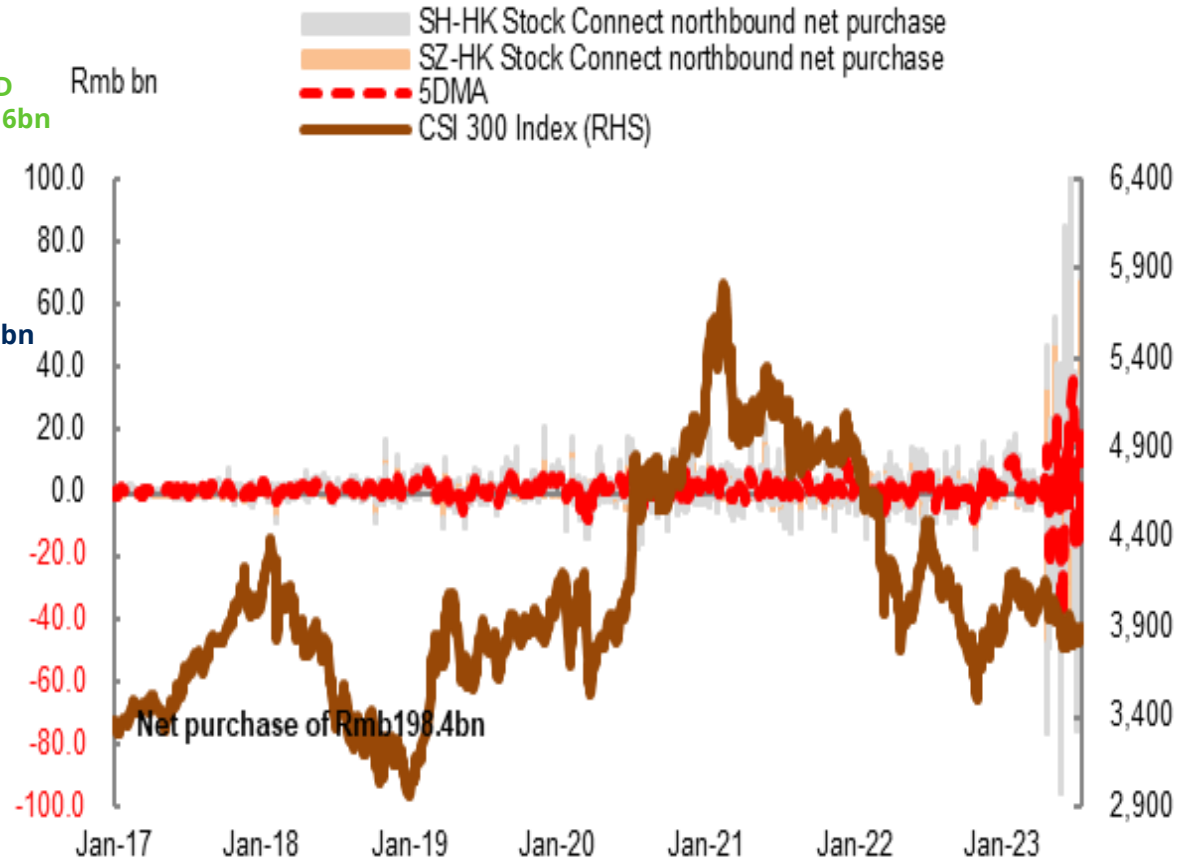
Source: CICC, May 2023

Interest from foreign investors in A-shares remains high

Cumulative net buying of Southbound/ Northbound Connect since inception (US\$bn)¹



Northbound weekly net buying²



¹Source: Wind, Goldman Sachs, July 2023

²Source: Wind, HKEx, CICC Strategy Research, July 2023

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China valuations have rebounded off their lows

Both offshore and onshore markets still trading below long term average

MSCI China Forward PE (x)



MSCI China A Onshore Forward PE (x)

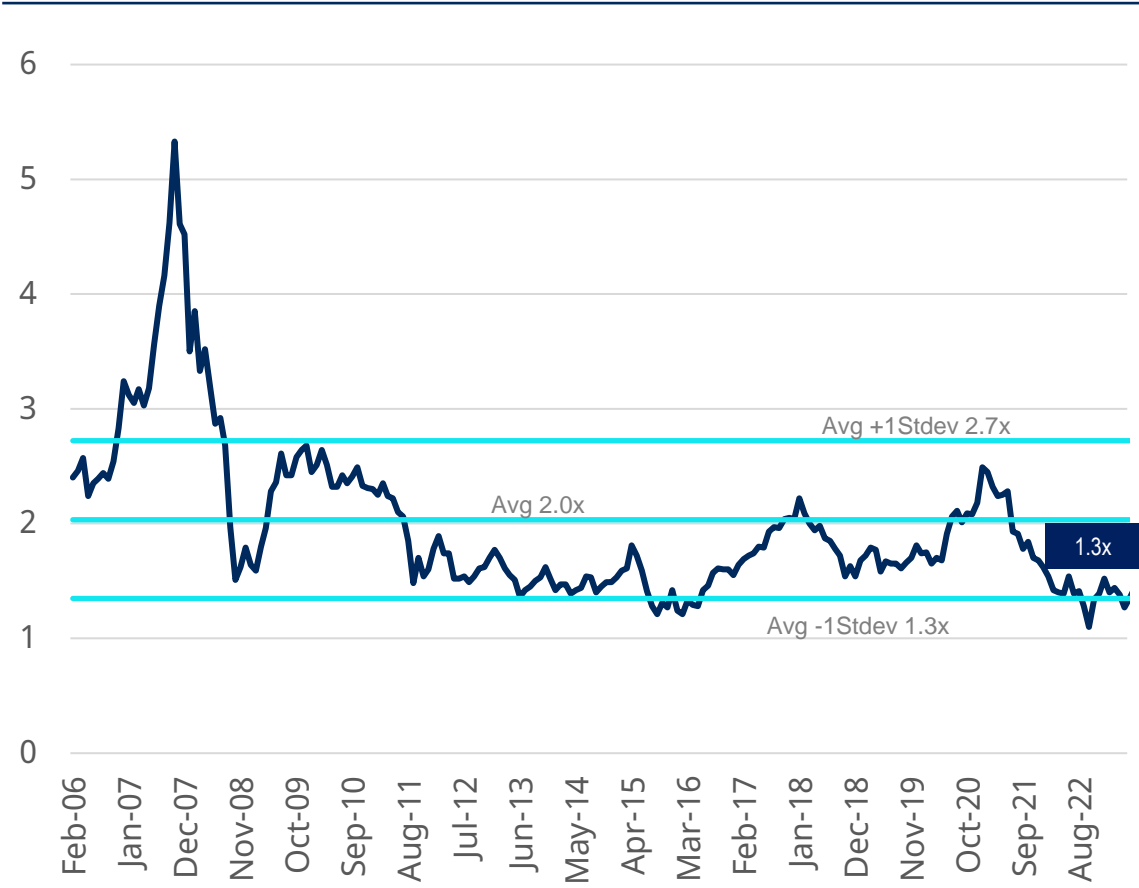


Source: Factset, as at 30 September 2023

Valuations have pulled back to more reasonable levels

Both offshore and onshore markets now trading below long term average

MSCI China PB (x)



MSCI China A Onshore PB (x)

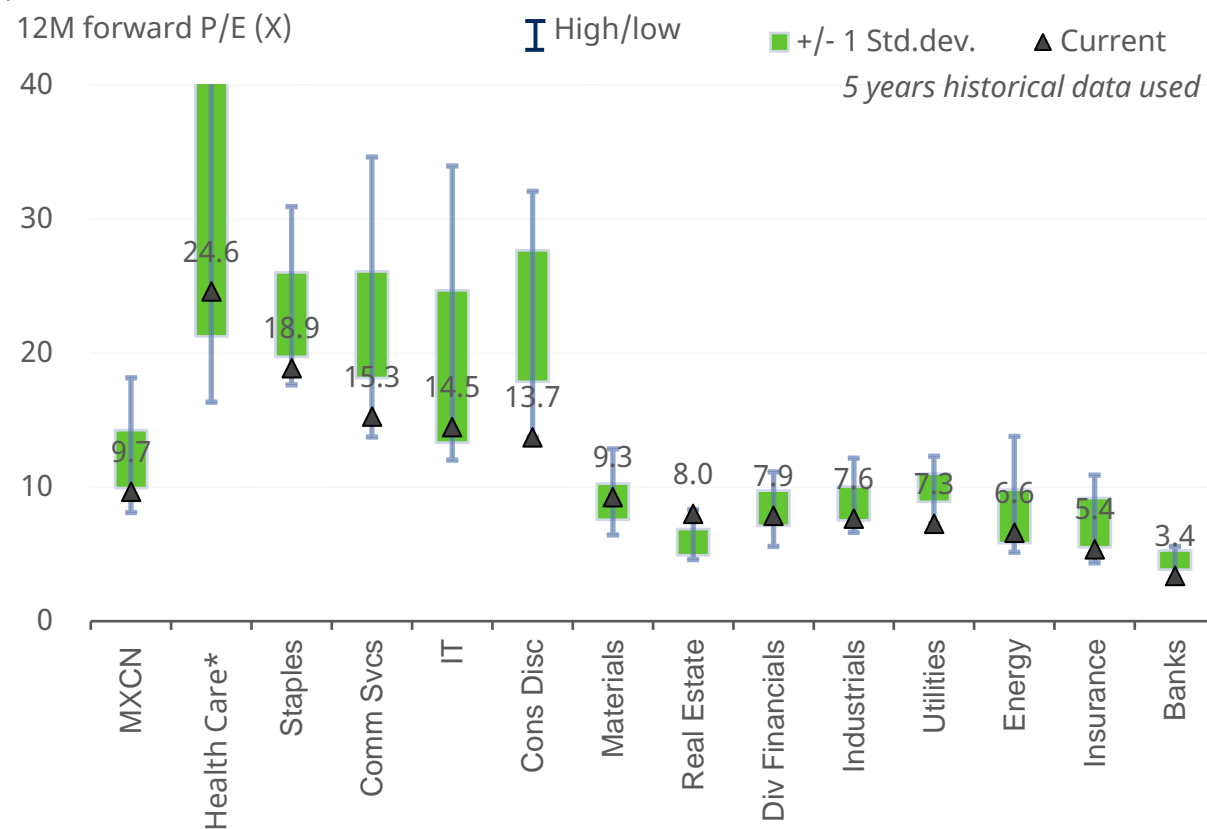


Source: Factset, as at 30 September 2023

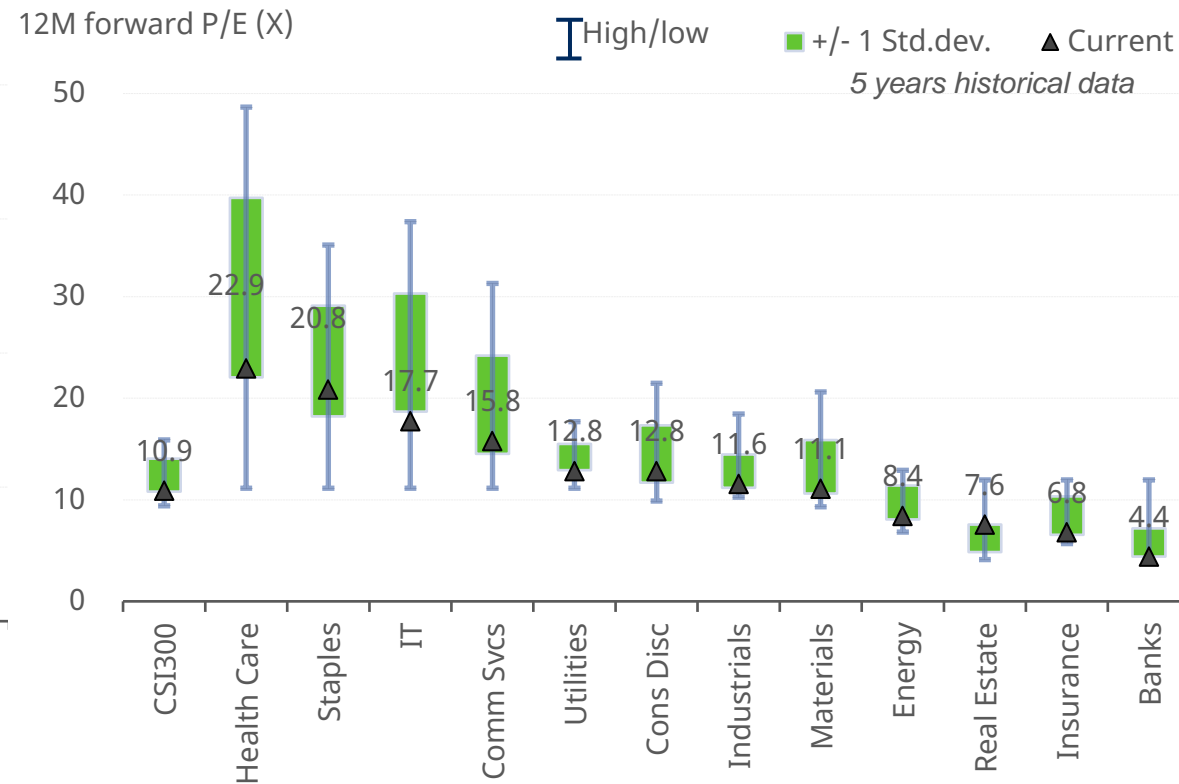
China sector performance

Valuations have become more rational

MSCI China current PE vs. 5-year average



CSI300 current PE vs. 5-year average



*Highest 12M forward P/E was 67x and +1 Std.dev. was 48x

Source: FactSet, I/B/E/S, CSI, Wind, Goldman Sachs, data as of September 2023

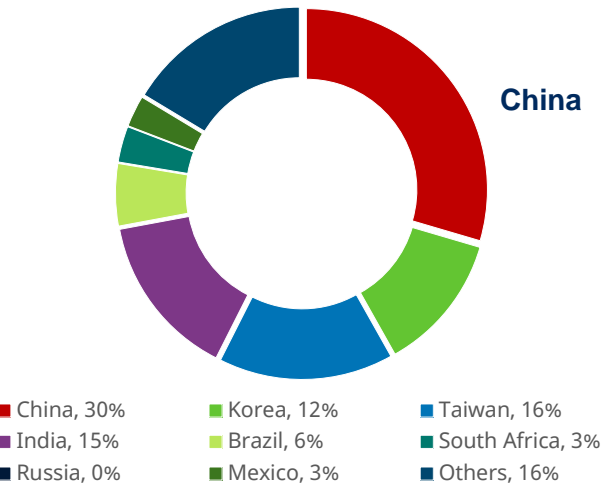
Schroders



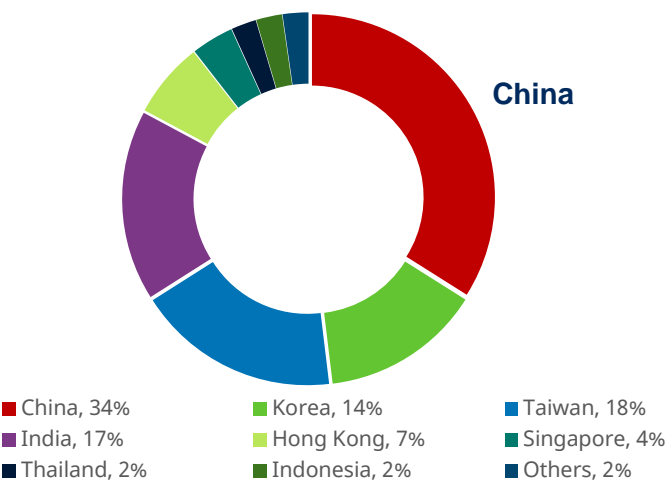
Why China A-Shares?

China is punching below its weight

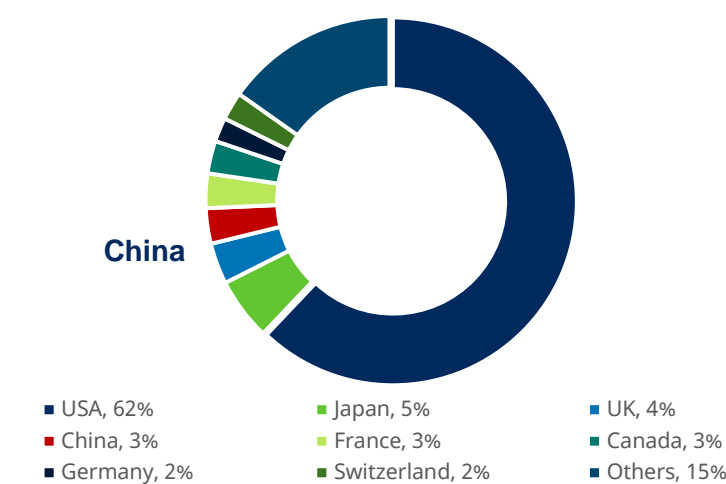
MSCI EM index
country weights¹



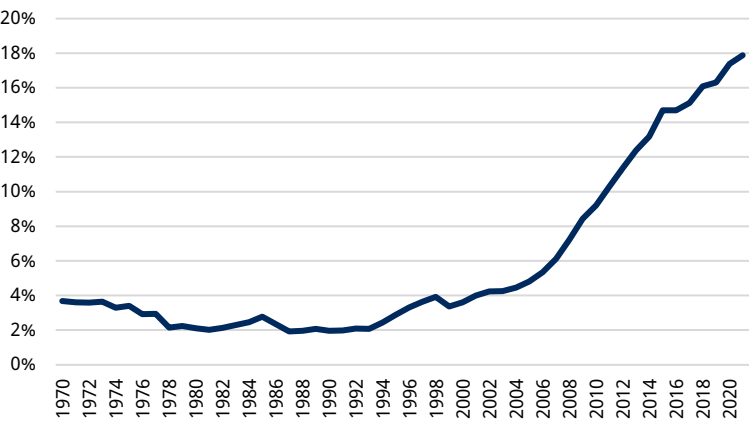
MSCI AC Asia x Japan index
country weights¹



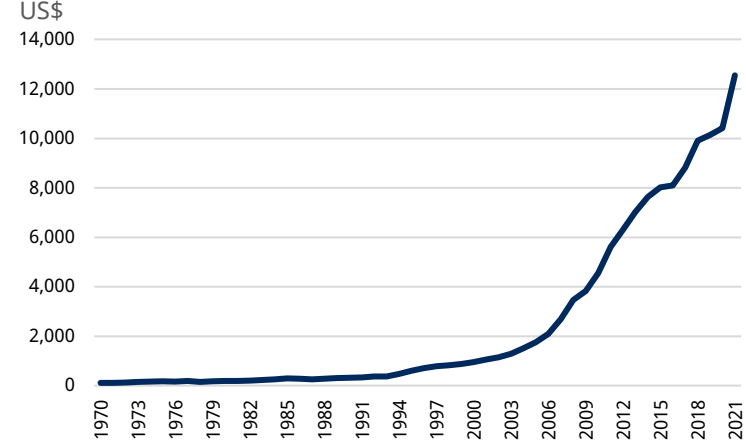
MSCI AC World index
country weights¹



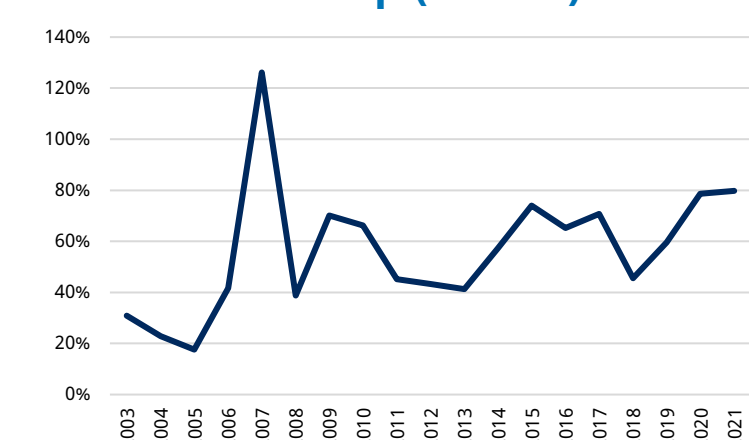
China GDP (% world)²



China GDP per Capita²



China Market Cap (% GDP)²

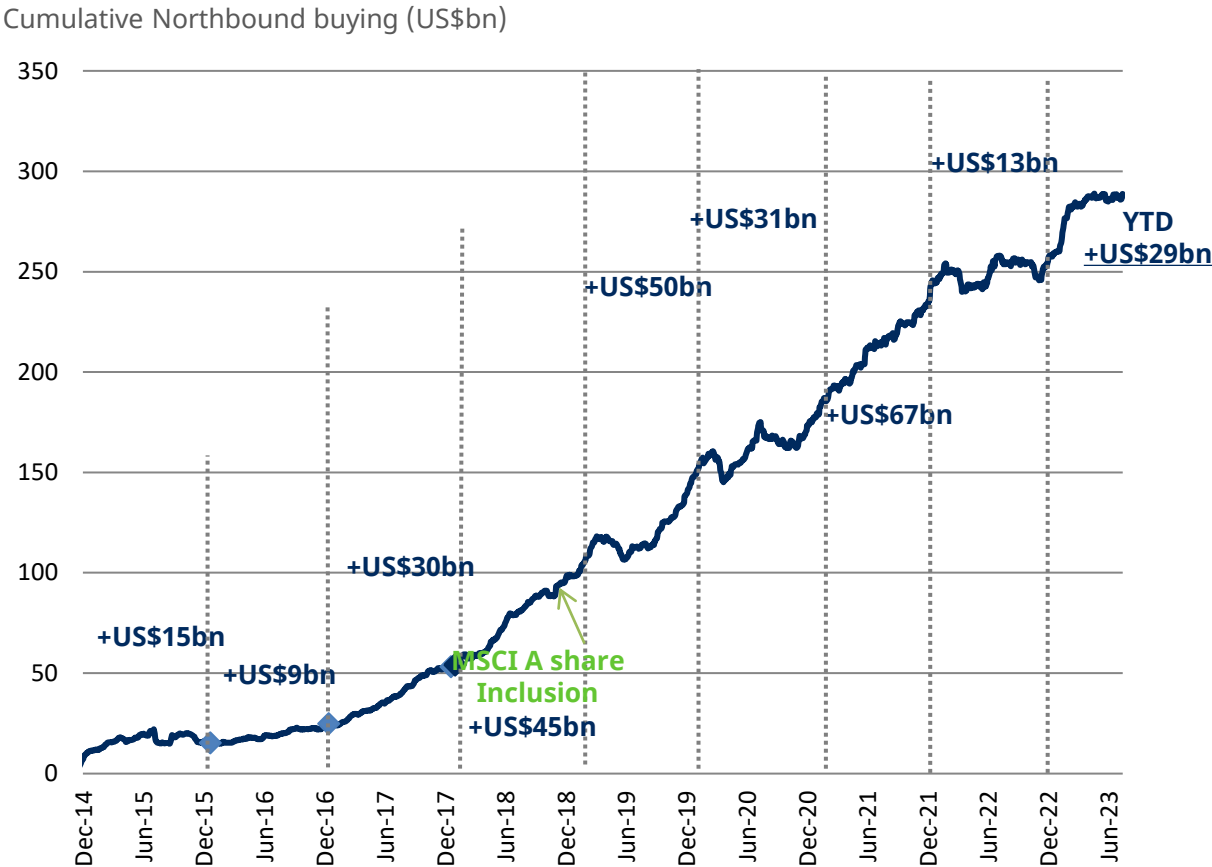


¹Source: MSCI. Percentage weightings as at 30 June 2023²Source: Refinitiv, World Bank WDI, as at March 2023. Most recent data available used.
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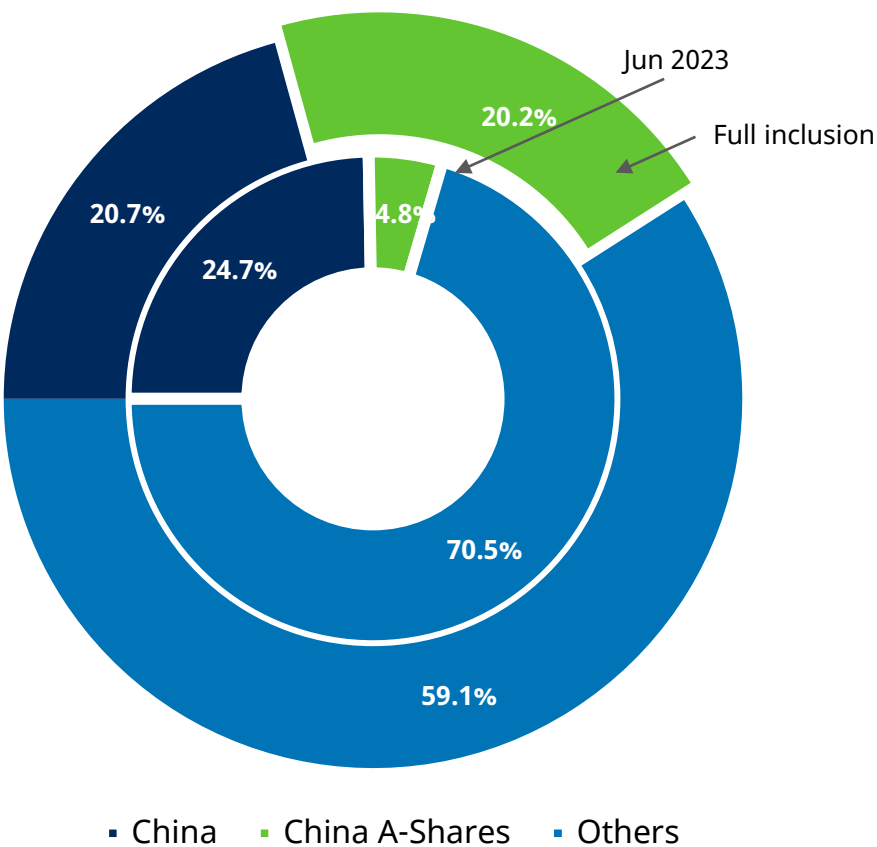
But this is about to change

Continued interest into A-share market with inclusion into globally followed indices

Northbound flow into China A shares¹



MSCI Global Emerging Markets Index²



¹Source: Bloomberg, Goldman Sachs, as of 14 July 2023.
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²Source: MSCI, Factset, data as of March 2023

The China equity universe

Combined market cap of over US\$15tn, with over 4,500 listed companies

Shanghai, Shenzhen (onshore)



- A-shares, B-shares
- US\$12.9tn market cap
- US\$144.1bn daily turnover (A-shares)

Hong Kong (offshore)



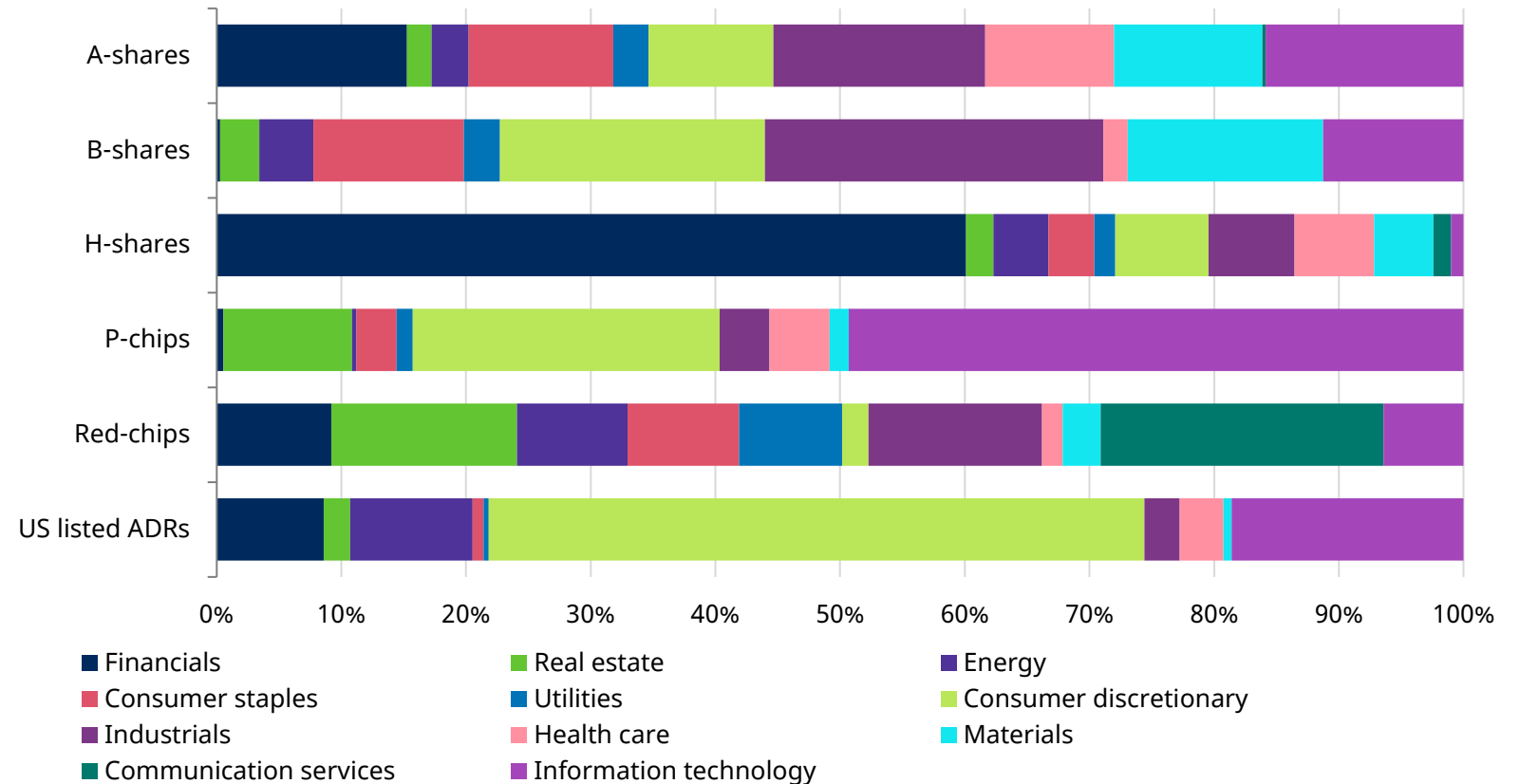
- H-shares, Red-chips, P-chips, HK shares
- US\$3.8tn market cap
- US\$15.4bn daily turnover

US (offshore)



- ADRs
- US\$1.6tn market cap
- US\$22.2bn daily turnover

Market cap breakdown by sector

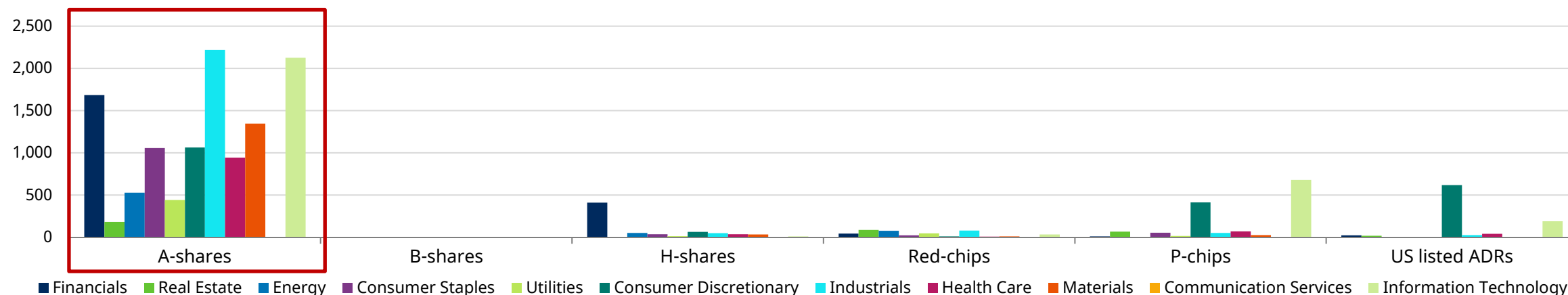


Source: (LHS) Wind, FactSet, GS research. Data as of 1 July 2021. (RHS) Wind, CICC Strategy Research. Data as of July 2021.
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An expanding universe for China equity

A plethora of opportunities from “A” to “P”

Mkt cap (US\$bn)



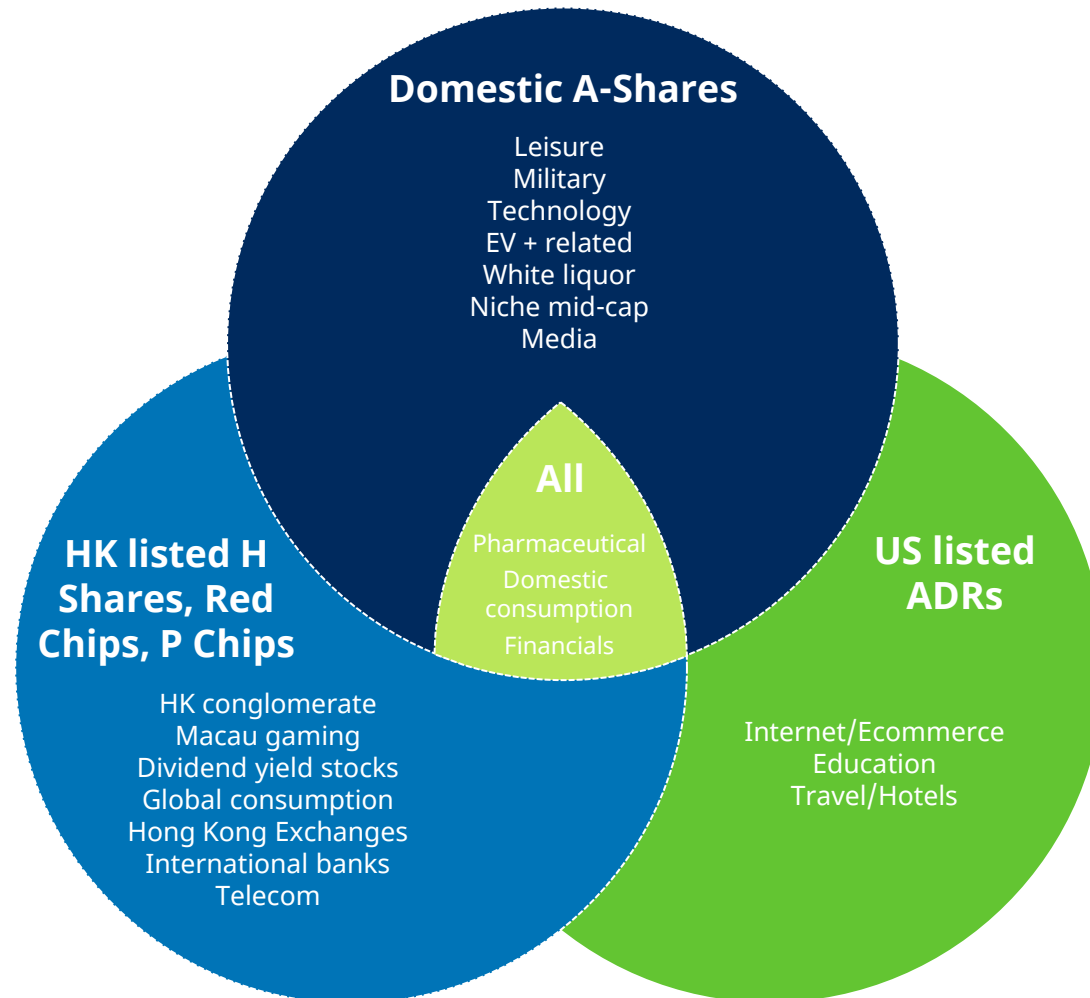
	A-shares	B-shares	H-shares	Red-chips	P-chips	US listed ADRs
Definition	Chinese securities incorporated in Mainland China, listed in China	Chinese securities incorporated in Mainland China, listed in China	Chinese securities incorporated in Mainland China, listed in Hong Kong	Chinese companies incorporated in Hong Kong, but whose primary business interests are in mainland China	Shares of companies that are controlled by mainland Chinese individuals, with a majority of their revenue or assets derived from mainland China	Shares of Chinese companies that are listed in US
Stock Exchange (currency)	Shanghai (RMB) Shenzhen (RMB)	Shanghai (USD) Shenzhen (HKD)	Hong Kong (HKD)	Hong Kong (HKD)	Hong Kong (HKD)	NYSE/NASDAQ (USD)
Market Capitalisation (USDbn)	11,589	18	720	435	1,403	927
Number of Stocks	5,142	86	317	173	814	287

Source: Wind, CICC Strategy Research. Data as of June 2023.

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Why China A?

Provides access to opportunities not available in offshore China equity markets



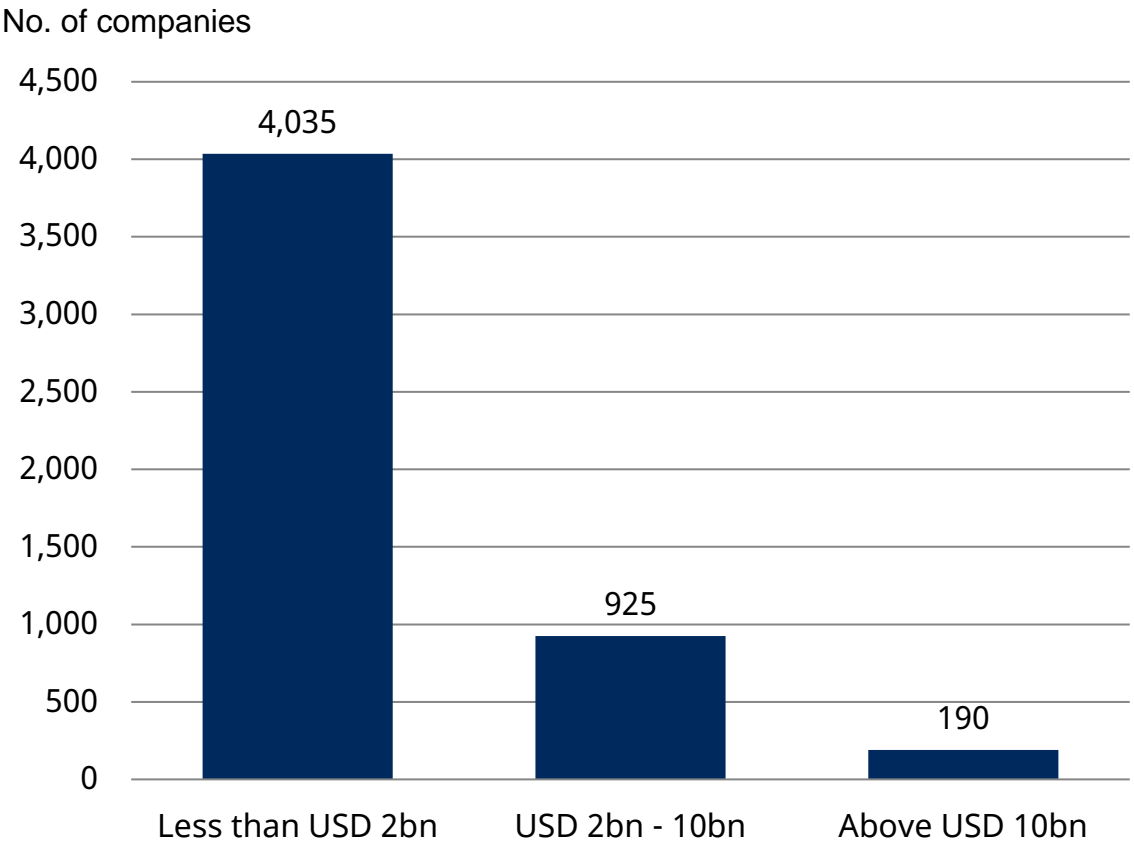
Source: MSCI, Schroders

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China A – Market characteristics

More mid-sized companies, highly inefficient given retail participation

More mid and small cap companies

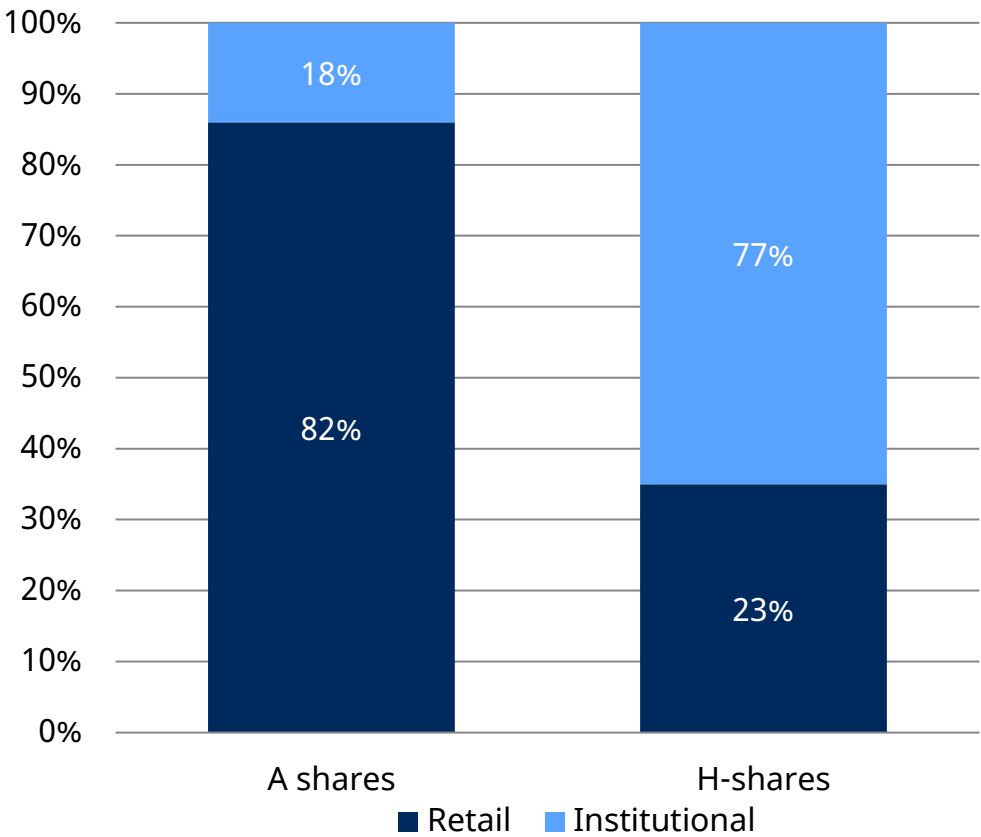


Source: Wind, as at June 2023

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High retail investor participation = inefficient market

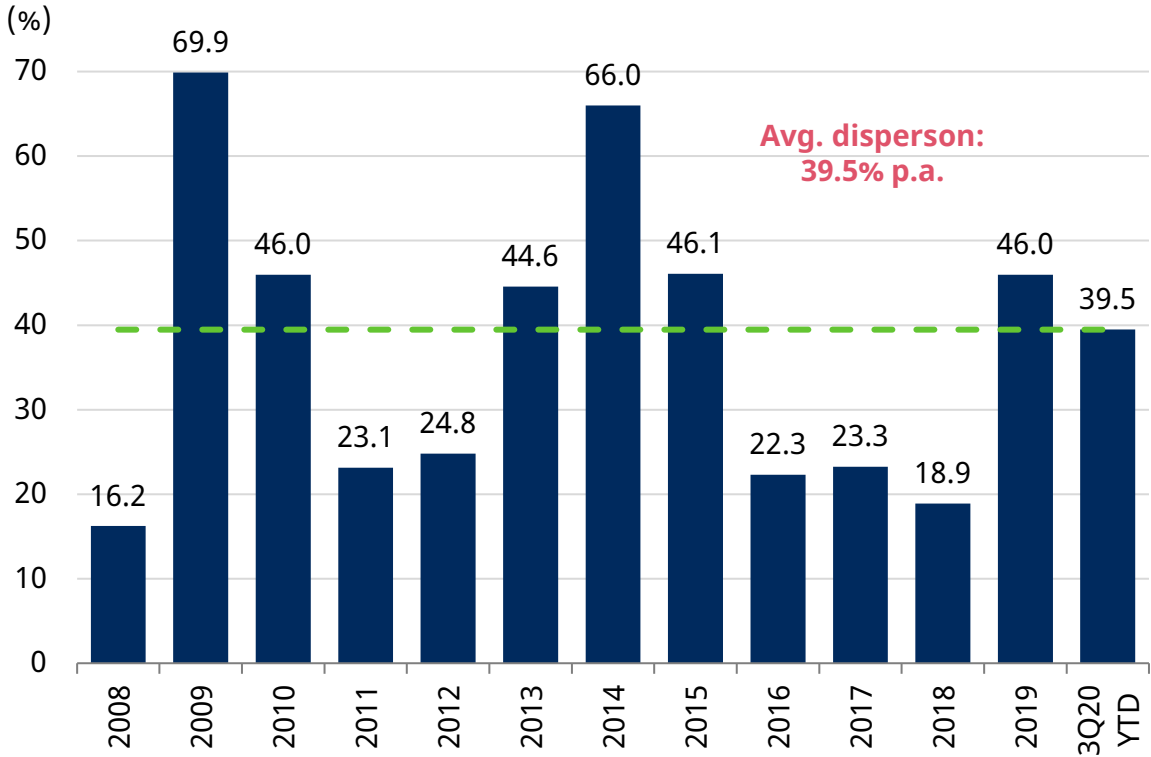


Source: Wind, HK Exchanges and CICC, September 2019

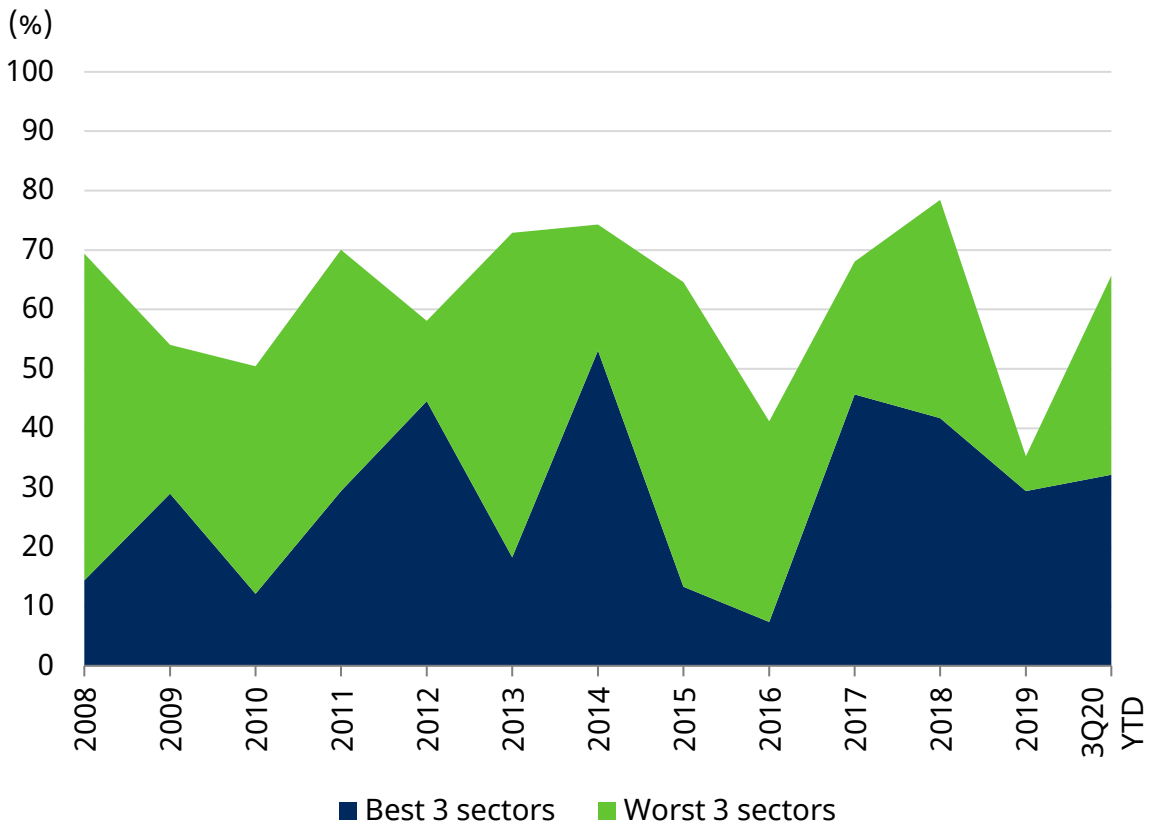
China A – large dispersion in market returns

Essential to choose the right stocks and sectors

Best 3 vs. worst 3 sector return dispersion



Best 3 vs. worst 3 sector weight

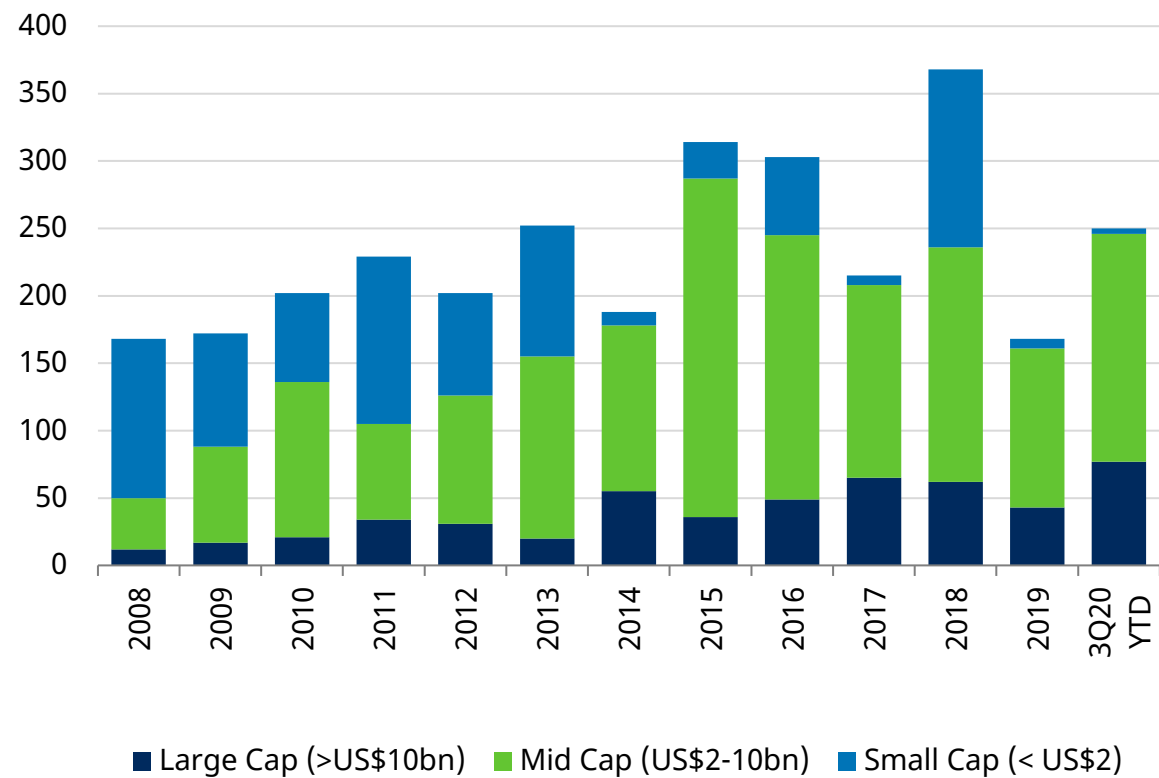


Source: MSCI, Schroders. Data as at September 2020.
For illustrative purposes only and does not constitute to any recommendations to buy or sell the above-mentioned security/sector/country.

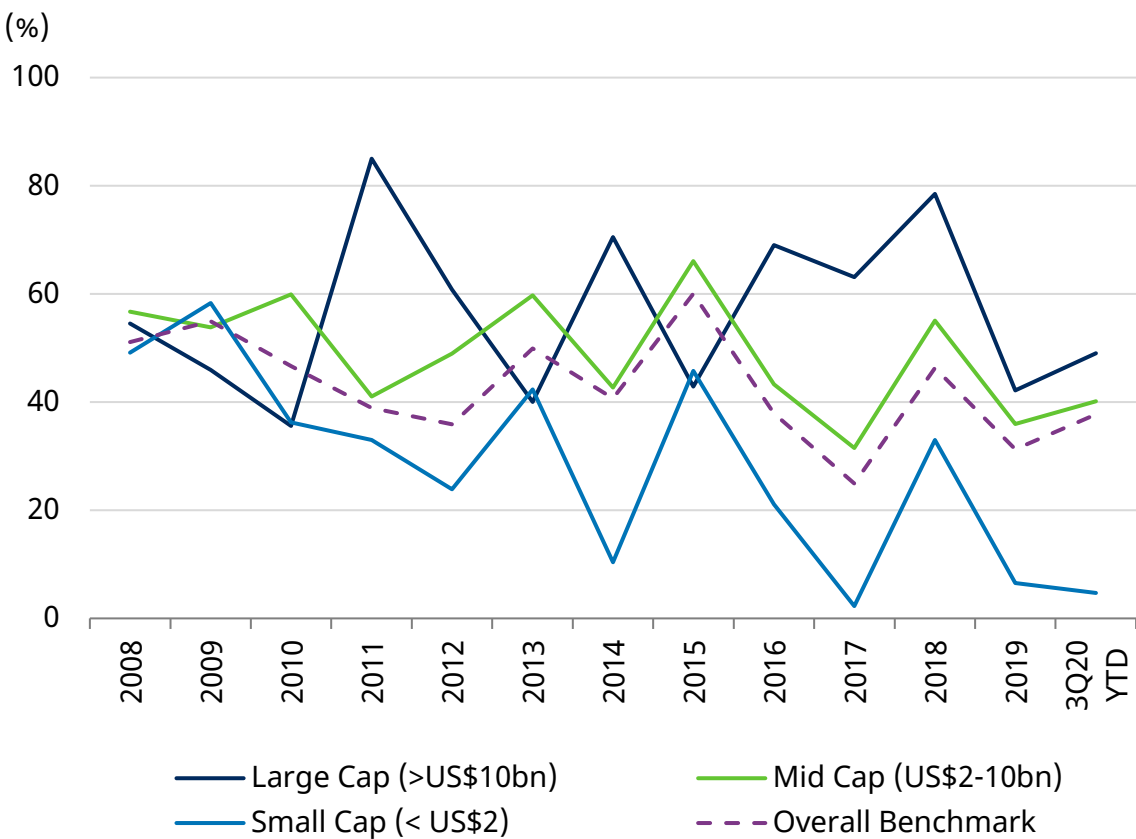
China A – attractive opportunities amongst mid caps

Larger pool of mid-cap names means more opportunities to find outperformers

Number of outperforming stocks, by mkt cap buckets



% of outperforming stocks, by mkt cap buckets



Source: MSCI, Schroders. Data as at September 2020.
For illustrative purposes only and does not constitute to any recommendations to buy or sell the above-mentioned security/sector/country.

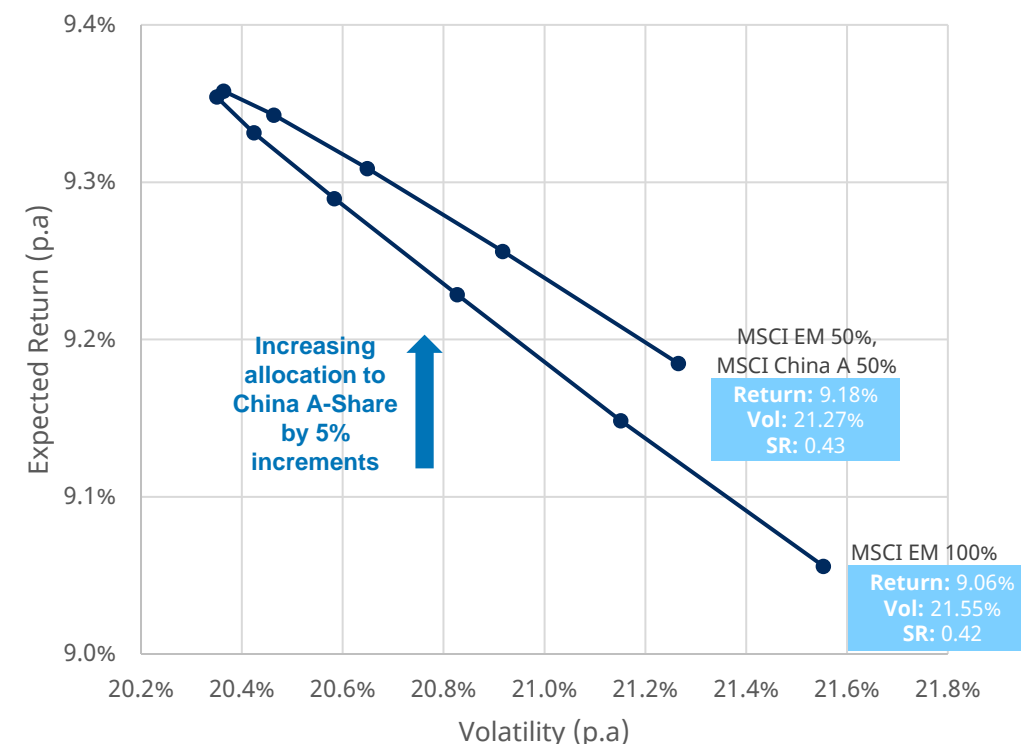
China A – can provide diversification benefits

A stand-alone China A-Share allocation can result in a more efficient EM portfolio

Monthly correlations: Jan 2001 – Jan 2021

	MSCI World	MSCI EM	MSCI ACWI	MSCI Emerging Asia	MSCI AC Asia ex-Japan	MSCI ACWI ex-China	MSCI China	MSCI China A-Share
MSCI World	1.00							
MSCI EM	0.87	1.00						
MSCI ACWI	1.00	0.90	1.00					
MSCI EM Asia	0.82	0.97	0.85	1.00				
MSCI AC Asia ex-Jp	0.83	0.97	0.86	0.99	1.00			
MSCI ACWI ex-China	1.00	0.89	1.00	0.84	0.85	1.00		
MSCI China	0.69	0.82	0.72	0.83	0.84	0.71	1.00	
MSCI China A-Share	0.33	0.41	0.35	0.44	0.45	0.34	0.55	1.00

Risk / return impact of including China A-Share



EM = Emerging markets, ER = Expected return, Vol = Volatility, SR = Sharpe Ratio.

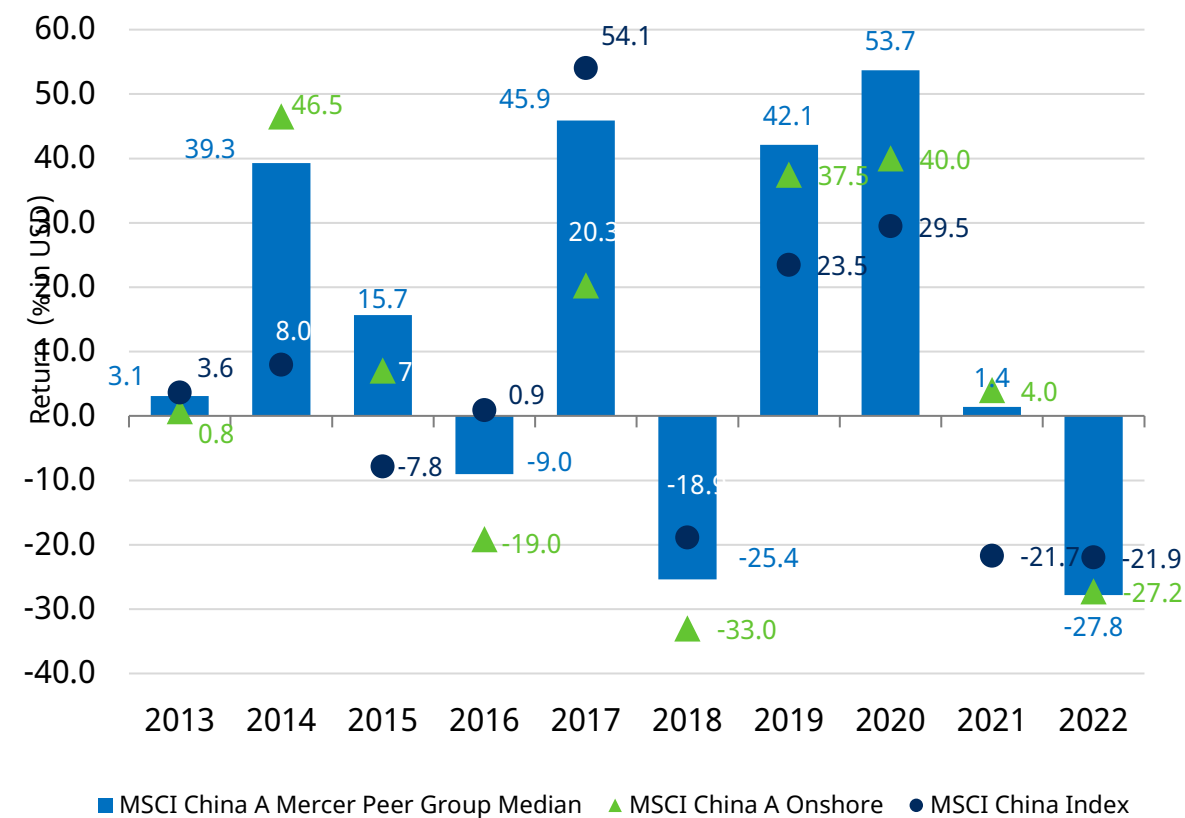
Source: Bloomberg, Schroders, February 2021. Based on returns for an unhedged USD investor. Volatility and correlations expressed using monthly returns from 31 January 2001 – 31 January 2021. Start date limited to inception of the MSCI China A-Share index (31 December 2000). Past performance is not a guide to future performance and may not be repeated. Please refer to 'Important Information' slide for the disclaimers on the use of information from Bloomberg.

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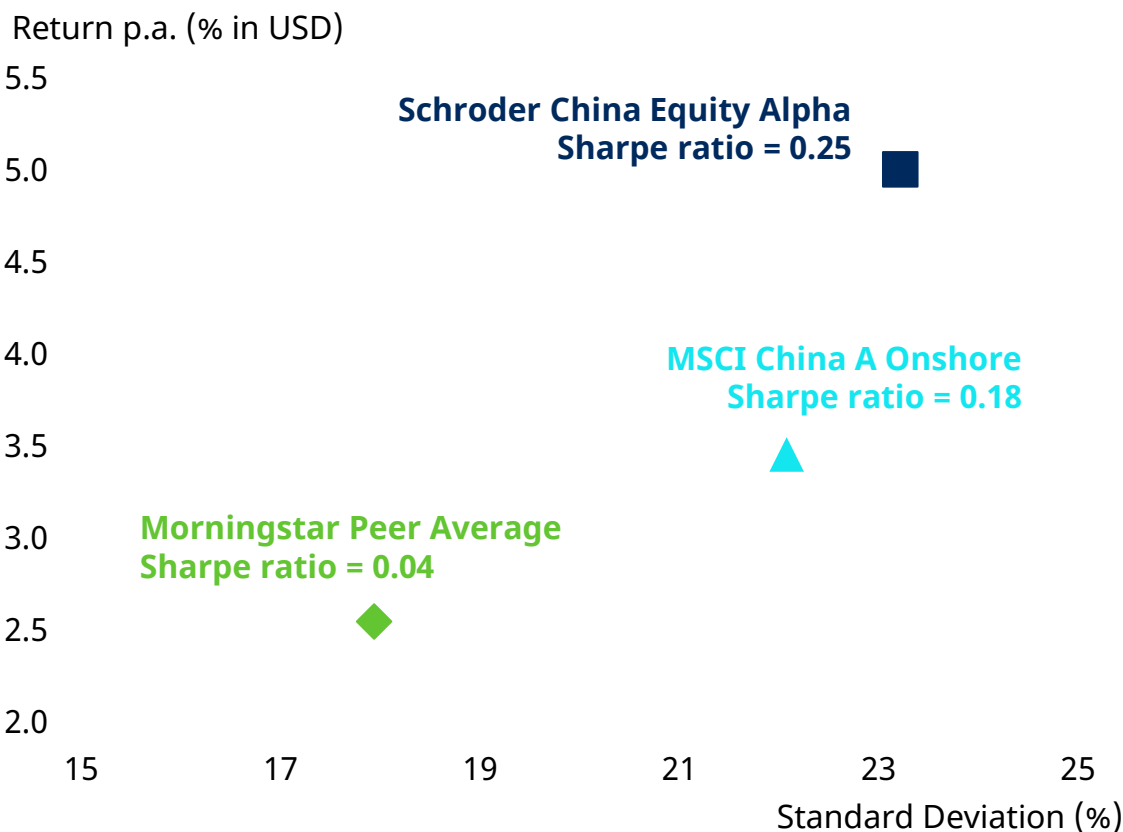
Why China A?

Ripe for active managers – even the median manager has been able to add alpha

Return by Calendar Year¹



5 year Risk Return Profile²



Source: Schroders, MSCI, Mercer, as at June 2023.
Source: Morningstar, as at September 2023. Please refer to 'Important Information' slide for the disclaimers on the use of information from Morningstar.
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Appendix

How does SISF China A All Cap differ from SISF China A?

Side by side comparison

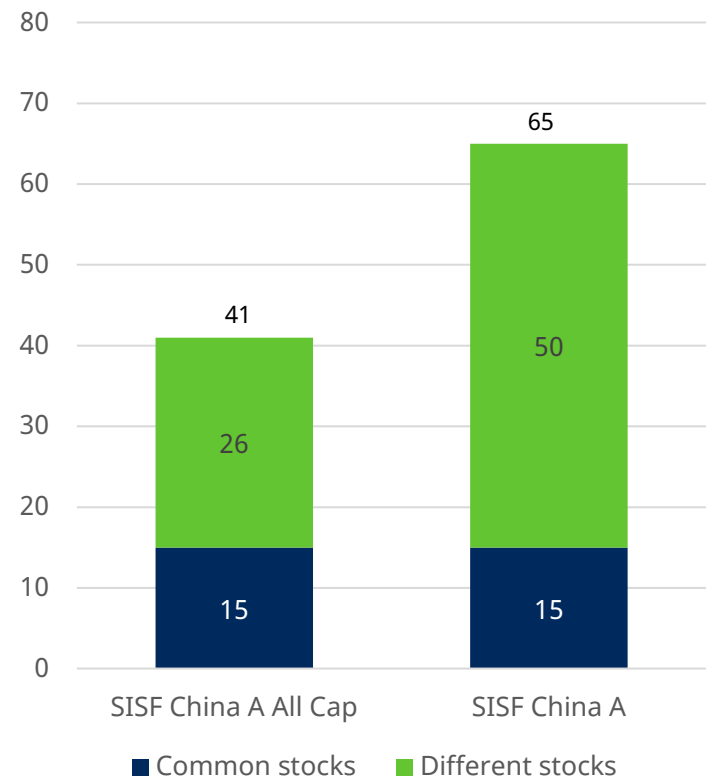
Strategy	Schroder ISF China A	Schroder ISF China A All Cap ⁵
Structure	Lux UCITS fund	Lux UCITS fund
Universe	China A	China A
Benchmark	MSCI China A Onshore	MSCI China A Onshore
Fund AUM (US\$m)	4,615	69
Inception date³	6 December 2017	15 October 2021
Key portfolio characteristics		
– Investment Approach	Fundamental research, bottom-up stock selection	Fundamental research, bottom-up stock selection
– Style/Market Cap Bias	Quality, growth, mid cap bias	Quality, growth, all cap
– Tracking error¹	Up to 12%	Up to 12%
– # Holdings	40–70	30–50
Key investment parameters	Sector active weights: +/- 15% Stock active weights: +/- 7% Off-benchmark holdings: No limit	Sector active weights: unconstrained Stock active weights: +7% Off-benchmark holdings: No limit Flexibility to invest: – Up to 10% in offshore Chinese equities, plus – Up to 10% in dual listed A-share companies
– Turnover²	50% to 150%	50–150%
Lead investment manager	Jack Lee	Maggie Zheng

Source: Schroders, as at March 2023. ¹Ex-ante over rolling 3-year period. ²Annualised. ³Of the pooled vehicle,

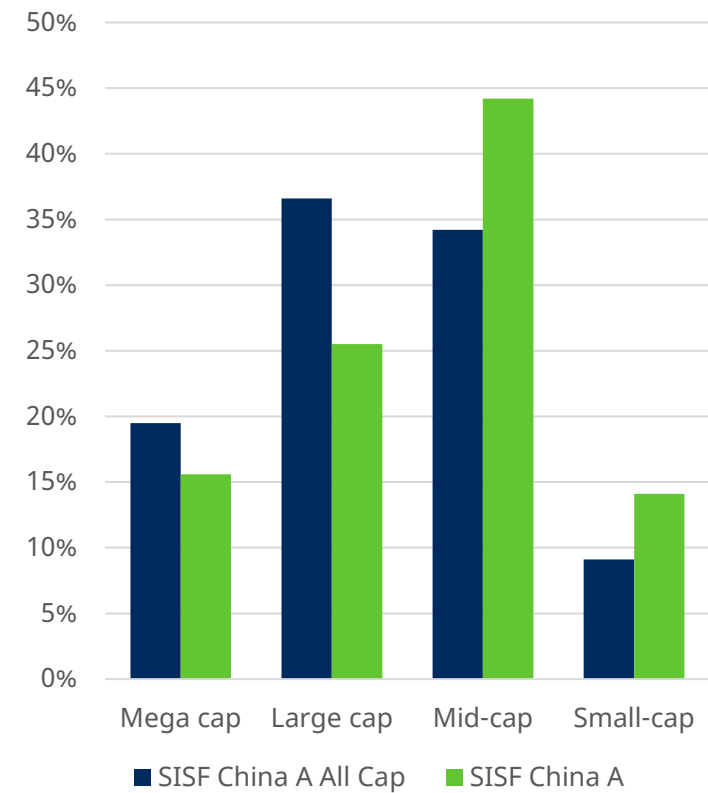
How does SISF China A All Cap differ from SISF China A?

Side by side companies (con't)

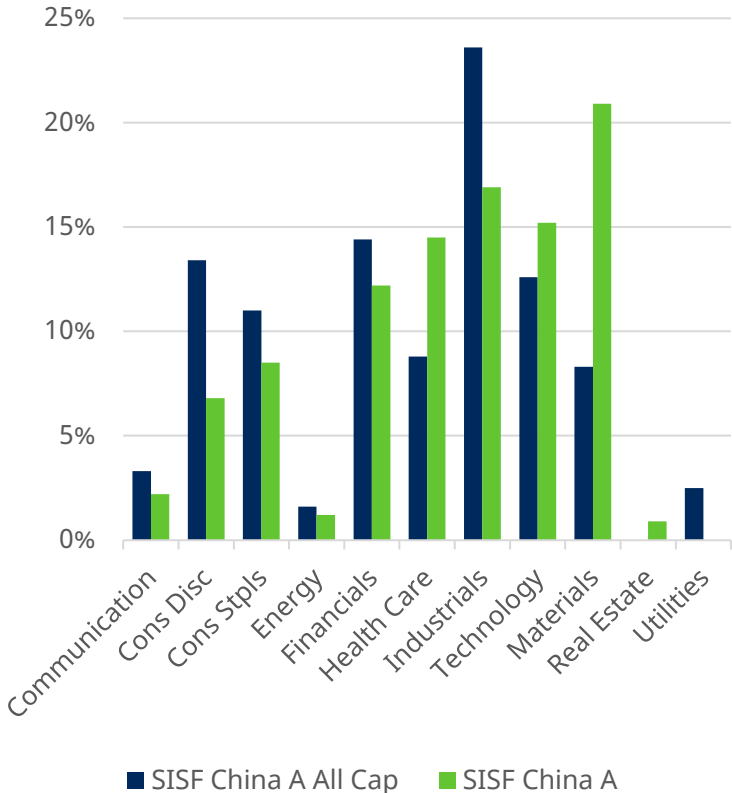
15 stocks, or 23% of the portfolios, are in common



SISF China A All cap has stronger tilt towards larger-cap¹



More consumption, industrial and tech in China A All Cap



Source: Schroders, September 2023
1. Mega cap: US>100bn; Large cap: US10-100bn, Mid-cap: US2-10bn, Small cap: US<2bn

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