



# Time after time

How SDP has navigated through the storms to deliver long-term outperformance.

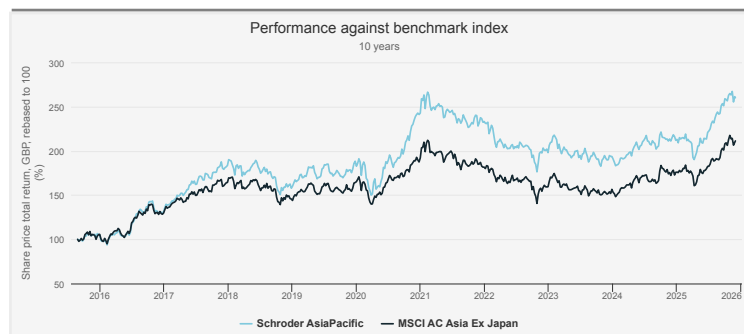
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Over the last three decades, markets have thrown everything at investors, from the dot-com boom and bust to the global financial crisis and the pandemic, to name but a few. Plenty of active managers have thrived in fair weather but a far more select group have managed to navigate the storms along the way to deliver sustained, long-term outperformance.

Enter **Schroder Asia Pacific (SDP)**, marking its 30th anniversary this month with a track record worthy of celebration, having qualified for AIC ISA millionaire status. An investor contributing the ISA full allowance each year from 1999 would have ended 2024 with a pot of more than £1.1 million, testament to the value of an experienced hand at the tiller to guide investors through both the bull and bear cycles.

Over the last decade, Asian markets have endured sharp sell-offs, from fears over Chinese regulations in 2021 to tariff turbulence earlier this year. As the chart below shows, SDP has not only demonstrated resilience during these downturns but has actively positioned itself to capture the upside on the subsequent recovery.

**Fig.1: SDP Has Consistently Outperformed The Index**



Source: Bloomberg (03/12/2025)

*Past performance is not a reliable indicator of future results.*

As SDP celebrates its 30th anniversary, it seems an opportune moment to take a closer look at some of the key drivers behind the trust's outperformance.

## Ahead of the pack

A hallmark of SDP's success has been its ability to identify tomorrow's leaders before they become household names. The trust invested in Chinese giants Tencent and Alibaba more than a decade ago, capitalising on their ascent and providing exposure to the broader technology ecosystem of the world's second-largest economy.

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Tencent initially launched as a messaging platform but has become one of China's competitors to the Magnificent Seven. Its WeChat super-app integrates messaging, payments and e-commerce for over a billion users, while the company also ranks as the world's largest gaming company, as well as a major player in fintech, cloud computing and digital advertising.

Success in active management, however, often depends as much on what to avoid as picking winners. Asia is a broad and heterogeneous universe, encompassing over 20,000 listed companies across countries with diverse political and macroeconomic backdrops. Schroders' extensive on-the-ground resources across the region provide a potential edge, offering an in-depth knowledge of the entire corporate ecosystem to identify the most compelling opportunities.

## Harnessing the mega-trends

Technology accounts for almost a third of the portfolio, with demand for semiconductors soaring, not just from AI but also from cloud computing,



5G networks and the “internet of things.” This provides exposure to many of the same mega-trends as the Magnificent Seven, but often at more attractive valuations.

The trust’s largest holding, TSMC, dominates global chip manufacturing and produces the world’s most advanced semiconductor chips for NVIDIA, Apple, AMD, Qualcomm and Broadcom. Its dominant market share, alongside superior cash generation, has driven a five-year share price increase of almost 200%.

Another major holding, Samsung Electronics, provides advanced foundry services and a leading memory-chip business powering everything from smartphones to data centres. Beyond semiconductors, Samsung also offers a world-class consumer electronics business which provides diversified exposure across both the technology and consumer discretionary sectors.

Lastly, Taiwanese firm MediaTek designs processors for smartphones made by Xiaomi, Oppo and Vivo, and is expanding into connected devices for cars and smart homes. Controlling 37% of the global smartphone app processor market versus Qualcomm’s 27% (according to DIGITIMES), it trades at a little over half its US rival’s valuation.

The managers also take advantage of short-term market dislocations to buy companies when valuations dip, adding to Tencent and NetEase during this year’s tariff volatility, whilst also taking some profits in Alibaba.

## An all-weather portfolio

Asia offers abundant growth potential but equity markets can be prone to bouts of volatility, driven as much by sentiment as fundamentals. Risk management sits at the heart of SDP’s philosophy, with its portfolio diversified across a range of sectors, regions and market caps, with no strong bias toward growth or value.

The managers favour resilient companies with high returns on capital, solid balance sheets and strong governance, supported by an extensive engagement programme of more than 2,000 company meetings a year.

While Abbas and Richard are bottom-up stock pickers, they blend their conviction with a top-down macroeconomic overlay. SDP’s underweight position in China reflects the team’s cautious stance amid structural headwinds, regulatory uncertainty and geopolitical tensions.

Valuation discipline is also equally important: the trust remains underweight India due to stretched valuations in smaller caps while maintaining exposure to large-cap

financial services companies in India, which offer an appealing growth runway.

Elsewhere, the managers are uncovering value in smaller markets such as Indonesia and the Philippines, supported by their expanding consumer classes and the shift in supply chains under the “China Plus One” strategy.

This disciplined approach to allocation has helped to smooth long-term returns and avoid chasing short-term momentum.

## The road ahead

Asia offers a compelling opportunity for growth-seeking investors, boasting the global leaders of today as well as the rising stars of tomorrow but selectivity is key. SDP’s 30-year history is testament to its expertise in harnessing the most compelling structural growth drivers while navigating volatility along the way.

Looking ahead, a seasoned hand at the helm leaves the trust well-positioned to embrace whatever the next 30 years may bring.

Data as at 06/12/2025 unless otherwise specified. Trust data sourced from factsheet as at 30/09/2025.

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