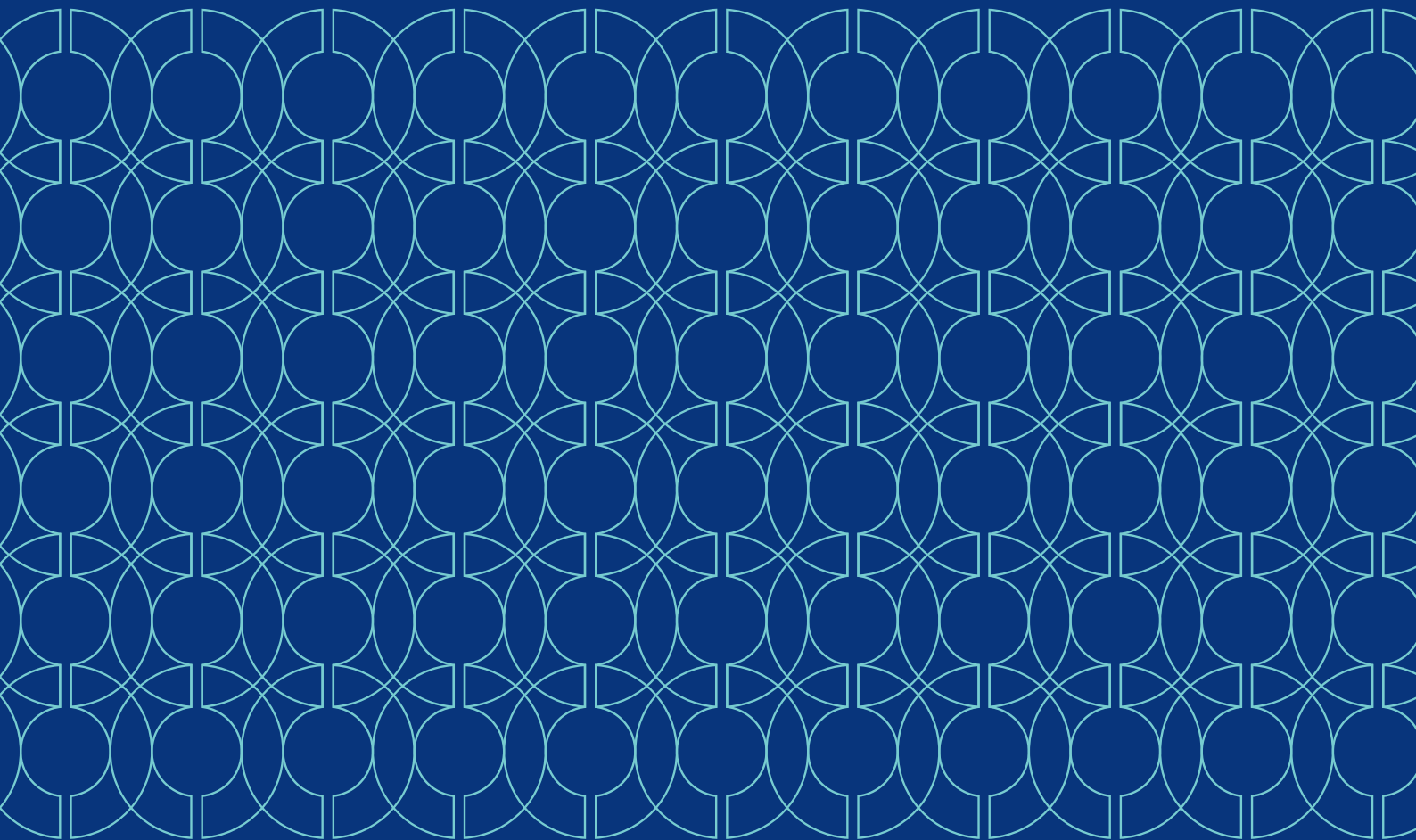


Schroders

SCHRODER EMERGING MARKETS FUND

Semi-Annual Report & Financial Statements

June 2018



SCHRODER EMERGING MARKETS FUND

(a sub-fund of Schroder International Choice Portfolio)

Constituted under a Trust Deed in the Republic of Singapore on 25 May 1998

Manager

Schroder Investment Management (Singapore) Ltd
138 Market Street
#23-01 CapitaGreen
Singapore 048946
Company Registration No. 199201080H

Trustee

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320
Company Registration No. 194900022R

Auditor

PricewaterhouseCoopers LLP
7 Straits View
Marina One East Tower, Level 12
Singapore 018936

Solicitor to the Manager

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

Solicitor to the Trustee

Shook Lin & Bok LLP
1 Robinson Road
#18-00 AIA Tower
Singapore 048542

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.00007.SF.702

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COMMENTARY

The Fund slightly underperformed the benchmark on a NAV basis over the six-month period. However, on a gross underlying basis it outperformed with country allocation, and to a greater extent stock selection contributing positively to excess returns.

In terms of country allocation, the overweight to Russia added value, as did underweight positions to South Africa and Indonesia. These positive effects were somewhat offset by the off-benchmark allocation to Argentina and the overweight to Poland.

Stock selection was positive in China, in particular off-benchmark positions in online entertainment provider iQiyi. The stock, which we purchased through the initial public offering at the end of March, rallied sharply on expectations of rapid subscriber growth. The overweights to oil companies Sinopec and CNOOC also worked well, with the rally in crude oil prices supportive of both stocks. For CNOOC, operating and capital expenditures continued to be controlled, further boosting the outlook for earnings. Sinopec also announced a higher than expected dividend.

Stock selection in India was also positive. Contributors include the overweight to Infosys, and off-benchmark holdings in HDFC Bank. Infosys' stock gained on expected demand improvement, with Rupee weakness aiding competitiveness. Meanwhile, HDFC Bank continued to gain market share, benefitting from public sector banking woes. Its share price was also boosted by a change to foreign investor ownership restrictions.

In contrast, stock selection in Korea detracted, notably the underweight to chip manufacturer SK Hynix which benefited from strong DRAM prices, and biopharmaceutical company Celltrion. Celltrion's stock rallied on positive earnings revisions following strong sales reports.

Emerging market (EM) equities registered a negative return over the six months of 2018. A renaissance in the US Dollar, amidst ongoing policy normalisation from the Federal Reserve, together with rising global trade tensions, principally between the US and China, were the key headwinds. The MSCI Emerging Market Index fell as a result, and underperformed the MSCI World Index.

Markets that were most exposed to global liquidity tightening came under pressure, most notably Turkey, which was the weakest performing country. With inflation running above target levels and continuing to rise, currency weakness forced the central bank into emergency rate rises. Early presidential elections, won by incumbent President Erdogan and a coalition led by his Law and Justice Party, added to uncertainty. Other underperformers include South Africa and Indonesia, where government policy saw some deterioration in advance of 2019 elections. In South Africa, Cyril Ramaphosa's inauguration as president was received positively although against the challenging external environment, the country's economic recovery proved slower than anticipated.

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Brazil underperformed as domestic political uncertainty, coupled with the more challenging external environment, increased the cost of financing and triggered a currency sell-off. This was exacerbated by a truck driver strike which paralysed the economy and amplified political uncertainty ahead of October's presidential election. Indian equities also lagged as domestic bond yields increased on rising external pressures from higher oil prices, as well as concerns over the fiscal deficit. Downward revisions to earnings forecasts, a fraud at a state-owned bank and incrementally negative political developments also weighed on sentiment. Meanwhile, weak Eurozone growth and uncertainty stemming from Italian politics were negative for a number of European emerging markets, particularly Hungary, Poland and Greece.

By contrast, Colombia recorded strong gains on the back of ongoing strength in the price of crude oil. Markets also reacted positively to newly elected President Iván Duque, who is expected to preserve current pro-market policies. Despite increased volatility following new US sanctions, Russia also recorded a positive return and outperformed, led by energy names.

The first half of 2018 has seen the synchronised global growth environment challenged somewhat by creeping stagflationary concerns. Eurozone growth has surprised to the downside, while escalating trade tensions threaten to weigh on global activity. Higher crude oil prices are now stoking inflation and to a certain extent impairing consumer spending.

The strong US Dollar has caused a degree of stress in EM currencies, and we've seen increased policy action as a result by certain EM central banks. The safe-haven characteristics of the US Dollar may see the currency appreciate further, should trade uncertainty persist. However, as we move towards 2019 we believe that US Dollar strength should be contained by policy tightening measures from the European Central Bank and Bank of Japan. Recent Renminbi depreciation has caused some concern. So far, this looks to be a combination of trade tensions, decelerating Chinese growth and monetary policy divergence with the US. However, should the Renminbi be actively used as a means of diluting tariff effects, there would potentially be negative ramifications for emerging markets.

Global trade risk has risen, with a recent increase in protectionist rhetoric challenging our base assumptions that an escalation is not expected. Although China is limited in its ability to implement tariffs on US goods, the authorities hold other cards. For instance, US businesses operating in China could be targeted. Meanwhile, additional US tariffs on Chinese imports would add upward pressure to US inflation. It remains likely that these tensions extend beyond the US midterm elections in November but given the vulnerabilities on either side, we continue to expect rationality to prevail.

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There has been a clear increase in uncertainty for EM equities in the past month. Sentiment has weakened, and earnings per share forecasts have fallen slightly on the back of negative trade developments. However, we continue to hold a cautiously positive outlook. Unlike many developed economies EM economies are midway through the market cycle, with a number of cases in the relatively early part of the cycle. External balances are also healthier than in previous periods of US Dollar strength. Following the sell-off from January's peak, aggregate emerging equity market valuations are now slightly below the long-term average on price-to-earnings and price-to-book basis while currencies are also generally cheaper. On a relative basis, the MSCI Emerging Market Index is trading at a discount of close to 25% to the MSCI World Index.

Overall, we have scaled back our exposures to north Asian markets given their vulnerability to trade disputes, while looking to add to markets where recent falls have begun to create opportunities. Resolution to trade tensions, confidence that US Dollar strength has peaked or improvements in Eurozone growth could provide some relief to markets.

June 2018

SCHRODER EMERGING MARKETS FUND*(a sub-fund of Schroder International Choice Portfolio)**Constituted under a Trust Deed in the Republic of Singapore on 25 May 1998***STATEMENT OF TOTAL RETURN***For the financial period ended 30 June 2018 (Unaudited)*

	30 Jun 2018	30 Jun 2017
	\$	\$
Expenses		
Trustee fees	24,969	20,919
Valuation fees	11,048	9,220
Audit fees	8,523	8,624
Transaction costs	472	177
Others	12,405	27,320
	57,417	66,260
Net expense	(57,417)	(66,260)
Net gains or losses on value of investments and financial derivatives		
Net (losses)/gains on investments	(6,235,256)	11,685,496
Net losses on spot foreign exchange contracts	(5,994)	(9,226)
Net foreign exchange (losses)/gains	(17,722)	15,365
	(6,258,972)	11,691,635
Total (deficit)/return for the period	(6,316,389)	11,625,375

SCHRODER EMERGING MARKETS FUND*(a sub-fund of Schroder International Choice Portfolio)**Constituted under a Trust Deed in the Republic of Singapore on 25 May 1998***STATEMENT OF FINANCIAL POSITION***As at 30 June 2018 (Unaudited)*

	30 Jun 2018	31 Dec 2017
	\$	\$
ASSETS		
Portfolio of investments	120,496,999	109,450,377
Bank balances	1,603,932	889,179
Receivables	666,683	362,371
Total assets	122,767,614	110,701,927
LIABILITIES		
Purchases awaiting settlement	490,966	-
Payables	480,233	508,778
Total liabilities	971,199	508,778
EQUITY		
Net assets attributable to unitholders	121,796,415	110,193,149

SCHRODER EMERGING MARKETS FUND*(a sub-fund of Schroder International Choice Portfolio)**Constituted under a Trust Deed in the Republic of Singapore on 25 May 1998***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period ended 30 June 2018 (Unaudited)*

	30 Jun 2018 \$	31 Dec 2017 \$
Net assets attributable to unitholders at the beginning of the financial period/year	110,193,149	84,015,689
Operations		
Change in net assets attributable to unitholders resulting from operations	(6,316,389)	24,970,857
Unitholders' contributions/(withdrawals)		
Creation of units	27,304,085	21,539,558
Cancellation of units	(9,384,430)	(20,332,955)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	17,919,655	1,206,603
Total increase in net assets attributable to unitholders	11,603,266	26,177,460
Net assets attributable to unitholders at the end of the financial period/year	121,796,415	110,193,149

SCHRODER EMERGING MARKETS FUND**(a sub-fund of Schroder International Choice Portfolio)**

Constituted under a Trust Deed in the Republic of Singapore on 25 May 1998

STATEMENT OF PORTFOLIO

As at 30 June 2018 (Unaudited)

Primary

	Holdings at 30 Jun 2018	Fair value at 30 Jun 2018 \$	Percentage of total net assets attributable to unitholders at 30 Jun 2018 %
By geography			
Quoted			
Collective investment scheme			
LUXEMBOURG (country of domicile) Schroder International Selection Fund - Emerging Markets A Accumulation Share Class	5,693,936	120,496,999	98.93
Portfolio of investments		120,496,999	98.93
Other net assets		1,299,416	1.07
Net assets attributable to unitholders		121,796,415	100.00

SCHRODER EMERGING MARKETS FUND**(a sub-fund of Schroder International Choice Portfolio)**

Constituted under a Trust Deed in the Republic of Singapore on 25 May 1998

STATEMENT OF PORTFOLIO

As at 30 June 2018 (Unaudited)

Primary (continued)

	Percentage of total net assets attributable to unitholders at 30 Jun 2018 %	Percentage of total net assets attributable to unitholders at 31 Dec 2017 %
By geography (summary)		
Quoted		
Luxembourg	98.93	99.33
Portfolio of investments	98.93	99.33
Other net assets	1.07	0.67
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 EMERGING MARKETS FUND**(a sub-fund of Schroder International Choice Portfolio)***Constituted under a Trust Deed in the Republic of Singapore on 25 May 1998***UNITS IN ISSUE***For the financial period ended 30 June 2018 (Unaudited)*

	30 Jun 2018	31 Dec 2017
	Units	Units
At the beginning of the financial period/year	57,967,280	57,047,749
Created	14,434,999	12,733,455
Cancelled	(4,922,177)	(11,813,924)
At the end of the financial period/year	67,480,102	57,967,280
	\$	\$
Net assets attributable to unitholders	121,796,415	110,193,149
Net assets attributable to unitholders per unit	1.80	1.90

SCHRODER EMERGING MARKETS FUND

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FINANCIAL RATIOS

For the financial period ended 30 June 2018 (Unaudited)

	30 Jun 2018	30 Jun 2017
Expense ratio ¹ (excluding underlying fund's unaudited expense ratio)	0.10%	0.13%
Expense ratio ² (including underlying fund's unaudited expense ratio)	1.94%	1.98%
Turnover ratio ³	-	0.74%

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, performance fee, 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 2018	30 Jun 2017
	\$	\$
Total operating expenses	108,980	112,536
Average net asset value	111,910,783	87,438,443

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 (formerly known as Schroder Investment Management (Luxembourg) 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 2018	30 Jun 2017
	\$	\$
Lower of purchases or sales	- (sales)	685,751 (sales)
Average net asset value	117,817,571	92,947,431

REPORT TO UNITHOLDERS

30 June 2018

The following is a report on the Schroder Emerging Markets Fund (the "Fund"):

1. The only security holding of the Fund as at 30 June 2018:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Schroder International Selection Fund - Emerging Markets A Accumulation Share Class	120,496,999	98.93

The only security holding of the Fund as at 30 June 2017:

	Fair value \$	Percentage of total net assets attributable to unitholders %
Schroder International Selection Fund - Emerging Markets A Accumulation Share Class	97,656,484	98.85

The Fund was not invested in other unit trusts, mutual funds or collective investment schemes as at 30 June 2018 other than as stated in the Statement of Portfolio.

2. The Fund did not have any exposure to financial derivatives as at 30 June 2018.
3. The Fund did not have any borrowings as at 30 June 2018.
4. The amount of subscriptions and redemptions during the period 1 January 2018 to 30 June 2018 were as follows:

	\$
Subscriptions	27,304,085
Redemptions	9,384,430

5. Expense Ratio (including underlying fund)

1 July 2017 to 30 June 2018	1.94%
1 July 2016 to 30 June 2017	1.98%

REPORT TO UNITHOLDERS

30 June 2018

6. Turnover of Portfolio

1 January 2018 to 30 June 2018	-
1 January 2017 to 30 June 2017	0.74%

7. Soft dollar commissions/arrangements:

The Fund invests substantially into the underlying fund. In the management of the underlying fund, the manager may accept soft dollar commissions from, or enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the underlying fund and the soft dollars received are restricted to the following kinds of services:

- (i) research, analysis or price information;
- (ii) performance measurement;
- (iii) portfolio valuations; and
- (iv) administration services.

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 Registrar for the Fund is Schroder Investment Management (Europe) SA (formerly known as Schroder Investment Management (Luxembourg) SA), a related party of the Manager. The Trustee is HSBC Institutional Trust Services (Singapore) Limited, a subsidiary of the HSBC Group. The management fees payable by the Fund to the Manager is currently waived by the Manager. The registration fees payable by the Fund to the Registrar has been waived by the Registrar. The 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 2018	31 Dec 2017
	\$	\$
Current accounts	<u>1,603,932</u>	<u>889,179</u>

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

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

Underlying fund	Per annum of NAV
Schroder International Selection Fund - Emerging Markets A Acc	1.500%

REPORT TO UNITHOLDERS

30 June 2018

9. Performance of Fund for periods ended 30 June 2018

	3 mths	6 mths	1 yr	3 yrs*	5 yrs*	10 yrs*	Since Launch**
Fund	-3.9%	-5.0%	7.8%	7.0%	6.5%	1.7%	3.6%
Benchmark**	-4.2%	-4.8%	7.2%	6.0%	6.5%	2.3%	5.5%

* Returns of more than 1 year are annualised

Since launch figures from 6 April 2000

** Benchmark: MSCI Emerging Markets Net TR

Source: Schroders, S\$, bid to bid, net income reinvested.

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

i. Top 10 holdings as at 30 June 2018:

	Market value US\$	Percentage of total net assets %
Tencent Hldg Ltd	333,602,599	6.87
Samsung Electronics Co Ltd	330,203,446	6.80
Alibaba Group Hldg Ltd	260,763,604	5.37
Taiwan Semiconductor Manufacturing Co Ltd	235,027,158	4.84
China Construction Bank Corp	160,245,790	3.30
Lukoil PJSC	130,139,005	2.68
Sberbank of Russia PJSC	120,912,732	2.49
China Petroleum & Chemical Corp	105,859,340	2.18
Naspers Ltd	105,373,747	2.17
AIA Group Ltd	103,916,967	2.14

Top 10 holdings as at 30 June 2017:

	Market value US\$	Percentage of total net assets %
Samsung Electronics Co Ltd	251,998,607	7.15
Tencent Hldg Ltd	222,745,622	6.32
Taiwan Semiconductor Manufacturing Co Ltd	194,902,419	5.53
Alibaba Group Hldg Ltd	168,468,999	4.78
Hon Hai Precision Ind Co Ltd	124,765,744	3.54
China Construction Bank Corp	112,430,148	3.19
Sberbank of Russia PJSC	93,045,639	2.64
China Mobile Ltd	83,529,608	2.37
China Petroleum & Chemical Corp	72,251,349	2.05
Lukoil PJSC	62,735,317	1.78

REPORT TO UNITHOLDERS

30 June 2018

ii. Expense Ratio

1 July 2017 to 30 June 2018	1.87%
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1 July 2016 to 30 June 2017	1.87%
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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 2017 to 30 June 2018	27.53%
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1 July 2016 to 30 June 2017	41.21%
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