Schroder Asian Alpha Plus

Fund Research Centre
Recommended

Why we recommend the fund

- This Recommended fund is managed by Abbas Barkhordar, who works closely with former co-manager, now alternate manager, Richard Sennitt. They are experienced and thoughtful managers.
- The fund has an exceptionally long heritage and a well-honed, clear and collegiate investment process.
- The manager can draw upon an extensive in-house analyst network to aid the stock selection process.
- The flexible and pragmatic investment style has been consistently applied through time. By dint of the team's dedication to this well-articulated approach, investors can be assured that the process will continue to be diligently executed.

Key characteristics and expected outcome

- This is a 'best ideas' fund, with a larger-cap blended profile.
- The fund is focused upon mis-priced quality growth stocks and is most likely to thrive when strong fundamentals are being rewarded. It tends to struggle when the markets are highly momentum-orientated or are being driven by poorer quality cyclicals.
- The manager is comfortable having an 'anti-momentum' approach and, given his valuation-aware approach, is prepared to initiate positions in out-of-favour stocks.
- In combination, these features mean that the fund can experience periods when performance which is at odds with the benchmark. Over time, investors have been rewarded by the pragmatism of the process, backed by diligent fundamental research.
- The fund is suited to long-term investors who comfortable with a 'best ideas', active approach. For those who are concerned about relative performance over the shorter term, it should be held alongside an index-orientated fund.

Risk commentary

The fund's KIID Synthetic Risk and Reward Indicator (SRRI) is 5. This is a regulatory measurement that is, where possible, calculated from the volatility of its weekly performance over a five-year period. A score of 5 means the fund's historic volatility is between 10% and 15%.

SRRI scores of 5 and 6 are most common within this sector. With a score of 5, the fund's volatility is close to the outer boundary of this SRRI cohort but broadly in line with the benchmark. While the manager is willing to tolerate short-term drawdowns when he sees value emerging, we would not expect the fund's risk outcome to stray too far from the average over time. Different share classes could have differing SRRI scores.



Key Fund Facts

Inception Date:	30 November 2007
Manager(s) Since:	Abbas Barkhordar (Apr 21)
Fund Domicile:	United Kingdom
Base Currency:	£ Sterling
Fund Benchmark:	MSCI AC Asia ex Japan
IA Sector:	Asia Pacific excluding Japan

Formal documentation, including the fund prospectus and the KIID, should be sought directly from the asset manager. A link to the asset manager's website can be found on the relevant fund page at fundresearchcentre.co.uk.

Fund Snapshot

A best ideas Asia Pacific ex Japan equity fund where the manager has a focus upon earnings, sustainable returns and solid valuation support. The approach is flexible and benefits from the experience of the team, together with the breadth of the research resource. Within its sector, the fund features in our 'Larger-Cap, Blend' category.

Investment Team

The fund is managed by Abbas Barkhordar. Mr Barkhorder joined Schroders in 2007, joining the Asian Equities team in 2020. He was appointed co-manager on the fund in 2021, alongside Richard Sennitt, who stepped back from the day-to-day management of the fund in 2026 to become the alternate manager. Messrs Barkhordar and Sennitt report to Robin Parbrook, an extremely experienced Asian equity practitioner.

Investment Philosophy

The manager believes that the Asian regional markets are highly inefficient and that an intensive proprietary research process can provide a significant information advantage. He also believes that the momentum in stocks that typifies the Asian markets can also be exploited if correctly understood.

Investment Process

The process is very research-intensive, with the manager relying upon the in-house research capability of Schroders, as well as his extensive network of contacts and sell-side research. The focus is firmly upon companies with visible earnings, sustainable returns and solid valuation support. The research is driven by an extensive programme of company meetings, which focus upon the future management strategy, the competitive position of the company, barriers to entry and how shareholder wealth will be created. The analysts use standardised models to generate cashflow and earnings estimates to evaluate the company's ability to meet strategic goals.

Stocks are ranked from 1-4, with 1 a strong buy. Stock grades and other analyst output are stored in the firm's in-house global research portal Nexus, a modularised platform, which allows integration and interconnection of many investor-focused applications. The manager typically source ideas from stocks ranked 1 and 2. He is, however, always aware of the degree of momentum in Asian markets and weaker ranked stocks may also be considered where value is perceived. The manager also utilises his extensive network of contacts, alongside selective use of sell-side research, to identify interesting investment ideas.

While the investment view is bottom-up in essence, country allocation is considered within a top-down overlay. This view is formed with help from Schroders' central economics team, a proprietary country allocation model and his own perspectives on politics, demographics and long-term growth. As part of the buy and sell discipline, he considers analysts' stock rankings and price targets.

Portfolio Construction and Risk Controls

The portfolio typically features between 50-70 holdings, all of which are expected to contribute to the overall return. Individual holdings are a function of conviction, but there is a limit of 5% overweight versus the index. The portfolio turnover is always a function of opportunity. The active share is constantly above 80% and the portfolio tends to be 'anti-momentum' by the nature of its construction. Cash is not used as a tactical investment tool and is generally kept below 5%.

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