



Results analysis: Schroder Oriental Income

SOI's knock out returns demonstrates Asia's growth and income potential.

Update
22 May 2026

- Schroder Oriental Income (SOI) has released its half-year report ending 28/02/2026. Over the six-month period, the trust had a NAV total return of 35.3%, which compares to a 30.7% return for the trust's benchmark, the MSCI AC Pacific ex Japan Index. The AIC Asia Pacific Equity Income sector delivered a weighted average return of 30.1% over the same period.
- The key standout factors were Korea and technology, both of which were driven by increased AI-related demand. Strong stock selection in the tech sector, such as Taiwanese companies ASE Technology and MediaTek led to the outperformance. Similarly, good stock selection in Australia, such as miner Rio Tinto, also contributed positively. The underweight to China was a positive contributor to relative performance in the period, with the market only rising 0.8% in sterling terms over six months.
- Gearing remained modest throughout the year, averaging 3.5%, which contributed positively to relative performance in the strongly rising market.
- Manager Richard Sennitt allocated to China in the period, through highly selective stock specific additions. The country remains underweight, although this is offset by an overweight to Hong Kong. Singapore is a notable overweight position due to opportunities in the financial sector from a growing wealth management offering.
- SOI's share price rose 38.1%, leading to a narrowing of the discount from 5.1% to 3.1% over the period. Despite this, the board continued with share buybacks, with 3.2m shares purchased in the period, and 2.3m between the end of the period and publication. These total c. 2% of the opening count.
- The board tweaked the dividend strategy to a more even distribution model throughout the year. To this end, the trust paid two interim dividends of 2p and 2.5p per share, up from two 2p interims the year prior. The board has noted the third interim is likely to be similar to the second. Should this be the case, and the final dividend be maintained at last year's level, the trust would offer a yield of c. 3.1% based on the current share price.

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- Should the trust grow its dividend across the full financial year, it will mark 20 years of consecutive growth, earning the trust the AIC's Dividend Hero status, becoming the first Asia-focused trust to achieve the accolade.
- As a result of the strong returns, the trust earned a performance fee totalling £5.2m, equivalent to 0.55% of NAV. We note the performance fee is being removed at the end of this financial year.
- Discussing the more challenging period post-results, Chairman Nick Winsor, noted the "focus on quality companies with attractive dividend prospects and potential for capital growth over the long term remains the best way to navigate current market volatility"

Kepler View

These results have delivered some excellent returns for **Schroder Oriental Income (SOI)**, both in absolute and relative terms. Whilst the headline six-month NAV total return of 35.3% speaks for itself, the ability



of manager Richard Sennitt to deliver outperformance on top of this, predominantly through stock selection, is a standout in our view. Looking at the longer-term numbers, it is clear this performance is far from an exception, with five-year returns to publication (20/05/2026) of 91.6% versus 50.6% for the benchmark.

On a nearer term view, the trust's positioning could continue to appeal, due to Richard's approach of producing a natural and growing income. A number of peers have adopted enhanced dividend strategies, enabling them to invest in non-yielding growth stocks and still pay a relatively high dividend. SOI's approach means there is a greater bias to yielding stocks, adding more value and core tilts to the portfolio and helping differentiate the trust. Not only has this been supportive to relative performance, as can be seen in the stock selection contribution from the likes of Rio Tinto and Singaporean financial companies, but also to income generation too, aiding the growing dividend over time. The trust is on course to achieve 20 years' of consecutive dividend growth this year, becoming the first Asia-focussed trust to achieve the AIC's Dividend Hero status which would be an impressive feat, in our view.

SOI's current positioning further differentiates the trust due to Richard's willingness to make sizeable calls on certain sectors or countries. Most notably, the portfolio has a sizeable underweight to China, albeit offset by the overweight to Hong Kong, whilst having a large overweight to Singapore. For investors that share Richard's scepticism over China but still see the growth potential in the Asian region, this positioning may well appeal. Interestingly, we note small off-benchmark positions in both India and Vietnam. Whilst the latter has often been a source of ideas for active stock pickers, the allocation to India stands out. The market has been popular for its growth characteristics, but high valuations and low yields have meant limited income opportunities. We believe that by finding such opportunities, as well as the sector and geographic calls, Richard has shown good flexibility and put in a good foundation for potential future alpha generation.

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