

Schroders

Schroder Asian Total Return Investment Company plc

Half year report and accounts for
the six months ended 30 June
2019



Investment objective

Schroder Asian Total Return Investment Company plc seeks to provide a high rate of total return through investment in equities and equity-related securities of companies trading in the Asia Pacific region (excluding Japan). The Company seeks to offer a degree of capital preservation through tactical use of derivative instruments.

Investment policy

The Company invests principally in a diversified portfolio of 40-70 companies operating primarily in Asia, including Australasia but excluding Japan. It is intended that the Company will have a bias to investing in small and mid cap companies.

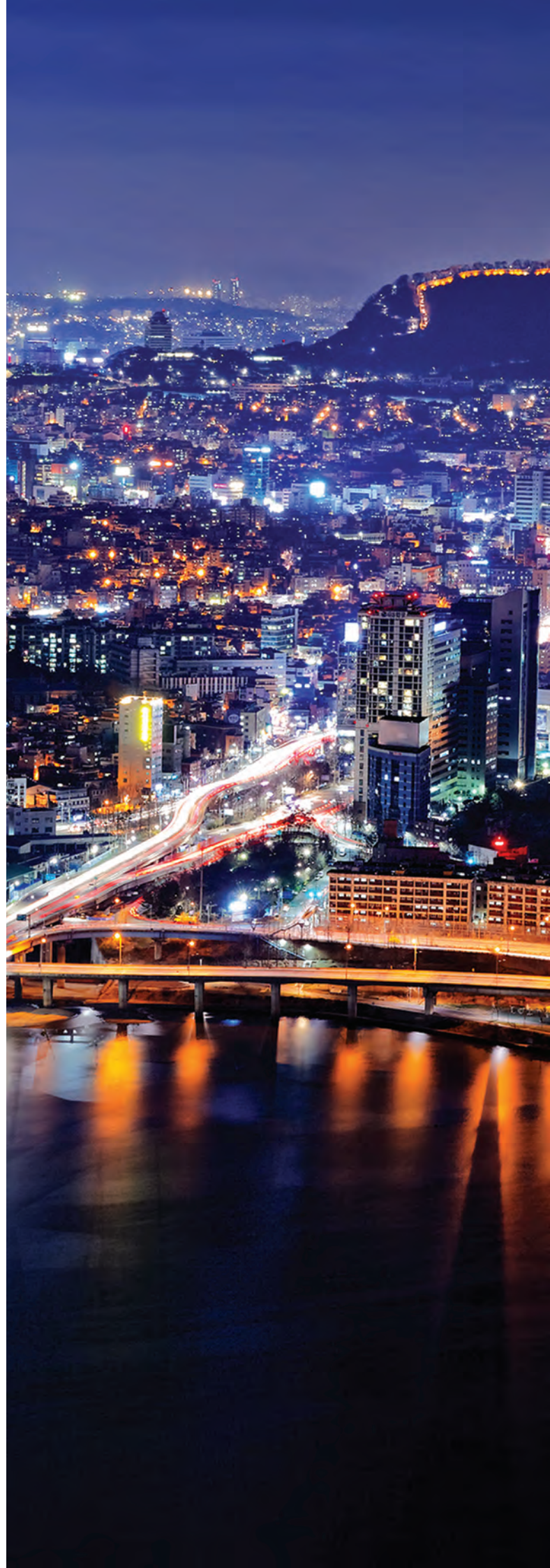
Investments may be made in companies listed on the stock markets of countries located in the region and/or listed elsewhere but controlled from within the region and/or with a material exposure to the region. The Company will focus on investing in companies with sound balance sheets, professional management and capital allocation policies that are aligned with the interests of minority shareholders.

The use of derivatives to protect the capital value of the portfolio or for efficient portfolio management is fundamental to the strategy of the Company's Portfolio Managers. Such derivatives may include listed futures, call options, long puts, OTC instruments and instruments to hedge currency exposure with board approval. The board will monitor the effectiveness of the underlying process and the use of derivatives.

In order to obtain further exposure to equity indices or individual stocks, the Company may enter into contracts for difference where the underlying investments are not delivered and settlement is made in cash. In extreme circumstances, and subject to board approval, the majority, or even all, of the Company's assets could be held in cash or near cash instruments, with appropriate diversification of cash held on deposit.

The Company may use gearing to enhance performance but net gearing will not exceed 30% of net asset value.

The Company does not tie its stock selection to the constituents of any benchmark; instead, the size of stock positions are set on an absolute basis reflecting where the best potential risk adjusted returns are to be found.





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Financial Highlights and Long-Term Performance Record

Total returns for the six months ended 30 June 2019¹



NAV per share²



Share price³



Reference Index⁴



Peer Group NAV per share^{2, 5}

Long-Term Performance

Total returns to 30 June 2019 ¹	6 months %	1 year %	3 years %	5 years %	10 years %
Net Asset Value ("NAV") per share ²	14.9	5.3	58.4	107.4	198.0
Share price ³	13.1	4.3	78.5	127.4	228.3
Reference Index ⁴	12.3	4.6	45.0	65.2	164.6
Peer group NAV per share ^{2,5}	12.4	5.7	50.6	84.1	226.9

¹ Total returns represent the combined effect of any dividends paid, together with the rise or fall in the share price or NAV per share. Total return statistics enable the investor to make performance comparisons between investment companies with different dividend policies. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares of the Company at the time the shares were quoted ex-dividend (to calculate the share price total return) or in the assets of the Company at its NAV per share (to calculate the NAV per share total return).

² Source: Morningstar. Fully diluted NAVs have been used where applicable.

³ Source: Morningstar.

⁴ Source: Thomson Reuters. With effect from 15 March 2013, the Reference Index has been the MSCI AC Asia Pacific ex-Japan Index (with net income reinvested), sterling adjusted. Prior to that date, it was the MSCI AC Asia ex-Japan Index (with gross income reinvested), sterling adjusted.

⁵ Source: Morningstar. The arithmetic average of a group of nine comparable Asia (excluding Japan) investment trusts (the "Peer Group").

Other financial information

	30 June 2019	31 December 2018	% Change
NAV per share (pence)	363.21	321.43	+13.0
Share price (pence)	368.0	331.0	+11.2
Share price premium to NAV per share (%)	1.3	3.0	
Gearing/(net cash) (%) ¹	3.4	(0.9)	

¹ Gearing means borrowings used for investment purposes less cash, expressed as a percentage of net assets. If the figure so calculated is negative, this is shown as a "net cash" position.

Interim Management Report – Chairman’s Statement



“The board continues to be pleased with the persistent strong demand for the company’s shares”

The appointment of Ernst & Young LLP as auditor for the financial year ending 30 December 2020 will be subject to approval by shareholders at the Company’s next Annual General Meeting, to be held in May 2020. The board would like to thank PwC LLP, which formally ceased to hold office as the Company’s auditor on 6 September 2019, for its professional service to the Company during its tenure in office. In accordance with legislative requirements, a copy of PwC’s resignation letter, including a statement of its reasons for ceasing to hold office, is being circulated to all shareholders.

Performance

During the six months to 30 June 2019, the Company produced a total return of 14.9%, outperforming both the return of the Reference Index of 12.3% and of the Peer Group average of 12.4%.

Further details on performance may be found in the Portfolio Managers’ Review.

Promotion and share issuance

The board continues to be pleased with the persistent strong demand for the Company’s shares from new and existing investors. During the period, a total of 2,830,000 new shares in the Company were issued at a premium to NAV under a block listing.

In the six months to 30 June 2019, the share price premium to NAV decreased from 3.0% at the beginning of the period to 1.3% at 30 June 2019. The average premium during the period was 1.6% compared with an average discount of 4.8% for the Peer Group.

Gearing

The board has agreed a disciplined framework for Gearing, based on a number of valuation indicators, and it will not exceed 30% of net asset value.

The portfolio managers continued to use Gearing during the period and at 30 June 2019, it stood at 3.4%. The maximum Gearing level during the period was 5.5%.

Change in independent auditor

Following a competitive tender process which excluded the incumbent, PwC LLP, on the grounds of length of service, the board approved the appointment of Ernst & Young LLP as the Company’s auditor for the financial year ending 30 December 2019.

Outlook

Asian and indeed global markets seem to be following the ebb and flow of the trade dispute between the US and China. Sentiment has been further impacted by the political turmoil in Hong Kong. The combination of these factors and a general weakening of the global economy which is likely to persist for the rest of the year provides a difficult environment for investment. Our portfolio managers have constructed a portfolio of stocks with financial strength and sound long-term prospects and the derivative overlay should help to dampen the volatility of the portfolio in these uncertain times.

David Brief
Chairman

9 September 2019

Interim Management Report – Portfolio Managers’ Review

“The portfolio posted strong gains in the first quarter of 2019, led by the China/Hong Kong exposure”

Performance Analysis

After a volatile and generally poor end to 2018, most Asian equity markets posted strong gains in the first half of 2019. Key to the reversal in sentiment was the shift in policy stance from the US Federal Reserve and Chinese authorities. Both moved towards a more accommodative monetary position as the global economic outlook darkened. After heightened trade tensions caused a sell-off in global stockmarkets in the second half of 2018, a beginning of the year barrage of Presidential tweets led a greater optimism among investors about the prospects for a trade deal between the US and China. However this relief proved temporary as it became clear in May that no real resolution was in sight and further tariffs were likely to be imposed. The threat of a full blown China/US trade war remains a major overhang for stockmarkets in Asia.

The period ended with rumbling tensions in Hong Kong SAR due to Chief Executive Carrie Lam’s proposed extradition bill, which has the potential to undermine Hong Kong’s separate legal system. At the time of writing, these demonstrations have escalated into full blown and sometimes violent protests. The underlying cause of the protests are multiple whether it be lack of accountability of those at the top, inequality in society, sky-high housing prices and lack of opportunity for the young. This means the situation has the potential to be prolonged and will be difficult to resolve. We currently believe cooler heads will ultimately prevail, provided that the Hong Kong Government agrees to drop the extradition bill permanently and is responsive to some of the concerns that have led an estimated one in five people in Hong Kong to march in the streets. Whilst a risk, we think direct military intervention from China is unlikely unless the protests become more violent, given this would have the potential to seriously undermine Hong Kong which still remains the mainland’s financial window on the world.

The portfolio posted strong gains in the first quarter of 2019, led by the China/Hong Kong exposure where the consumption-related and insurance holdings traded higher on hopes that the shift to a more pro-growth stance with a further round of fiscal stimulus would help shore up the domestic Chinese economy. This was followed by a more muted second quarter where the portfolio made moderate gains while the re-emergence of trade tensions and economic risks again dominated investor sentiment. This brought the NAV total return for the first half of 2019 to 14.9%, compared to the Reference Index which rose 12.3% over the period.

Some of the core holdings continued to do well despite the more volatile macroeconomic backdrop. Among the key contributors were some globally competitive exporters such as power tool maker **Techtronic**

Industries and advanced fabric and knitwear producer **Shenzhou International**. These companies notched up strong gains over the first half of the year as optimism over US-China trade talks improved ahead of the Group of 20 summit. Hong Kong-based regional insurer **AIA** also saw its share price surge on the back of its longer-term growth potential as China continues opening up the insurance market to international players. This would potentially allow AIA to expand its China footprint. Further contribution came from the blue-chip property names in Hong Kong (**Sun Hung Kai Properties, Swire Properties, Swire Pacific**) which were re-rated by the market as interest rate expectations moderated more broadly following the tilt of the Fed in recent months.

Elsewhere, India’s private sector bank **HDFC Bank** posted strong share price returns as it benefited from the long-term secular growth of the sector and continues to capture market share from public sector banks which remain shackled by legacy bad debts and poor systems and practices. The incumbent Prime Minister Modi and the BJP party’s landslide victory in national elections also provided a further boost to sentiment and supported the share price. In Australia private insurer **Medibank Private** also added value as its share price advanced following the victory of the Liberal Party in Australia’s federal election. This allayed fears of a 2% cap on increases to health insurance premiums that the Labour Party had threatened to impose.

The portfolio started the period with a moderate amount of capital protection. This was a small drag given rising markets over the period and offset some gains over the first half of the year. With markets rising whilst earnings prospects are generally deteriorating given the challenging macro backdrop, your portfolio managers have turned more cautious and added additional capital preservation in June to protect against the risks of a sharper than expected slowdown in China.

On the topical subject of liquidity, the portfolio managers can confirm at the time of writing the Company holds no unlisted investments and that all holdings are actively traded and are listed on recognised stock exchanges.

Interim Management Report – Portfolio Managers’ Review

Half year ended 2019 performance attribution

	Contribution to return (%)	Comments
Australia	+3.2	Medibank Private, BHP, Brambles, ASX
Mainland China	+4.8	Alibaba, Tencent, Ping An, Shenzhou International, Midea
France	+0.2	LVMH
Hong Kong SAR	+4.4	Techtronic, AIA, Swire Properties, Sun Hung Kai Properties
India	+1.3	HDFC Bank
South Korea	+1.0	Samsung Electronics
Philippines	+0.1	Ayala Land
Singapore	+1.2	Mapletree Commercial Trust, Venture
Taiwan	+1.0	TSMC, Voltronic Power
Thailand	+0.6	Aeon Thana Sinsap
United States	-0.1	Cognizant Technology
Cash	-0.2	
Derivatives	-1.0	Put options and selling futures on market indices
Cost of gearing	-0.1	
Fees/costs	-1.4	
Residual	-0.1	
Total return	+14.9	

Source: Schroders.

Principal contributors	Return (%)	Contribution to return (%)
HDFC Bank	26.2	1.2
Techtronic Industries	45.6	1.1
Samsung Electronics	19.3	1.0
AIA	31.6	1.0
Medibank Private	38.2	0.8

Principal detractors	Return (%)	Contribution to return (%)
Nexteer Automotive	-10.4	-0.2
Pacific Textiles Holdings	-11.0	-0.1
Sinopec	-6.3	-0.1
Cognizant Technology	-7.8	-0.1
HSBC	-2.2	0.0

Source: Schroders

Please note: the percentage return is related to individual stock return over the period. The contribution to return is related to the contribution that the individual stock has made to total portfolio return, in weighted percentage terms.

Portfolio Positioning

10 largest holdings as at 30 June 2019

Holding	Business	% of total
HDFC Bank	Indian private sector bank	5.1
Samsung Electronics	Korean tech conglomerate	4.7
Tencent Holdings	Chinese internet service portal	3.7
AIA	Regional insurer	3.6
Jardine Strategic	Hong Kong blue-chip conglomerate	3.6
TSMC	Semiconductor manufacturer	3.6
Alibaba	Chinese top e-commerce player	3.5
Swire Properties	Hong Kong commercial landlord	3.2
Techtronic Industries	Powertool manufacturer	3.0
BHP Billiton	Global mining company	3.0

Interim Management Report – Portfolio Managers’ Review

Outlook

The widely anticipated cut in interest rates by the Federal Reserve has finally arrived. While some market participants were disappointed with the size of the cut, it is clear to your portfolio managers that the global policy easing cycle has now been firmly set in motion, with a number of countries in Asia having already started cutting their policy rates since the April Federal Reserve move. While the resumption of trade talks provided a temporary boost to the market, the more recent re-escalation of tension following President Trump’s announcement to slap an additional 10% tariffs on the remaining \$300 billion of Chinese imports by 1 September and subsequent labelling of China as a currency manipulator showed that no real resolution to the underlying issues is in sight.

Ongoing trade tensions are likely to weigh on corporate and consumer confidence across the world. Higher tariffs will raise many end-product prices for consumers in both countries which will likely dampen demand and reduce trade volumes. Heightened uncertainty will also likely deter corporate investment, undermining any optimism that was building with regard to the growth outlook in the second half of 2019.

Meanwhile, amidst the challenging external environment, we continue to see signs of economic deceleration in China. During our recent visit to China, the companies we saw, particularly the hotel and travel-related businesses, painted a similar picture of a slowdown, albeit not a collapse, in demand with business travel being weak and leisure/mass consumption generally holding up. This was also confirmed by retailers and mall operators where the picture was relatively resilient, especially for high-end fashion and athleisure. Visits to companies selling bigger ticket items like white goods and autos, however, were much more downbeat with no companies expressing any optimism for a turnaround in the second half of the year.

So what do we expect in China going forward? Probably more of the same or effectively continued “muddling through”. We do not expect any recovery in trade, and expect exports from China to remain structurally weak, both due to weak end-demand and trade tensions, as well as the clear move by many to diversify production out of China.

Chart 1: China’s trend export growth slows this cycle

Chinese export market growth and export growth

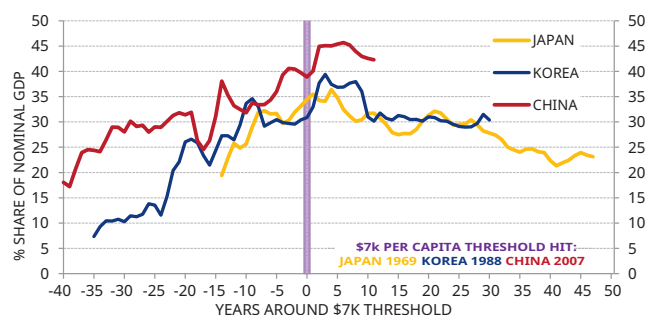


Source: OECE, Oxford Economics, NBER; Minack Advisors, June 2019

We think hopes of China stimulus measures, particularly more infrastructure spending, will disappoint. We expect Chinese investment to structurally fall from here and continue to avoid anything directly related to Chinese real estate, construction and state-directed domestic investment within the portfolio. With investment remaining at extraordinarily high levels in China and, given this has been funded by a massive build-up in bank debt that the authorities are keen not to further inflate, large infrastructure stimulus is unlikely. With overcapacity in China causing persistent deflation, the authorities are unlikely to want to exacerbate deflationary pressures by further overbuilding, particularly given how stressed the smaller banks have become (deflation being the death knell of weak banks as the Germans know).

Chart 2: China’s greater reliance on investment

Capital spending share of GDP



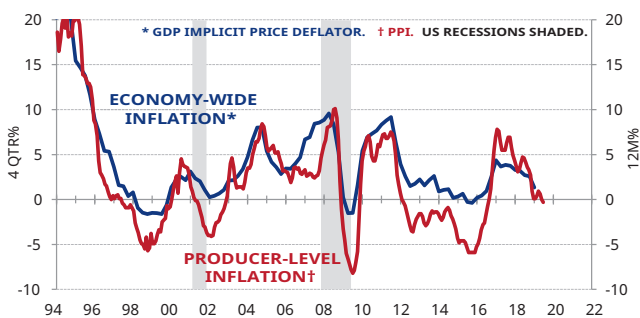
Source: IMF, NBS, ESRI; Minack Advisors, June 2019

Interim Management Report – Portfolio Managers’ Review

“Our key exposures in China are to companies playing to the country’s comparative advantages”

Chart 3: Persistent producer-level deflation

China PPI & economy-wide inflation



Source: NBS, NBER; Minack Advisors, June 2019

Which brings us on to the Chinese banks themselves. The Company continues to avoid all exposure to Chinese banks and remains extremely cautious on banks generally (a visit to Ant Financial – Alibaba’s finance arm – reminded us that disruption in the financial sector is very real and the internet start-ups in Asia are well-funded, very aggressive and not interested in making money). However, with the recent collapse of Baoshang Bank in China, is this a precursor to major systemic problems in China and a much greater economic slowdown? At the moment we continue to think the problems can be contained, albeit we are monitoring the situation closely.

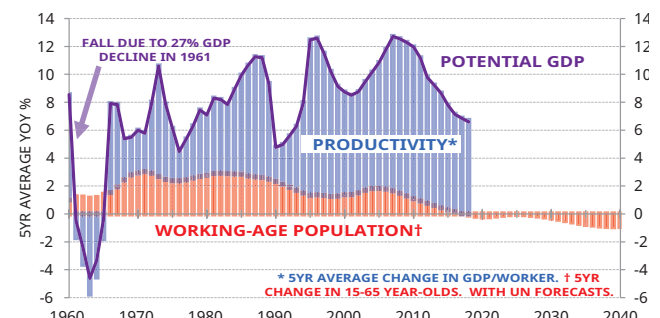
On a positive note this doesn’t mean a Chinese “Minsky Moment” is around the corner or inevitable as China’s interbank funding is pretty “plain vanilla” and unlike in previous Asian banking crises there are no foreign (and fickle) liabilities in the system. The problem should thus be containable assuming strong PBOC oversight and stable interbank funding. We do, however, view this situation as one that needs watching and we assume that large banks will be considered part of the solution to bailing out the smaller insolvent banks. This, along with persistent deflation which will pressure bank margins, and fintech players like Ant Financial and Tenpay which will pressure fee income, is why we continue to avoid all exposure to Chinese banks. In fact, given our view that deflation trends and fintech disruption are universal to the broader banking sector (not only in China), we are very selective in our bank exposure in the portfolio, despite prima facie attractive yields and low valuations.

So what do we want to own in China? We remain very focused on Chinese domestic consumption and upgrading plays. The good companies we meet in China continue to upgrade product quality rapidly, whether it be manufacturers of injection-moulding machines (PIMMs) or hydraulic systems which continue to gain market share globally. Whilst the Chinese workforce is shrinking, it is increasingly well-educated and we believe

productivity growth can remain strong, supporting income levels and economic growth over the long term. With savings rates set to fall as China matures we think consumption will be the driver of growth moving forward. Our key exposures in China are to companies playing to the country’s comparative advantages in areas such as medical research outsourcing, diversified textile production, insurance, internet and consumption names. Our recent trip to China reaffirmed our view that China’s transition from an investment, export-driven economy to a slower but consumption-driven economy remains on track, but we need to watch both the financial system and currency closely for signs of stress.

Chart 4: Productivity drives China’s trend growth

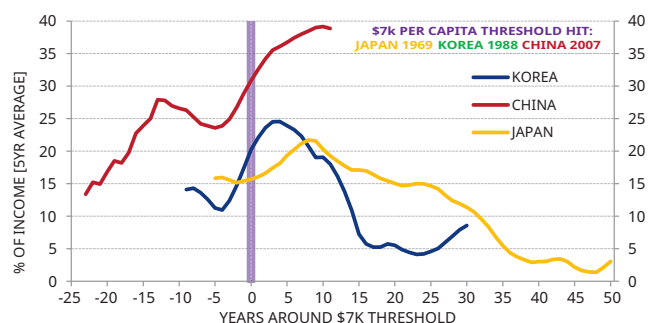
China: Potential growth, productivity and population



Source: NBS, UN; Minack Advisors, June 2019

Chart 5: China saves like it’s still poor

Household saving rates around \$7k/capita



Source: OECD, Oxford Economics; Minack Advisors, June 2019

These stocks are for illustrative purposes only, and should not be taken as a recommendation to buy or sell.

Robin Parbrook, King Fuei Lee

9 September 2019

Interim Management Report

Investment Portfolio as at 30 June 2019

Investments are classified by the investment manager in the country of their main business operations. Stocks in bold are the 20 largest exposures to companies, which by value account for 59.5% (30 June 2018: 55.8% and 31 December 2018: 58.5%) of total investments and derivative financial instruments.

	£'000	%
Hong Kong SAR		
AIA	12,828	3.6
Jardine Strategic¹	12,728	3.6
Swire Properties	11,219	3.2
Techtronic Industries	10,753	3.0
Sun Hung Kai Properties	9,668	2.7
Galaxy Entertainment	8,337	2.3
Swire Pacific	7,330	2.1
CNOOC	6,914	1.9
ASM Pacific Technology	6,184	1.7
Convenience Retail Asia	4,459	1.3
HongKong Land	4,199	1.2
Dah Sing Banking	3,819	1.1
Kerry Logistics Network	3,458	1.0
Johnson Electric Holdings	2,746	0.8
Chow Sang Sang	2,241	0.6
Pacific Textiles Holdings	2,169	0.6
Total Hong Kong SAR	109,052	30.7
Mainland China		
Tencent Holdings²	13,107	3.7
Alibaba (ADR)³	12,332	3.5
Ping An Insurance²	7,674	2.2
Shenzhou International Group²	7,555	2.1
China Yangtze Power LEPO 03/10/19	7,000	2.0
China Pacific Insurance ²	5,109	1.4
Midea Group (UBS) 29/05/20 ⁴	5,100	1.4
51 Jobs (ADR) ³	4,206	1.2
Nexteer Automotive ²	4,158	1.2
WuXi Biologics ²	3,451	1.0
Haitian International Holdings ²	3,385	1.0
WuXi AppTec ²	2,123	0.6
Hutchison China MediTech ⁵	1,971	0.6
Hutchison China MediTech (ADR) ³	1,942	0.5
Total Mainland China	79,113	22.4

	£'000	%
Australia		
BHP Billiton	10,643	3.0
Medibank Private	8,958	2.5
Crown	6,821	1.9
Resmed	6,586	1.9
Brambles	6,060	1.7
CSL	6,055	1.7
Incitec Pivot	4,779	1.3
Tabcorp	4,725	1.3
Woodside Petroleum	4,564	1.3
ASX	3,766	1.1
Lendlease	2,588	0.7
Total Australia	65,545	18.4
Taiwan		
Taiwan Semiconductor Manufacturing	12,707	3.6
Chroma ATE	5,097	1.4
Voltronic Power Technology	4,341	1.2
Getac Technology	4,140	1.2
Total Taiwan	26,285	7.4
India		
HDFC Bank (ADR)³	18,315	5.1
Schroder India Equity Fund X Acc	4,995	1.4
Total India	23,310	6.5
Singapore		
Oversea-Chinese Banking	8,182	2.3
Mapletree Commercial Trust	7,222	2.0
Venture	4,650	1.3
CapitaLand Mall Trust	2,774	0.8
Total Singapore	22,828	6.4
South Korea		
Samsung Electronics	16,780	4.7
Total South Korea	16,780	4.7

Interim Management Report

Investment Portfolio as at 30 June 2019

	£'000	%
Thailand		
Aeon Thana Sinsap	8,252	2.3
Total Thailand	8,252	2.3
France		
LVMH	2,974	0.8
Total France	2,974	0.8
Philippines		
Ayala Land	1,199	0.3
Total Philippines	1,199	0.3
Total Investments⁶	355,338	99.9
Derivative Financial Instruments		
Index Put Options		
Hong Kong Hang Seng Index Put Option 28200 August 19	263	0.1
Hong Kong Hang Seng Index Put Option 27800 August 19	175	-
Hong Kong Hang Seng Index Put Option 27400 August 19	138	-
Total Index Put Options⁷	576	0.1
Total Investments and Derivative Financial Instruments	355,914	100.0

¹ Listed in Singapore.

² Listed in Hong Kong.

³ Listed in the USA.

⁴ Participatory notes.

⁵ Listed in the UK.

⁶ Total investments comprise the following:

	£'000
Equities	301,448
American Depositary Receipts (ADR)	36,795
Low exercise price options (LEPO)	7,000
Participatory notes	5,100
Collective investment funds	4,995
Total investments	355,338

⁷ The combined effect of the options gives downside protection to 3.3% of total investments.

Interim Management Report

Principal risks and uncertainties

The principal risks and uncertainties with the Company's business fall into the following categories: strategic risk; investment management risk; custody risk; financial and currency risk; gearing and leverage risk; accounting, legal and regulatory risk; and service provider risk. A detailed explanation of the risks and uncertainties in each of these categories can be found on pages 19 and 20 of the Company's published annual report and accounts for the year ended 31 December 2018.

These risks and uncertainties have not materially changed during the six months ended 30 June 2019.

Going concern

Having assessed the principal risks and uncertainties, and the other matters discussed in connection with the viability statement as set out on page 21 of the published annual report and accounts for the year ended 31 December 2018, the directors consider it appropriate to adopt the going concern basis in preparing the accounts.

Related party transactions

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 30 June 2019.

Directors' responsibility statement

The directors confirm that, to the best of their knowledge, this set of condensed financial statements has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and with the Statement of Recommended Practice, "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in November 2014 and that this Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Income Statement

	Note	(Unaudited) For the six months ended 30 June 2019			(Unaudited) For the six months ended 30 June 2018			(Audited) For the year ended 31 December 2018		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss		-	47,079	47,079	-	682	682	-	(29,709)	(29,709)
Net losses on derivative contracts		-	(3,210)	(3,210)	-	(2,242)	(2,242)	-	(72)	(72)
Net foreign currency losses		-	(97)	(97)	-	(371)	(371)	-	(869)	(869)
Income from investments		4,481	376	4,857	4,146	-	4,146	7,883	32	7,915
Other interest receivable and similar income		19	-	19	10	-	10	33	-	33
Gross return/(loss)		4,500	44,148	48,648	4,156	(1,931)	2,225	7,916	(30,618)	(22,702)
Investment management fee		(273)	(819)	(1,092)	(250)	(748)	(998)	(496)	(1,489)	(1,985)
Performance fee		-	(2,614)	(2,614)	-	-	-	-	-	-
Administrative expenses		(327)	-	(327)	(316)	-	(316)	(630)	-	(630)
Net return/(loss) before finance costs and taxation		3,900	40,715	44,615	3,590	(2,679)	911	6,790	(32,107)	(25,317)
Finance costs		(59)	(178)	(237)	(46)	(138)	(184)	(106)	(317)	(423)
Net return/(loss) on ordinary activities before taxation		3,841	40,537	44,378	3,544	(2,817)	727	6,684	(32,424)	(25,740)
Taxation on ordinary activities	3	(189)	-	(189)	(209)	-	(209)	(381)	-	(381)
Net return/(loss) on ordinary activities after taxation		3,652	40,537	44,189	3,335	(2,817)	518	6,303	(32,424)	(26,121)
Return/(loss) per share	4	3.94p	43.74p	47.68p	3.82p	(3.23)p	0.59p	7.18p	(36.91)p	(29.73)p

The "Total" column of this statement is the profit and loss account of the Company. The "Revenue" and "Capital" columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no other items of other comprehensive income, and therefore the net return on ordinary activities after taxation is also the total comprehensive income for the period.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

Statement of Changes in Equity

For the six months ended 30 June 2019 (Unaudited)

	Note	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2018		4,570	37,081	11,646	29,182	196,014	15,290	293,783
Issue of shares		142	9,894	-	-	-	-	10,036
Net return on ordinary activities		-	-	-	-	40,537	3,652	44,189
Dividend paid in the period	5	-	-	-	-	-	(5,758)	(5,758)
At 30 June 2019		4,712	46,975	11,646	29,182	236,551	13,184	342,250

For the six months ended 30 June 2018 (Unaudited)

	Note	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2017		4,260	12,345	11,646	29,182	223,942	13,051	294,426
Issue of shares		195	13,701	-	-	-	-	13,896
Reissue of shares out of treasury		-	3,349	-	-	4,498	-	7,847
Net (loss)/return on ordinary activities		-	-	-	-	(2,817)	3,335	518
Dividend paid in the period	5	-	-	-	-	-	(4,064)	(4,064)
At 30 June 2018		4,455	29,395	11,646	29,182	225,623	12,322	312,623

For the year ended 31 December 2018 (Audited)

	Note	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2017		4,260	12,345	11,646	29,182	223,942	13,051	294,426
Repurchase of the Company's own shares into treasury – prior year stamp duty		-	-	-	-	(2)	-	(2)
Issue of shares		310	21,387	-	-	-	-	21,697
Reissue of shares out of treasury		-	3,349	-	-	4,498	-	7,847
Net (loss)/return on ordinary activities		-	-	-	-	(32,424)	6,303	(26,121)
Dividend paid in the year	5	-	-	-	-	-	(4,064)	(4,064)
At 31 December 2018		4,570	37,081	11,646	29,182	196,014	15,290	293,783

Statement of Financial Position

	Note	(Unaudited) 30 June 2019 £'000	(Unaudited) 30 June 2018 £'000	(Audited) 31 December 2018 £'000
Fixed assets				
Investments held at fair value through profit or loss		355,338	321,588	291,427
Current assets				
Debtors		1,562	3,523	323
Cash at bank and in hand		4,641	6,244	14,709
Derivative financial instruments held at fair value through profit or loss		576	1,405	596
		6,779	11,172	15,628
Current liabilities				
Creditors: amounts falling due within one year		(19,867)	(20,136)	(12,657)
Derivative financial instruments held at fair value through profit or loss		-	(1)	(615)
		(19,867)	(20,137)	(13,272)
Net current (liabilities)/assets		(13,088)	(8,965)	2,356
Total assets less current liabilities		342,250	312,623	293,783
Net assets		342,250	312,623	293,783
Capital and reserves				
Called-up share capital	6	4,712	4,455	4,570
Share premium		46,975	29,395	37,081
Capital redemption reserve		11,646	11,646	11,646
Special reserve		29,182	29,182	29,182
Capital reserves		236,551	225,623	196,014
Revenue reserve		13,184	12,322	15,290
Total equity shareholders' funds		342,250	312,623	293,783
Net asset value per share	7	363.21p	350.87p	321.43p

Registered in England and Wales
Company registration number: 02153093

Cash Flow Statement

	Note	(Unaudited) For the six months ended 30 June 2019 £'000	(Unaudited) For the six months ended 30 June 2018 £'000	(Audited) For the year ended 31 December 2018 £'000
Net cash inflow/(outflow)from operating activities	8	2,587	(2,451)	652
Net cash outflow from servicing of finance		(231)	(169)	(413)
Net cash outflow from investment activities		(20,475)	(14,027)	(9,017)
Dividends paid		(5,758)	(4,064)	(4,064)
Net cash inflow from financing		13,926	24,705	25,197
Net cash (outflow)/inflow in the period		(9,951)	3,994	12,355
Reconciliation of net cash flow to movement in net funds				
Net cash (outflow)/inflow in the period		(9,951)	3,994	12,355
Bank loan (drawn down)/repaid		(4,350)	(3,407)	4,345
Exchange movements		(97)	(371)	(869)
Changes in net funds arising from cash flows		(14,398)	216	15,831
Net cash/(debt) at the beginning of the period		2,696	(13,135)	(13,135)
Net (debt)/cash at the end of the period		(11,702)	(12,919)	2,696
Represented by:				
Cash at bank and in hand		4,641	6,244	14,709
Bank loans		(16,343)	(19,163)	(12,013)
Net (debt)/cash		(11,702)	(12,919)	2,696

Notes to the Accounts

1. Financial Statements

The information contained within the accounts in this half year report has not been audited or reviewed by the Company's auditor.

The figures and financial information for the year ended 31 December 2018 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

Basis of accounting

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies in November 2014 and updated in February 2018.

All of the Company's operations are of a continuing nature.

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 31 December 2018.

3. Taxation on ordinary activities

The Company's effective corporation tax rate is nil, as deductible expenses exceed taxable income. The taxation charge comprises irrecoverable overseas withholding tax on dividends receivable, less any amounts of Taiwanese withholding tax which have been recovered during the period.

4. Return/(loss) per share

	(Unaudited) Six months ended 30 June 2019 £'000	(Unaudited) Six months ended 30 June 2018 £'000	(Audited) Year ended 31 December 2018 £'000
Revenue return	3,652	3,335	6,303
Capital return/(loss)	40,537	(2,817)	(32,424)
Total return/(loss)	44,189	518	(26,121)
Weighted average number of shares in issue during the period, excluding shares held in treasury	92,685,767	87,277,252	87,843,677
Revenue return per share	3.94p	3.82p	7.18p
Capital return/(loss) per share	43.74p	(3.23)p	(36.91)p
Total return/(loss) per share	47.68p	0.59p	(29.73)p

There is no dilution to the above returns per share when the diluted returns are calculated in accordance with the requirements of UK GAAP.

Notes to the Accounts

5. Dividend paid

	(Unaudited) Six months ended 30 June 2019 £'000	(Unaudited) Six months ended 30 June 2018 £'000	(Audited) Year ended 31 December 2018 £'000
2018 dividend paid of 6.20p (2017: 4.80p)	5,758	4,064	4,064

No interim dividend has been declared in respect of the year ending 31 December 2019 (2018: nil).

6. Called-up share capital

	(Unaudited) Six months ended 30 June 2019 £'000	(Unaudited) Six months ended 30 June 2018 £'000	(Audited) Year ended 31 December 2018 £'000
Changes in called-up share capital during the period were as follows:			
Opening balance of ordinary shares of 5p each, excluding shares held in treasury	4,570	4,149	4,149
Issue of shares	142	195	310
Reissue of shares out of treasury	-	111	111
Closing balance of ordinary shares of 5p each	4,712	4,455	4,570

	(Unaudited) Six months ended 30 June 2019	(Unaudited) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
Changes in the number of shares in issue during the period were as follows:			
Ordinary shares of 5p each, allotted, called-up and fully paid			
Opening balance of shares in issue, excluding shares held in treasury	91,400,159	82,987,055	82,987,055
Issue of shares	2,830,000	3,895,347	6,195,347
Reissue of shares out of treasury	-	2,217,757	2,217,757
Closing balance of shares in issue	94,230,159	89,100,159	91,400,159

No shares were held in treasury at the period end (30 June 2018 and 31 December 2018: nil).

Notes to the Accounts

7. Net asset value per share

	(Unaudited) Six months ended 30 June 2019	(Unaudited) Six months ended 30 June 2018	(Audited) Year ended 31 December 2018
Total equity shareholders' funds (£'000)	342,250	312,623	293,783
Shares in issue at the period end	94,230,159	89,100,159	91,400,159
Net asset value per share	363.21p	350.87p	321.43p

8. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow/(outflow) from operating activities

	(Unaudited) Six months ended 30 June 2019 £'000	(Unaudited) Six months ended 30 June 2018 £'000	(Audited) Year ended 31 December 2018 £'000
Total return/(loss) on ordinary activities before finance costs and taxation	44,615	911	(25,317)
Capital (return)/loss on ordinary activities before finance costs and taxation	(40,715)	2,679	32,107
Increase in prepayments and accrued income	(848)	(940)	(78)
(Increase)/decrease in other debtors	(9)	3	8
Increase/(decrease) in other creditors	2,712	(4,229)	(4,245)
Special dividend allocated to capital	376	-	32
Management fee allocated to capital	(819)	(748)	(1,489)
Performance fee allocated to capital	(2,614)	-	-
Overseas withholding tax deducted at source	(111)	(127)	(366)
Net cash inflow/(outflow) from operating activities	2,587	(2,451)	652

Notes to the Accounts

9. Financial instruments measured at fair value

The Company's financial instruments that are held at fair value include its investment portfolio and derivative financial instruments.

FRS 102 requires that these financial instruments are categorised into a hierarchy consisting of the following three levels:

Level 1 – valued using unadjusted quoted prices in active markets for identical assets.

Level 2 – valued using observable inputs other than quoted prices included within Level 1.

Level 3 – valued using inputs that are unobservable.

The following table sets out the fair value measurements using the above hierarchy:

	30 June 2019 (unaudited)			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments and derivative financial instruments	350,814	-	-	350,814
Participatory notes ¹	-	5,100	-	5,100
Total	350,814	5,100	-	355,914

	30 June 2018 (unaudited)			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments and derivative financial instruments	302,689	-	-	302,689
Participatory notes ¹	-	20,303	-	20,303
Total	302,689	20,303	-	322,992

	31 December 2018 (audited)			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments held at fair value through profit or loss				
Equity investments and derivative financial instruments	285,465	-	-	285,465
Participatory notes ¹	-	5,943	-	5,943
Total	285,465	5,943	-	291,408

¹ Participatory notes, which are valued using the quoted bid prices of the underlying securities, have been allocated to Level 2 as, strictly, these are not identical assets.

10. Events after the half year ended 30 June 2019 that have not been reflected in the financial statements

The directors have evaluated the period since the half year end date and have not noted any significant events which have not been reflected in the financial statements.

Directors

David Brief (Chairman)
Andrew Cainey
Caroline Hitch
Mike Holt
Sarah MacAulay

Advisers

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*Calls to this number are free of charge from UK landlines

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to the above address and telephone number above.

Shareholder enquiries

General enquiries about the Company should be addressed to the Company Secretary at the Company's Registered Office.

Dealing Codes

ISIN Number: GB0008710799
SEDOL Number: 0871079
Ticker: ATR

Global Intermediary Identification Number (GIIN)

TRPJG6.99999.SL.826

Legal Entity Identifier (LEI)

549300TQNNGZ0JHO2L78

The Company's privacy notice is available on its webpage.

