Results analysis: Schroder AsiaPacific

SDP's back-to-back double-digit annual returns demonstrate Asia's growth potential.

Update
10 December 2025

- **Schroder AsiaPacific (SDP) has released its annual results for the period ending 30/09/2025, in which the trust saw a NAV total return of 15.7%, versus a total return of 16.8% for the trust's benchmark, the MSCI AC Asia ex Japan Index. The AIC Asia Pacific sector delivered a weighted average return of 12.3% over the same period.**

- **Over the longer term, managers Abbas Barkhordar and Richard Sennitt remain notably ahead of the benchmark, with a five-year NAV TR of 37.3%, versus 31.2% for the index.**

- **Share price returns were strong, at 19.8% leading to the discount to narrow to 9.6%, from 12.4% at the beginning of the period. There were 12.6m shares bought back in the financial year, equivalent to c. 9% of the opening share count, with a further 2.7m in the period since.**

- **Positive contributors to performance in the period came from stock selection. Examples include the Indian banks, HDFC and ICICI which outperformed in a challenging period for the Indian market. The managers' underweight allocation to India was a positive contributor. Elsewhere, Singapore also contributed positively due to stock selection as well as an overweight allocation in a rising market.**

- **Overall, country allocations were a headwind to performance, driven primarily by the underweight to China which rallied over the period. The managers have narrowed this underweight in the year through selective additions to five high-quality Chinese stocks, with four of these coming in the first half of the year. Moreover, they added two Hong Kong holdings, further narrowing the underweight to the combined HK/China region.**

- **The managers have also narrowed underweights to India with two new holdings, as well as Korea through automaker Kia. To offset this, they have trimmed several ASEAN holdings.**

- **Net gearing in the financial year was 3%. In the period, the one-year revolving credit facility was renewed to July 2026.**

- **Whilst not a target, revenue per share increased modestly by 3.3%, enabling a 4% increase in the dividend to 13p per share. This equates to a yield of c. 2% at time of publication.**

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- **Elsewhere, the board has introduced a performance-related tender offer. This will enable shareholders to redeem up to 25% of their shares at NAV (less costs) should the trust underperform its benchmark over a five-year period. The first of these periods will commence following the trust's continuation vote, due at the AGM in January 2026.**

- **Outgoing Chairman James Williams commented on the region's, "strong and encouraging background position" as a result of, "healthy sovereign balance sheets and sustainable and responsible fiscal policies".**

Kepler View

Managers Abbas Barkhourdar and Richard Sennitt have delivered a period of strong absolute returns for **Schroder AsiaPacific (SDP)**, making for back-to-back double digit returns over the past two financial years. Whilst performance was slightly behind the benchmark in relative terms, we are encouraged by the managers' positive aggregate stock selection, which has been a driver of relative outperformance over the long-term. Similarly, the largest detractor to performance in this period, namely the underweight to China, has largely been a tailwind over the past five years, showing how allocations can ebb and flow.

The positioning changes are pragmatic too, in our view, and reflect the shifts in the Asian backdrop. They have added to stocks in both China and Hong Kong in response to China's economic stabilisation, albeit selectively and only into the highest quality companies, which has helped narrow the combined underweight.

Furthermore, the managers have added two new India holdings. The country was also underweight throughout the year, albeit as a result of valuation concerns. The Indian market struggled in the year, which led to positive attribution, while the managers also delivered good stock selection over the period. The managers took advantage of this period of weakness to buy two new stocks which have added to their exposure to the attractive growth qualities of the Indian market at more compelling valuations.

Finally, the introduction of a conditional tender offer is a good demonstration of shareholder consideration, in our view. Despite the trust outperforming its peer group average in the year, it has one of the widest discounts in the sector. Whilst this arguably makes for an attractive entry point for investors, the board have taken the prudent step of putting in a measure to help address this in the future. For the time being, the board has sought to manage the discount through share buybacks, with a further c. 9% of shares bought back in this period, meaning nearly 27% of the company's shares have been bought back in the past five years.

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