

Schroders

**SCHRODER GLOBAL EMERGING MARKET
OPPORTUNITIES FUND**

Semi-Annual Report & Financial Statements

June 2023



SCHRODER GLOBAL EMERGING MARKET OPPORTUNITIES FUND

(a sub-fund of Schroder International Opportunities Portfolio)

Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006

Manager

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Further Information

Schroders is a Foreign Account Tax Compliance Act ("FATCA") compliant organisation. Please find the FATCA classification of this Fund and its Global Intermediary Identification Number ("GIIN") below.

FATCA entity classification:	Nonreporting IGA FFI / Sponsored Investment Entity
GIIN:	WM9S4Z.00014.SF.702

SCHRODER GLOBAL EMERGING MARKET OPPORTUNITIES FUND

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COMMENTARY

Fund performance

The Fund generated a positive return in US dollar terms and outperformed the MSCI Emerging Markets (EM) Index over the six month period before fees.

Among our core markets, we benefited from country allocation to, and stock selection within, Brazil (zero-weight Vale, off-benchmark **Aliansce Sonae**) and Greece (zero-weight OTE, off-benchmark **Piraeus**). Country allocation to Indonesia (which was added to the core list in May) detracted, as it did in South Africa and Taiwan (which was added to the core list in April). However, stock selection was strong in both South Africa (overweight **Goldfields**) and Taiwan (overweight **TSMC**). It was negative in Indonesia (off-benchmark **Sea Limited**) and Korea (overweight **Korea Zinc**). Korea was removed from the core list in April.

Among our non-core markets, Poland (overweight **Santander Bank Polska**, off-benchmark **Kruk**) added to returns while Mexico (overweight **Banorte**) detracted.

Market performance

Emerging market (EM) equities gained over the 6-month period but lagged the MSCI World Index by some margin. The year started off on a positive note driven by optimism about China's re-opening, following the earlier and more comprehensive than expected relaxation of the dynamic zero-COVID policy in late 2022. However, sentiment deteriorated as 2023 progressed. US-China tensions re-escalated, a banking crisis was narrowly avoided as investors lost confidence in US and European banks, central banks continued to raise interest rates, and the recovery in China appeared weaker than expected.

Greece was the top-performing index market as the ruling New Democracy party won a second term in office in May, signalling a continuation of market friendly policies. The CE3 markets performed particularly well, despite rising recessionary fears in Europe. Central European markets began to anticipate rate cuts as inflation eased, and Hungary cut rates in June.

Taiwan and Korea delivered double-digit returns in US dollars against a backdrop of optimism about artificial intelligence growth. Brazil was ahead of the index amid easing fiscal policy concerns and growing optimism that monetary policy easing is imminent. Indonesia gained, as did Saudi Arabia.

Despite allegations of fraud and share price manipulation at a major conglomerate early in 2023, India outperformed. Improved macroeconomic data and signs that accommodative monetary policy will be ongoing were supportive.

Energy-related markets, including UAE, Qatar, Colombia and Kuwait underperformed. China lagged the index by some way, amid concerns about its anaemic economic recovery, ongoing US-China tensions, and as the prospects for global growth negatively impacted export demand.

South Africa was a significant underperformer. Allegations that the country sold arms to Russia, the worsening electricity situation, and the rand's slide to an all-time low against the US dollar weighed heavily on the market.

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Turkey was the worst-performing index market as investors took profits and political uncertainty rose ahead of May's presidential election. In the event, President Erdogan was re-elected, thus extending his two-decade rule, which prompted further market falls.

Outlook

Signs of a slowdown in global growth continue to feed through, as the lagged impact of monetary policy tightening from major central banks impacts. Headline global inflation is falling, but the extent to which this converges towards central bank targets remains unclear and uncertainty persists around the outcomes for growth this year and in 2024. Disinflation is projected to continue, underpinned by base effects, lower energy and food prices, lower tradable goods prices, and as the effects of policy tightening comes through. US labour market data has remained relatively firm though, and the economy continues to add jobs at the same time as disinflation comes through. As a result, the Federal Reserve (Fed) is increasingly expected to hike rates again in July, with further tightening not out of the question. This outlook could support the US dollar, at least on a short term basis.

China's economy is rebounding but softness in several indicators has raised questions about the strength of the recovery. Confidence is fragile, due to COVID scarring with lower income groups having run down savings, and ongoing weakness in labour markets and in the real estate sector. While high frequency data provides mixed signals, it is clear that economic growth remains imbalanced. This has created speculation around the potential for stimulus measures. While the government may well take steps to improve confidence, we do not expect a major stimulus announcement at this point. Meanwhile, geopolitical tensions with the US continue to overshadow the outlook. The US administration has shown willingness to improve communications, though this is yet to bear fruit.

The backdrop of slowing global growth continues to weigh on the outlook for the most cyclical and export-oriented emerging markets (EM) economies. The prospect of an inventory cycle remains, though a US recession would likely extend the downcycle. After the interest rate rises of the last 18 months, falling EM inflation is creating space for policy easing in the second half of this year. Latin American central banks, notably Brazil, look likely to be at the forefront. Looking into 2024, El Nino is a risk to monitor. For now, uncertainty over the Fed policy outlook lingers on, but should we see greater confidence that US rates are at peak, together with a weaker US dollar, this would ease pressure on financial conditions in EM.

Aggregate EM valuations are somewhat mixed. On a price-earnings basis, EM is slightly above the historical mean (since 1995). The price-book ratio is close to the historical mean while on a dividend yield basis EM is cheap. Growth stocks overall continue to be rich, and Value's discount to Growth is towards the top of its long term range. With the exception of India, and on certain measures South Korea, EM valuations at the market level remain reasonable. EM yields and currencies in general are broadly at attractive levels. The US dollar continues to look expensive on a real effective exchange rate basis and we expect it to soften through time given wide twin deficits; a softer US dollar and a fall in the US 10-year bond yield would typically be supportive of EM currencies, yields, and financial conditions.

June 2023

SCHRODER GLOBAL EMERGING MARKET OPPORTUNITIES FUND**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***STATEMENT OF TOTAL RETURN***For the financial period ended 30 June 2023 (Unaudited)*

	30 Jun 2023 \$	30 Jun 2022 \$
Expenses		
Management fees	155,114	128,279
Trustee fees	30,746	26,680
Valuation fees	13,624	11,721
Audit fees	7,480	7,439
Transaction costs	229	487
Others	16,860	27,820
	224,053	202,426
Net expense	(224,053)	(202,426)
Net gains or losses on value of investments and financial derivatives		
Net gains/(losses) on investments	15,189,233	(27,334,759)
Net (losses)/gains on spot foreign exchange contracts	(18,786)	68,002
Net foreign exchange gains/(losses)	30,545	(127,636)
	15,200,992	(27,394,393)
Total return/(deficit) for the period	14,976,939	(27,596,819)

SCHRODER GLOBAL EMERGING MARKET OPPORTUNITIES FUND**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***STATEMENT OF FINANCIAL POSITION***As at 30 June 2023 (Unaudited)*

	30 Jun 2023	31 Dec 2022
	\$	\$
ASSETS		
Portfolio of investments	163,094,449	137,540,582
Bank balances	2,458,738	2,036,893
Receivables	423,273	253,168
Total assets	165,976,460	139,830,643
LIABILITIES		
Payables	517,527	285,670
Total liabilities	517,527	285,670
EQUITY		
Net assets attributable to unitholders	165,458,933	139,544,973

SCHRODER GLOBAL EMERGING MARKET OPPORTUNITIES FUND*(a sub-fund of Schroder International Opportunities Portfolio)**Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period ended 30 June 2023 (Unaudited)*

	30 Jun 2023 \$	31 Dec 2022 \$
Net assets attributable to unitholders at the beginning of the financial period/year	139,544,973	128,169,103
Operations		
Change in net assets attributable to unitholders resulting from operations	14,976,939	(30,587,713)
Unitholders' contributions/(withdrawals)		
Creation of units	23,555,999	61,350,363
Cancellation of units	(12,618,978)	(19,386,780)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	10,937,021	41,963,583
Total increase in net assets attributable to unitholders	25,913,960	11,375,870
Net assets attributable to unitholders at the end of the financial period/year	165,458,933	139,544,973

SCHRODER GLOBAL EMERGING MARKET OPPORTUNITIES FUND**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***STATEMENT OF PORTFOLIO***As at 30 June 2023 (Unaudited)***Primary**

	Holdings at 30 Jun 2023	Fair value at 30 Jun 2023 \$	Percentage of total net assets attributable to unitholders at 30 Jun 2023 %
By geography			
Quoted			
Collective investment scheme			
LUXEMBOURG			
(country of domicile)			
Schroder Intl Selection Fund			
- Global Emerging Market Opportunities			
C Accumulation Share Class	5,743,190	163,094,449	98.57
Portfolio of investments		163,094,449	98.57
Other net assets		2,364,484	1.43
Net assets attributable to unitholders		165,458,933	100.00

SCHRODER GLOBAL EMERGING MARKET OPPORTUNITIES FUND**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***STATEMENT OF PORTFOLIO***As at 30 June 2023 (Unaudited)***Primary** (continued)

	Percentage of total net assets attributable to unitholders at 30 Jun 2023 %	Percentage of total net assets attributable to unitholders at 31 Dec 2022 %
By geography (summary)		
Quoted		
Luxembourg	98.57	98.56
Portfolio of investments	98.57	98.56
Other net assets	1.43	1.44
Net assets attributable to unitholders	100.00	100.00

As the Fund invests wholly into an underlying collective investment scheme, it is not meaningful to show any secondary segmentation analysis.

SCHRODER GLOBAL EMERGING MARKET OPPORTUNITIES FUND**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***UNITS IN ISSUE***For the financial period ended 30 June 2023 (Unaudited)*

	30 Jun 2023	31 Dec 2022
	Units	Units
At the beginning of the financial period/year	126,573,673	91,636,988
Created	19,984,090	51,082,711
Cancelled	(10,727,808)	(16,146,026)
At the end of the financial period/year	135,829,955	126,573,673
	\$	\$
Net assets attributable to unitholders	165,458,933	139,544,973
Net assets attributable to unitholders per unit	1.22	1.10

SCHRODER GLOBAL EMERGING MARKET OPPORTUNITIES FUND**(a sub-fund of Schroder International Opportunities Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 3 January 2006***FINANCIAL RATIOS***For the financial period ended 30 June 2023 (Unaudited)*

	30 Jun 2023	30 Jun 2022
Expense ratio ¹ (excluding underlying fund's unaudited expense ratio)	0.28%	0.30%
Expense ratio ² (including underlying fund's unaudited expense ratio)	1.57%	1.59%
Turnover ratio ³	0.74%	0.75%

- ¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include brokerage and other transaction costs, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The respective values used in the calculation of the expense ratio are disclosed below. The average net asset value is based on the daily balances.

Expense ratio calculations	30 Jun 2023	30 Jun 2022
	\$	\$
Total operating expenses	407,398	384,835
Average net asset value	144,945,252	127,869,562

- ² The expense ratio is the sum of the Fund's expense ratio and the underlying fund's unaudited expense ratio. The unaudited expense ratio of the underlying fund, a Luxembourg domiciled fund, is obtained from Schroder Investment Management (Europe) SA. There is no requirement for the expense ratio of this Luxembourg domiciled fund to be published or audited.
- ³ The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower value of purchases or sales of the underlying investments divided by the average daily net asset value.

Turnover ratio calculations	30 Jun 2023	30 Jun 2022
	\$	\$
Lower of purchases or sales	1,143,635 (sales)	975,299 (sales)
Average net asset value	155,589,972	129,371,583

REPORT TO UNITHOLDERS

30 June 2023

The following is a report on the Schroder Global Emerging Market Opportunities Fund (the "Fund"):

1. The only security holding of the Fund as at 30 June 2023:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Schroder Intl Selection Fund - Global Emerging Market Opportunities C Accumulation Share Class	163,094,449	98.57

The only security holding of the Fund as at 30 June 2022:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Schroder Intl Selection Fund - Global Emerging Market Opportunities C Accumulation Share Class	129,272,826	98.51

The Fund was not invested in other unit trusts, mutual funds or collective investment schemes as at 30 June 2023 other than as stated in the Statement of Portfolio.

2. The Fund did not have any exposure to financial derivatives as at 30 June 2023.
3. The Fund did not have any borrowings as at 30 June 2023.
4. The amount of subscriptions and redemptions in the period 1 January 2023 to 30 June 2023 were as follows:

	\$
Subscriptions	23,555,999
Redemptions	12,618,978

5. Expense Ratio (including underlying fund)

1 July 2022 to 30 June 2023	1.57%
1 July 2021 to 30 June 2022	1.59%

REPORT TO UNITHOLDERS

30 June 2023

6. Turnover of Portfolio

1 January 2023 to 30 June 2023	0.74%
1 January 2022 to 30 June 2022	0.75%

7. Soft dollar commissions/arrangements:

The Fund invests substantially into the underlying fund. In the management of the underlying fund, the manager may enter into soft dollar commission arrangements only where there is a direct and identifiable benefit to their clients, and where the manager is satisfied that the transactions generating the soft dollar commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interests of the underlying fund on terms commensurate with best market practice.

In the management of the Fund, the Manager currently does not receive or enter into any soft dollar commissions or arrangements.

8. Related Party Transactions

The Manager of the Fund is Schroder Investment Management (Singapore) Ltd. The Trustee is HSBC Institutional Trust Services (Singapore) Limited. The Registrar for the Fund is The Hongkong and Shanghai Banking Corporation Limited. Both Trustee and Registrar are subsidiaries of the HSBC Group. The registration fees payable by the Fund to the Registrar has been waived by the Registrar. The management fees paid to the Manager; trustee fees and valuation fees charged by the HSBC Group are shown in the Statement of Total Return.

As at reporting date, the Fund maintained with the HSBC Group, the following bank balances:

	30 Jun 2023	31 Dec 2022
	\$	\$
Current accounts	<u>2,458,738</u>	<u>2,036,893</u>

In addition to the above, the respective management fees are chargeable by:

- i) Schroder Investment Management (Europe) SA as Management Company of the following underlying fund:

Underlying fund	Per annum of Net Asset Value
Schroder Intl Selection Fund	
- Global Emerging Market Opportunities C Acc	1.000%

REPORT TO UNITHOLDERS

30 June 2023

9. Performance of Fund for periods ended 30 June 2023

	3 mths	6 mths	1 yr	3 yrs*	5 yrs*	10 yrs*	Since Launch**
Fund	5.1%	10.5%	7.8%	3.2%	2.7%	5.4%	2.4%
Benchmark**	2.7%	5.8%	-1.1%	1.3%	0.8%	3.6%	1.9%

* Returns of more than 1 year are annualised

Since launch figures from 7 October 2010

** Benchmark: The Fund is not benchmark constrained, but for reference purposes presents its performance against the MSCI Emerging Markets Net TR.

Source

Fund: Morningstar (\$, bid to bid, net income reinvested, net of fees)

Benchmark: Schroders (\$)

10. The Fund invests more than 30% of its assets in Schroder International Selection Fund - Global Emerging Market Opportunities C Accumulation Share Class. The following are the key information on the underlying fund:

i. Top 10 holdings as at 30 June 2023:

	Market value US\$	Percentage of total net assets %
Taiwan Semiconductor Manufacturing Co Ltd	164,564,964	9.06
Samsung Electronics Co Ltd	112,616,200	6.20
Tencent Hldg Ltd	110,073,254	6.06
HDFC Bank Ltd	50,495,651	2.78
JD.com Inc	45,228,119	2.49
Banco Bradesco SA	44,138,285	2.43
FirstRand Ltd	43,956,646	2.42
Itau Unibanco Hldg SA	40,505,504	2.23
Contemporary Amperex Technology Co Ltd	39,960,587	2.20
AIA Group Ltd	37,780,919	2.08

REPORT TO UNITHOLDERS

30 June 2023

Top 10 holdings as at 30 June 2022:

	Market value US\$	Percentage of total net assets %
Taiwan Semiconductor Manufacturing Co Ltd	131,933,426	8.75
Tencent Hldg Ltd	100,570,966	6.67
Samsung Electronics Co Ltd	84,437,393	5.60
JD.com Inc	45,535,880	3.02
AIA Group Ltd	44,631,193	2.96
Itau Unibanco Hldg SA	42,821,821	2.84
China Mengniu Dairy Co Ltd	38,901,513	2.58
Samsung SDI Co Ltd	32,870,271	2.18
LG Chem Ltd	31,362,460	2.08
Hon Hai Precision Industry Co Ltd	30,156,212	2.00

ii. Expense Ratio

1 July 2022 to 30 June 2023 1.31%

1 July 2021 to 30 June 2022 1.30%

Brokerage and other transaction costs, performance fees, interest expense, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds, tax deducted at source or arising out of income received and dividends paid to unitholders are not included in the expense ratio.

iii. Turnover of Portfolio

1 July 2022 to 30 June 2023 42.22%

1 July 2021 to 30 June 2022 30.33%

