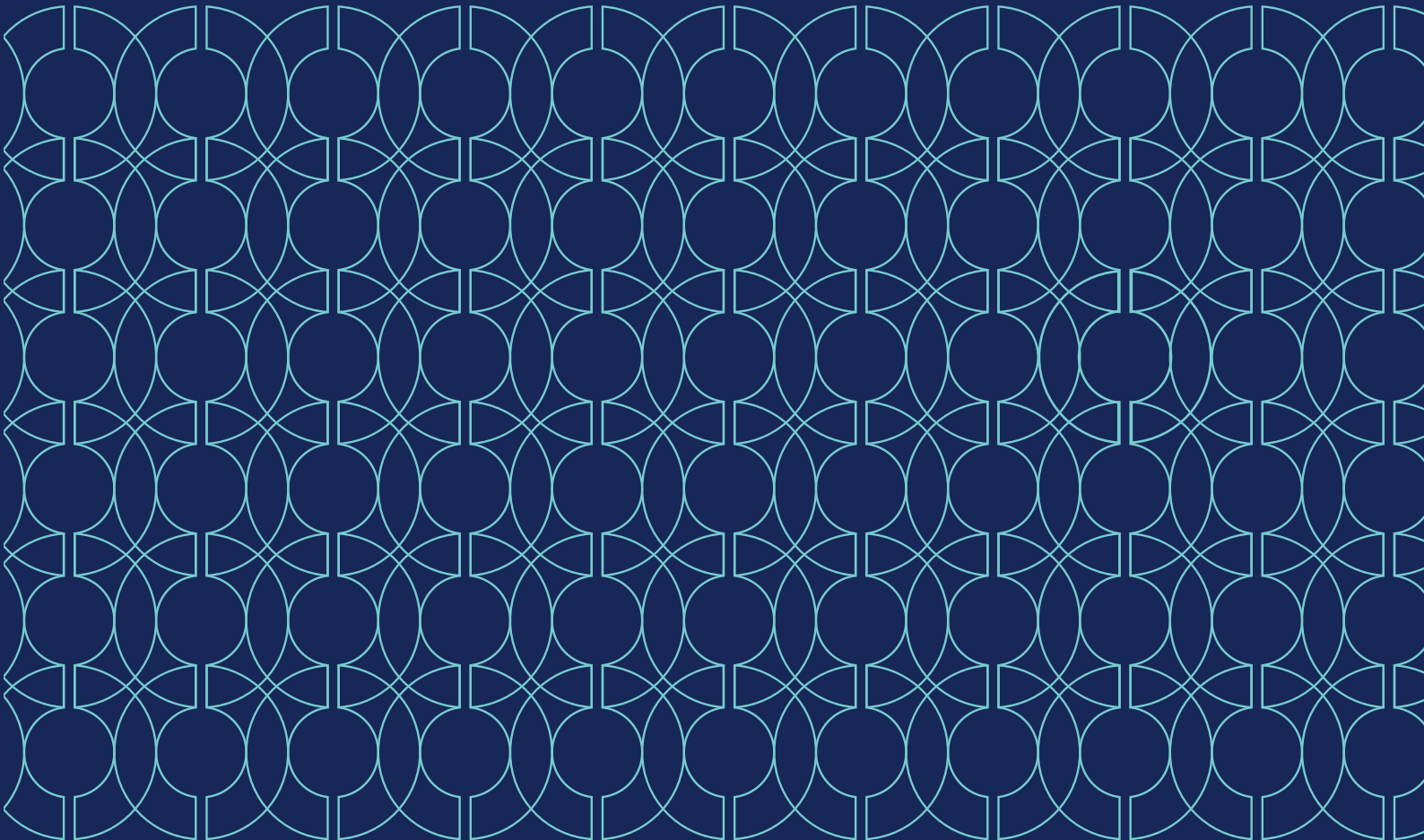


Schroders

Schroder Global Cities Real Estate  
Annual Report and Accounts  
20 September 2023



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<sup>1</sup> Collectively these comprise the Manager's report.

# Fund Information

## Investment objective and policy

Schroder Global Cities Real Estate (the 'Fund') aims to provide income and capital growth in excess of inflation (as measured by the UK Consumer Price Index) plus 3% per annum (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of real estate companies worldwide. This cannot be guaranteed and your capital is at risk.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of real estate companies worldwide which generate the majority of their earnings from real estate investment related activities. The Fund may invest in real estate investment trusts.

The Fund seeks exposure to companies that invest in cities that the Investment Manager believes will exhibit continued economic growth, supported by factors such as strong infrastructure and supportive planning regimes.

The Fund may also invest in collective investment schemes (including Schroder funds) that invest in equity and equity related securities of real estate companies, warrants and money market instruments, and may hold cash.

The Fund may use derivatives with the aim of reducing risk and to manage the Fund more efficiently (for more information please refer to section 6 of Appendix I of the Prospectus).

The Fund does not currently use derivatives to achieve investment gains. If the Manager decides to use derivatives this way, this may result in a more volatile Unit price and so result in a higher degree of market risk, therefore the Manager will give registered Unitholders appropriate notice if it decides to do so.

## Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the UK Consumer Price Index plus 3% per annum, and compared against the FTSE EPRA NAREIT Developed (Gross Total Return) index and the Investment Association Property Investment Sector average return. The target benchmark has been selected because the target return of the Fund is to deliver or exceed the return of that benchmark as stated in the investment objective. The comparator benchmarks have been selected because the Investment Manager and the Manager believe that each of these benchmarks is a suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

**From 20 September 2022 to 20 September 2023, the price of A Accumulation units on a dealing price basis fell by 10.39%. From 30 September 2022 to 29 September 2023 (the closest dates to the reporting period for which the Fund's return target is available), the price of A Accumulation units on a dealing price basis fell by 8.11%. In the same period, the Consumer Price Index plus 3% increased 9.85%<sup>1</sup>.**

Throughout the reporting period, investment markets were primarily swayed by macroeconomic events and ongoing inflation concerns. As we transitioned into 2023, market valuations reached appealing levels. The market had already factored in a considerable amount of negative news, yet the performance of the REIT market remained subdued. Despite these challenges, the Fund has been strategically managing its portfolio, capitalising on opportunities, and adjusting exposures based on market conditions and the performance of individual REITs. Noteworthy adjustments included increasing exposure to the industrial and healthcare sub-sectors, while concurrently reducing the overexposure to self-storage and office sub-sectors.

Despite prevailing macroeconomic challenges, the operational performance of the Fund's holdings has demonstrated resilience. We continue to observe high occupancy rates and consistent income streams, bolstered by solid balance sheets. This financial stability has led numerous management teams to anticipate a growing set of opportunities, where they can leverage distressed vendors for strategically significant assets.

Although inflation has receded, it remains stubborn, and a 'higher for longer' narrative prevails. REITs have encountered hurdles. Nonetheless, we continue to witness robust operational performances. REITs are better situated than Private Real Estate as they can tap into equity markets as a source of funding for accretive activities, thus not relying on the currently costly debt markets.

Historically, REITs have performed strongly following periods of interest rate peaks and high discounts to NAVs. The Fund is well-positioned to benefit from this trend.

**Co-Fund Manager:**  
**Tom Walker**



Tom joined Schroders in July 2014 and has over 24 years of real estate experience

Tom had previously spent nine years at AMP Capital where he was Deputy Head of Global Listed Real Estate. He began his career in real estate at Jones Lang LaSalle

Tom holds a BA Hons in Politics from the University of Newcastle Upon Tyne and a Graduate Diploma in Real Estate from London South Bank University

Tom is also a Member of the Royal Institution of Chartered Surveyors (MRICS)

**Co-Fund Manager:**  
**Hugo Machin**



Hugo joined Schroders in July 2014 and has over 24 years of real estate experience

Hugo had previously spent eight years at AMP Capital where he was Head of European Listed Real Estate. Prior to his time at AMP Capital, Hugo had held positions with both ING and the Welcome Trust where he gained experience in both indirect and direct property investment

Hugo holds a BA Hons in English Literature from Durham University, MSc in Real Estate Finance and Investment from Reading University and a Diploma in Cross Border Valuation from Oxford Said Business School

He is also a member of the EPRA Report and Accounts Committee

<sup>1</sup> Source: Refinitiv Eikon Datastream.

**Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of any overseas investments to rise or fall.**

# Risk Profile

## Risk and reward indicator



The risk category was calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile. The Fund's risk category is not guaranteed to remain fixed and may change over time. A Fund in the lowest category does not mean a risk-free investment.

For specific risks, including the risk and reward profile, please refer to the Key Investor Information Document available on the following website [www.schroders.com](http://www.schroders.com).

# Statement of the Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund and of the net revenue and the net capital losses on the property of the Fund for the year.

In preparing the accounts the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on the Fund's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**J. Rainbow**  
Directors  
12 January 2024

**P. Truscott**

# Report of the Trustee

## **Statement of the Trustee's responsibilities in respect of the Scheme and report of the Trustee to the unitholders of the Schroder Global Cities Real Estate ('the Fund') for the year ended 20 September 2023.**

The Trustee of the Schroder Global Cities Real Estate must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together 'the regulations'), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Fund in accordance with the regulations.

The Trustee must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked in cash accounts in accordance with the regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the regulations;
- the value of units of the Fund are calculated in accordance with the regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund's income is applied in accordance with the regulations; and
- the instructions of the Authorised Fund Manager ('the Manager'), which is the UCITS Management Company, are carried out (unless they conflict with the regulations).

The Trustee also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the regulations and the Scheme documents of the Fund in relation to the investment and borrowing powers applicable to the Fund.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Fund, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Fund, acting through the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the regulations and the Scheme documents of the Fund; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Fund in accordance with the regulations and the Scheme documents of the Fund.

## **J.P. Morgan Europe Limited**

Trustee  
Bournemouth  
11 October 2023

# Independent Auditor's Report to the Unitholders of Schroder Global Cities Real Estate

## Opinion

We have audited the financial statements of Schroder Global Cities Real Estate (the 'Fund') for the year ended 20 September 2023 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Table for the Fund and the accounting policies set out on page 18.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Fund as at 20 September 2023 and of the net revenue and the net capital losses on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Fund or to cease their operations, and as they have concluded that the Fund's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Manager's conclusions, we considered the inherent risks to the Fund's business model and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Manager's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Fund will continue in operation.

## Fraud and breaches of laws and regulations – ability to detect

### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors as to the Fund's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Manager, the Trustee, the Administrator and the Investment Adviser;
- Reading board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Fund is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.



# Independent Auditor's Report to the Unitholders of Schroder Global Cities Real Estate (continued)

Secondly, the Fund is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Fund's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## Other information

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Fund have not been kept; or
- the financial statements are not in agreement with the accounting records.

## Manager's responsibilities

As explained more fully in its statement set out on page 6, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Grant Archer

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

319 St Vincent Street

Glasgow

G2 5AS

12 January 2024

# Comparative Table

Financial year to 20 September	A Accumulation units			A Income units		
	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	139.98	149.61	126.39	127.47	136.99	116.10
Return before operating charges*	(10.50)	(7.13)	25.47	(9.63)	(6.53)	23.38
Operating charges	(2.16)	(2.50)	(2.25)	(1.98)	(2.29)	(2.06)
<b>Return after operating charges*</b>	<b>(12.66)</b>	<b>(9.63)</b>	<b>23.22</b>	<b>(11.61)</b>	<b>(8.82)</b>	<b>21.32</b>
Distributions**	(1.31)	(0.76)	(0.48)	(1.11)	(0.70)	(0.43)
Retained distributions**	1.31	0.76	0.48	-	-	-
<b>Closing net asset value</b>	<b>127.32</b>	<b>139.98</b>	<b>149.61</b>	<b>114.75</b>	<b>127.47</b>	<b>136.99</b>
*after direct transaction costs of	(0.07)	(0.08)	(0.07)	(0.07)	(0.07)	(0.06)
<b>Performance</b>						
Return after charges (%)	(9.04)	(6.44)	18.37	(9.11)	(6.44)	18.36
<b>Other information</b>						
Closing net asset value (£000's)	145,182	180,880	186,246	684	1,825	1,885
Closing number of units	114,032,434	129,219,483	124,484,760	595,767	1,431,990	1,375,883
Operating charges (%)	1.67	1.65	1.65	1.67	1.65	1.65
Direct transaction costs (%)***	0.06	0.05	0.05	0.06	0.05	0.05
<b>Prices</b>						
Highest dealing price	142.70p	163.30p	156.60p	130.00p	149.60p	143.80p
Lowest dealing price	120.20p	134.80p	120.90p	109.40p	123.40p	111.10p

# Comparative Table (continued)

Financial year to 20 September	GBP Hedged L Accumulation units			GBP Hedged L Income units		
	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	50.46	60.74	48.37	43.21	52.78	42.50
Return before operating charges*	(0.96)	(9.77)	12.85	(0.71)	(8.49)	11.25
Operating charges	(0.43)	(0.51)	(0.48)	(0.36)	(0.44)	(0.46)
<b>Return after operating charges*</b>	<b>(1.39)</b>	<b>(10.28)</b>	<b>12.37</b>	<b>(1.07)</b>	<b>(8.93)</b>	<b>10.79</b>
Distributions**	(0.88)	(0.73)	(0.58)	(0.76)	(0.64)	(0.51)
Retained distributions**	0.88	0.73	0.58	-	-	-
<b>Closing net asset value</b>	<b>49.07</b>	<b>50.46</b>	<b>60.74</b>	<b>41.38</b>	<b>43.21</b>	<b>52.78</b>
*after direct transaction costs of	(0.03)	(0.03)	(0.03)	(0.02)	(0.03)	(0.03)
<b>Performance</b>						
Return after charges (%)	(2.75)	(16.92)	25.57	(2.48)	(16.92)	25.39
<b>Other information</b>						
Closing net asset value (£000's)	10,904	18,539	30,381	77,665	35,405	37,988
Closing number of units	22,223,858	36,736,129	50,018,217	187,700,058	81,932,429	71,976,378
Operating charges (%)	0.88	0.86	0.86	0.87	0.85	0.85
Direct transaction costs (%)***	0.06	0.05	0.05	0.06	0.05	0.05
<b>Prices</b>						
Highest dealing price	53.15p	65.63p	64.00p	45.66p	57.03p	56.14p
Lowest dealing price	45.04p	51.00p	46.24p	38.70p	44.31p	40.57p

# Comparative Table (continued)

Financial year to 20 September	GBP Hedged Z Income units			L Accumulation units		
	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	56.22	68.60	55.25	99.24	105.24	88.27
Return before operating charges*	(0.46)	(10.99)	14.55	(7.35)	(5.12)	17.77
Operating charges	(0.52)	(0.62)	(0.57)	(0.77)	(0.88)	(0.80)
<b>Return after operating charges*</b>	<b>(0.98)</b>	<b>(11.61)</b>	<b>13.98</b>	<b>(8.12)</b>	<b>(6.00)</b>	<b>16.97</b>
Distributions**	(0.93)	(0.77)	(0.63)	(1.71)	(1.37)	(1.04)
Retained distributions**	-	-	-	1.71	1.37	1.04
<b>Closing net asset value</b>	<b>54.31</b>	<b>56.22</b>	<b>68.60</b>	<b>91.12</b>	<b>99.24</b>	<b>105.24</b>
*after direct transaction costs of	(0.03)	(0.03)	(0.03)	(0.05)	(0.05)	(0.05)
<b>Performance</b>						
Return after charges (%)	(1.74)	(16.92)	25.30	(8.18)	(5.70)	19.23
<b>Other information</b>						
Closing net asset value (£000's)	6,093	61,487	46,977	314,564	332,702	315,357
Closing number of units	11,219,299	109,376,801	68,478,914	345,214,044	335,245,258	299,644,021
Operating charges (%)	0.95	0.93	0.93	0.84	0.82	0.82
Direct transaction costs (%)***	0.06	0.05	0.05	0.06	0.05	0.05
<b>Prices</b>						
Highest dealing price	59.41p	74.11p	72.94p	101.50p	115.50p	110.10p
Lowest dealing price	50.34p	57.59p	52.89p	85.79p	95.40p	84.39p

# Comparative Table (continued)

Financial year to 20 September	L Income units			S Accumulation units <sup>1</sup>	
	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit
<b>Change in net asset value</b>					
Opening net asset value	89.08	95.78	81.14	47.71	50.00
Return before operating charges*	(6.59)	(4.65)	16.32	(3.56)	(2.28)
Operating charges	(0.69)	(0.80)	(0.73)	(0.20)	(0.01)
<b>Return after operating charges*</b>	<b>(7.28)</b>	<b>(5.45)</b>	<b>15.59</b>	<b>(3.76)</b>	<b>(2.29)</b>
Distributions**	(1.54)	(1.25)	(0.95)	(0.95)	(0.06)
Retained distributions**	-	-	-	0.95	0.06
<b>Closing net asset value</b>	<b>80.26</b>	<b>89.08</b>	<b>95.78</b>	<b>43.95</b>	<b>47.71</b>
*after direct transaction costs of	(0.05)	(0.05)	(0.04)	(0.03)	(0.02)
<b>Performance</b>					
Return after charges (%)	(8.17)	(5.69)	19.21	(7.88)	(4.58)
<b>Other information</b>					
Closing net asset value (£000's)	384,341	386,940	384,095	58	1
Closing number of units	478,887,224	434,380,951	401,012,783	131,363	3,000
Operating charges (%)	0.84	0.82	0.82	0.46	0.46
Direct transaction costs (%)***	0.06	0.05	0.05	0.06	0.05
<b>Prices</b>					
Highest dealing price	91.12p	105.10p	101.20p	48.84p	51.02p
Lowest dealing price	77.02p	86.83p	77.68p	41.31p	48.25p

# Comparative Table (continued)

Financial year to 20 September	Z Accumulation units			Z Income units		
	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	104.42	110.83	93.01	86.53	93.03	78.82
Return before operating charges*	(7.74)	(5.40)	18.74	(6.41)	(4.52)	15.85
Operating charges	(0.89)	(1.01)	(0.92)	(0.74)	(0.85)	(0.77)
<b>Return after operating charges*</b>	<b>(8.63)</b>	<b>(6.41)</b>	<b>17.82</b>	<b>(7.15)</b>	<b>(5.37)</b>	<b>15.08</b>
Distributions**	(1.73)	(1.35)	(1.03)	(1.43)	(1.13)	(0.87)
Retained distributions**	1.73	1.35	1.03	-	-	-
<b>Closing net asset value</b>	<b>95.79</b>	<b>104.42</b>	<b>110.83</b>	<b>77.95</b>	<b>86.53</b>	<b>93.03</b>
*after direct transaction costs of	(0.06)	(0.06)	(0.05)	(0.05)	(0.05)	(0.04)
<b>Performance</b>						
Return after charges (%)	(8.26)	(5.78)	19.16	(8.26)	(5.77)	19.13
<b>Other information</b>						
Closing net asset value (£000's)	271,153	359,389	329,991	124,942	159,956	213,759
Closing number of units	283,072,831	344,164,929	297,753,737	160,279,153	184,855,674	229,761,892
Operating charges (%)	0.92	0.90	0.90	0.92	0.90	0.90
Direct transaction costs (%)***	0.06	0.05	0.05	0.06	0.05	0.05
<b>Prices</b>						
Highest dealing price	106.80p	121.50p	116.00p	88.48p	102.00p	98.28p
Lowest dealing price	90.21p	100.40p	88.90p	74.76p	84.29p	75.45p

\*\* These figures have been rounded to 2 decimal places.

\*\*\* Direct transaction costs have been stated after deducting the proportion of the amounts collected from dilution adjustments.

1 S Accumulation units launched on 7 September 2022.

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a Fund based on the financial year's expenses and may vary from year to year. It includes charges such as the Fund's Annual Management Charge, Registrar fees, Safe custody fees, Trustee's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are units of another Fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [www.schroders.com](http://www.schroders.com).

**Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of any overseas investments to rise or fall.**

# Portfolio Statement

	Holding at 20.9.23	Market Value £000's	% of net assets
<b>Equities 100.37% (97.46%)</b>			
<b>Australia 4.43% (2.53%)</b>			
Charter Hall Group REIT	1,552,751	8,121	0.61
Goodman Group REIT	911,995	10,734	0.80
Ingenia Communities Group REIT	3,897,485	8,619	0.64
NEXTDC	2,851,905	18,786	1.41
Stockland REIT	6,217,783	12,935	0.97
		<b>59,195</b>	<b>4.43</b>
<b>Belgium 1.74% (0.99%)</b>			
VGP	304,853	23,272	1.74
		<b>23,272</b>	<b>1.74</b>
<b>Canada 0.90% (1.60%)</b>			
RioCan Real Estate Investment Trust	1,029,260	12,089	0.90
		<b>12,089</b>	<b>0.90</b>
<b>Cayman Islands 0.00% (0.69%)</b>			
<b>Finland 0.00% (0.59%)</b>			
<b>France 1.27% (0.00%)</b>			
Klepierre REIT	784,353	16,932	1.27
		<b>16,932</b>	<b>1.27</b>
<b>Germany 1.27% (1.73%)</b>			
Instone Real Estate Group	1,090,610	5,780	0.43
Vonovia	533,019	11,152	0.84
		<b>16,932</b>	<b>1.27</b>
<b>Guernsey 1.19% (0.00%)</b>			
Shurgard Self Storage REIT	463,841	15,940	1.19
		<b>15,940</b>	<b>1.19</b>
<b>Hong Kong 3.59% (3.67%)</b>			
Hang Lung Properties	13,693,000	14,624	1.09
Link REIT	4,143,700	16,104	1.21
Sun Hung Kai Properties	2,073,929	17,179	1.29
		<b>47,907</b>	<b>3.59</b>
<b>India 0.48% (0.67%)</b>			
Brookfield India Real Estate Trust REIT	2,764,984	6,395	0.48
		<b>6,395</b>	<b>0.48</b>
<b>Japan 10.32% (12.04%)</b>			
Daiwa House REIT Investment	4,339	6,310	0.47
GLP J-REIT REIT	11,613	8,624	0.65
Hulic REIT	7,463	6,635	0.50
Japan Hotel REIT Investment	29,780	12,408	0.93
Japan Hotel REIT Investment	3,462	1,362	0.10
LaSalle Logiport REIT	8,800	6,973	0.52
Mitsubishi Estate	3,668,619	40,697	3.05
Mitsui Fudosan	2,580,150	47,988	3.59
Nippon Prologis REIT	4,534	6,779	0.51
		<b>137,776</b>	<b>10.32</b>

	Holding at 20.9.23	Market Value £000's	% of net assets
<b>Luxembourg 0.00% (1.04%)</b>			
<b>Singapore 2.89% (1.90%)</b>			
CapitaLand Investment	15,229,900	28,428	2.13
Keppel DC REIT	7,894,700	10,152	0.76
		<b>38,580</b>	<b>2.89</b>
<b>Spain 2.44% (1.77%)</b>			
Cellnex Telecom	578,391	18,122	1.36
Merlin Properties			
Socimi REIT	2,042,133	14,495	1.08
		<b>32,617</b>	<b>2.44</b>
<b>Sweden 0.00% (0.56%)</b>			
<b>United Kingdom 4.57% (3.89%)</b>			
Assura	15,987,514	7,268	0.54
Big Yellow Group REIT	665,419	6,788	0.51
Derwent London REIT	688,341	13,168	0.99
Safestore Holdings REIT	748,527	5,872	0.44
Segro REIT	1,515,468	11,381	0.85
UNITE Group REIT	1,768,748	16,582	1.24
		<b>61,059</b>	<b>4.57</b>
<b>United States of America 65.28% (63.79%)</b>			
Alexandria Real Estate Equities REIT	133,967	12,244	0.92
AvalonBay Communities REIT	316,187	46,743	3.50
Cousins Properties REIT	1,667,849	30,494	2.28
CubeSmart REIT	574,981	18,930	1.42
Digital Realty Trust REIT	627,027	65,257	4.89
EastGroup Properties REIT	161,637	23,165	1.73
Equinix REIT	101,577	62,729	4.70
Equity Residential REIT	345,636	17,523	1.31
Federal Realty Investment Trust REIT	171,465	13,482	1.01
Healthcare Realty Trust REIT	831,458	10,897	0.82
Healthpeak Properties REIT	2,053,040	33,331	2.49
Host Hotels & Resorts REIT	2,167,568	28,810	2.16
Invitation Homes REIT	1,806,664	49,789	3.73
Prologis REIT	440,336	43,664	3.27
Public Storage REIT	220,816	48,596	3.64
Regency Centers REIT	638,406	32,443	2.43
Retail Opportunity Investments REIT	1,303,350	14,285	1.07
Rexford Industrial Realty REIT	1,658,898	70,643	5.29
Simon Property Group REIT	706,385	65,374	4.89
Sun Communities REIT	354,097	36,344	2.72

# Portfolio Statement (continued)

	Holding at 20.9.23	Market Value £000's	% of net assets		Holding at 20.9.23	Market Value £000's	% of net assets
Terreno Realty REIT	593,348	29,387	2.20	Buy USD 3,296,774 Sell GBP 2,636,900 29/09/2023		29	0.00
UDR REIT	1,732,991	53,392	4.00	Sell AUD 5,038 Buy GBP 2,642 29/09/2023		0	0.00
Ventas REIT	543,308	19,412	1.45	Sell AUD 9,100,651 Buy GBP 4,627,334 29/09/2023		(143)	(0.01)
Welltower REIT	642,873	44,901	3.36	Sell EUR 9,337,890 Buy GBP 7,984,023 29/09/2023		(102)	(0.01)
		<b>871,835</b>	<b>65.28</b>	Sell HKD 86 Buy GBP 9 29/09/2023		0	0.00
<b>Equities total</b>		<b>1,340,529</b>	<b>100.37</b>	Sell HKD 41,547,245 Buy GBP 4,188,129 29/09/2023		(107)	(0.01)
<b>Forward Foreign Currency Contracts (0.15)% ((0.17)%)</b>				Sell JPY 41,291,528 Buy GBP 226,372 29/09/2023		0	0.00
Buy AUD 735,108 Sell GBP 376,801 29/09/2023		9	0.00	Sell JPY 1,879,326,582 Buy GBP 10,256,102 29/09/2023		(34)	0.00
Buy AUD 28 Sell GBP 14 29/09/2023		0	0.00	Sell SGD 15 Buy GBP 9 29/09/2023		0	0.00
Buy EUR 509,081 Sell GBP 437,001 29/09/2023		4	0.00	Sell SGD 5,053,047 Buy GBP 2,944,422 29/09/2023		(55)	0.00
Buy HKD 7,315,186 Sell GBP 749,575 29/09/2023		10	0.00	Sell USD 81,105,013 Buy GBP 64,013,232 29/09/2023		(1,582)	(0.12)
Buy JPY 249,367,860 Sell GBP 1,357,700 22/09/2023		6	0.00	<b>Forward Foreign Currency Contracts total</b>		<b>(1,962)</b>	<b>(0.15)</b>
Buy JPY 92,485,775 Sell GBP 504,622 29/09/2023		2	0.00	<b>Portfolio of investments</b>		<b>1,338,567</b>	<b>100.22</b>
Buy JPY 218,937 Sell GBP 1,199 29/09/2023		0	0.00	<b>Net other liabilities</b>		<b>(2,981)</b>	<b>(0.22)</b>
Buy SGD 256,559 Sell GBP 150,883 29/09/2023		1	0.00	<b>Net assets attributable to unitholders</b>		<b>1,335,586</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 20 September 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.



# Statement of Total Return

For the year ended 20 September 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital losses	2		(142,617)		(138,555)
Revenue	3	43,045		38,990	
Expenses	4	(13,352)		(15,924)	
Net revenue before taxation		<b>29,693</b>		<b>23,066</b>	
Taxation	5	(4,427)		(3,605)	
Net revenue after taxation			<b>25,266</b>		<b>19,461</b>
<b>Total return before distributions</b>			<b>(117,351)</b>		<b>(119,094)</b>
Distributions	6		(24,445)		(19,310)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(141,796)</b>		<b>(138,404)</b>

# Statement of Change in Net Assets Attributable to Unitholders

For the year ended 20 September 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		1,537,124		1,546,679
Amounts receivable on issue of units	152,858		398,475	
Amounts payable on cancellation of units	(225,125)		(280,177)	
		<b>(72,267)</b>		<b>118,298</b>
Dilution adjustment		34		59
Change in net assets attributable to unitholders from investment activities		(141,796)		(138,404)
Retained distribution on Accumulation units		12,491		10,492
<b>Closing net assets attributable to unitholders</b>		<b>1,335,586</b>		<b>1,537,124</b>

# Balance Sheet

As at 20 September 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			1,340,590		1,498,549
<b>Current assets</b>					
Debtors	8		20,120		35,740
Cash and bank balances			12,369		42,515
<b>Total assets</b>			<b>1,373,079</b>		<b>1,576,804</b>
<b>Liabilities</b>					
Investment liabilities			(2,023)		(3,063)
Provisions for liabilities			(216)		(273)
<b>Creditors</b>					
Distributions payable			(11,195)		(8,890)
Other creditors	9		(24,059)		(27,454)
<b>Total liabilities</b>			<b>(37,493)</b>		<b>(39,680)</b>
<b>Net assets attributable to unitholders</b>			<b>1,335,586</b>		<b>1,537,124</b>

# Notes to the Accounts

## For the year ended 20 September 2023

### 1 Accounting policies

#### Basis of preparation

The accounts have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014 and in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 (The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)).

The Manager has undertaken a detailed assessment of the Fund's ability to meet its liabilities as they fall due, including liquidity, fluctuations in global capital markets and investor redemption levels. Based on this assessment, the Fund continues to be open for trading and the Manager is satisfied the Fund has adequate financial resources to continue in operation for at least the next 12 months after the financial statements are signed and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

#### Revenue

Dividends and real estate income distributions receivable from equity investments are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex-dividend.

Dividends from US Real Estate Investment Trusts are initially accounted for at an estimated 70% revenue and 30% capital split when the security goes ex-dividend. Following the end of the calendar year, US Real Estate Investment Trusts publish the split between revenue and capital of the dividends they have previously declared. When this information is received the initial estimated allocation is adjusted to reflect the published split between revenue and capital.

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Fund. Any enhancement above the cash dividend is treated as capital.

Interest receivable from bank balances is accounted for on an accruals basis.

#### Special dividends

Special dividends are treated as revenue or capital depending on the facts of each particular case.

#### Expenses

Expenses of the Fund are charged against revenue except for costs associated with the purchase and sale of investments which are allocated to the capital of the Fund.

#### Taxation

Corporation tax is provided for on the revenue liable to corporation tax less deductible expenses. The tax effect of different items of revenue or expenses is allocated between revenue and capital using the marginal basis.

Deferred taxation is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences regarded as permanent. Any liability to deferred taxation is provided for at the average rate of taxation expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

#### Distributions

The revenue available for distribution is the total revenue earned by the Fund, less deductible expenses and taxation charged to revenue.

For Accumulation units this revenue is not distributed but automatically reinvested in the Fund and is reflected in the value of these units.

The ordinary element of scrip dividends is treated as revenue and does not form part of the distribution.

#### Dilution adjustment

In certain circumstances the Manager may apply a dilution adjustment on subscriptions and redemptions of units. If applied, the dilution adjustment is paid to the Fund. See Prospectus for further details.

#### Valuation

With the exception of forward foreign currency contracts which have been valued at the Fund's valuation point (12:00) on the last working day of the accounting period, all other investments held by the Fund have been valued at market value at 18:00 on the last working day of the accounting period. Market value is defined by the Statement of Recommended Practice as fair value which generally is the bid value of each security and the offer value for short positions.

#### Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate prevailing on the date of the transaction. Assets and liabilities valued in foreign currencies have been translated into sterling at the exchange rates prevailing at the balance sheet date.

#### Sterling hedged unit classes

Hedged unit classes allow the Manager to use currency hedging transactions to seek to minimise the effect of exchange rate fluctuations between the base currency and the portfolio currencies of the Fund. Currency hedging transactions include entering into over the counter currency forward contracts and foreign exchange agreements.

Where undertaken, the effect of hedging will be reflected in the net asset value and therefore, in the performance of the relevant hedged unit class. Any benefits or losses of the hedging transactions will accrue to unitholders in that hedged unit class only.

The Manager will aim to hedge the capital currency exposure of the net asset value attributable to a hedged unit class, however, the hedge may not always be at 100%. This is to avoid the transaction costs of making small and frequent adjusting transactions. The Manager will review the relevant hedging positions daily and, if appropriate, adjust the hedge to reflect any change in currency exposure and the flow of unitholder issue and cancellation of units.

# Notes to the Accounts

## For the year ended 20 September 2023 (continued)

### 2 Net capital losses

The net capital losses during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	(147,702)	(122,477)
Forward foreign currency contracts	7,313	(16,239)
Foreign currency gains	(2,228)	161
<b>Net capital losses</b>	<b>(142,617)</b>	<b>(138,555)</b>

### 3 Revenue

	2023	2022
	£000's	£000's
UK dividends	–	198
Overseas dividends	9,701	15,386
Real estate income distributions	31,596	23,207
Scrip dividends	831	153
Bank interest	917	46
<b>Total revenue</b>	<b>43,045</b>	<b>38,990</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	13,344	15,920
<b>Other expenses:</b>		
Interest payable	8	4
<b>Total expenses</b>	<b>13,352</b>	<b>15,924</b>

<sup>1</sup> Audit fees including VAT for the financial year ending 2023 were £8,593 (2022 – £10,741).

# Notes to the Accounts

## For the year ended 20 September 2023 (continued)

### 5 Taxation

Corporation tax has not been provided for as expenses payable by the Fund exceed the revenue liable to corporation tax.

#### (a) Analysis of the tax charge for the year

	2023	2022
	£000's	£000's
Corporation tax	3,818	-
Double tax relief	(3,818)	-
Overseas withholding tax	4,484	3,480
<b>Total current tax</b>	<b>4,484</b>	<b>3,480</b>
<b>Deferred tax (Note 5(c))</b>		
Origination and reversal of timing differences	(57)	125
<b>Total taxation (Note 5(b))</b>	<b>4,427</b>	<b>3,605</b>

#### (b) Factors affecting the total tax charge for the year

The tax assessed for the year is different from that calculated with the standard rate of corporation tax for authorised unit trusts of 20% (2022 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2023	2022
	£000's	£000's
<b>Net revenue before taxation</b>	<b>29,693</b>	<b>23,066</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	5,939	4,613
<b>Effects of:</b>		
Revenue not subject to corporation tax	(2,121)	(2,508)
Overseas withholding tax	4,484	1,805
Double tax relief	(3,818)	-
Movement in deferred tax for the year	(57)	125
Movement in revenue taxable in different periods	-	(430)
<b>Total tax charge for the year (Note 5(a))</b>	<b>4,427</b>	<b>3,605</b>

#### (c) Provision for deferred tax

	2023	2022
	£000's	£000's
Provision at the start of the year	273	148
Movement in deferred tax for the year (Note 5(a))	(57)	125
<b>Provision at the end of the year</b>	<b>216</b>	<b>273</b>

### 6 Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	2023	2022
	£000's	£000's
Final Dividend distribution	23,686	19,382
Add: Revenue deducted on cancellation of units	1,854	1,429
Deduct: Revenue received on issue of units	(1,095)	(1,501)
<b>Distributions</b>	<b>24,445</b>	<b>19,310</b>
Net revenue after taxation	25,266	19,461
Scrip dividends not distributed	(831)	(153)
Deferred tax taken to capital	(57)	-
Equalisation on conversions	67	2
<b>Distributions</b>	<b>24,445</b>	<b>19,310</b>

Details of the distributions per unit are set out in the Distribution Table on page 26.

# Notes to the Accounts

## For the year ended 20 September 2023 (continued)

### 7 Fair value hierarchy

Instruments held at the year end are presented in line with amendments to FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland's Fair value hierarchy disclosures.

Basis of valuation	2023		2022	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	1,340,529	-	1,498,070	-
Level 2: Observable market data	61	(2,023)	479	(3,063)
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	<b>1,340,590</b>	<b>(2,023)</b>	<b>1,498,549</b>	<b>(3,063)</b>

Level 1: Unadjusted quoted price in an active market for an identical instrument.

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3: Valuation techniques using unobservable inputs.

#### Unobservable data

Unobservable data has been used only where relevant observable market data is not available. Where there was no reputable price source for an investment, the Manager has assessed information available from internal and external sources in order to arrive at an estimated fair value. The fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. The Manager of the Fund also makes judgements and estimates based on their knowledge of recent investment performance, historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions used are under continuous review by the Manager with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023 £000's	2022 £000's
Amounts receivable for issue of units	355	1,037
Sales awaiting settlement	14,908	29,446
Accrued revenue	4,202	4,603
Overseas withholding tax recoverable	655	654
<b>Total debtors</b>	<b>20,120</b>	<b>35,740</b>

### 9 Provisions for liabilities

	2023 £000's	2022 £000's
Deferred taxation	216	273
<b>Total provisions for liabilities</b>	<b>216</b>	<b>273</b>

### 10 Other creditors

	2023 £000's	2022 £000's
Amounts payable for cancellation of units	1,989	1,474
Purchases awaiting settlement	20,326	23,794
Accrued expenses	1,744	2,186
<b>Total other creditors</b>	<b>24,059</b>	<b>27,454</b>

### 11 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2022 - Nil).

# Notes to the Accounts

## For the year ended 20 September 2023 (continued)

### 12 Related party transactions

The Manager provides key management personnel services for the Fund and is therefore considered a related party.

Amounts paid during the year or due to the Manager at the balance sheet date are disclosed under Expenses and Other creditors in the Notes to the Accounts.

The Manager acts as principal on all transactions of units in the Fund. The aggregate monies paid through the issue and cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and Distributions in the Notes to the Accounts. Amounts due from or to the Manager in respect of unit transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Units held or managed by the Manager or associates of the Manager as a percentage of the Fund's net asset value at the balance sheet date were 0.33% (2022 - 0.33%).

### 13 Unit classes

At the reporting date the Fund had ten unit classes. The costs and expenses due to the Manager are referred to as the Schroders Annual Charge. Details of the charges applied to each unit class can be found in the prospectus.

The closing net asset value of each unit class, the closing net asset value per unit and the closing number of units in issue are given in the Comparative Table on pages 10 to 14.

The distributions per unit class are given in the Distribution Table on page 26.

All classes have the same rights on winding up except for any realised gains or losses on forward foreign currency contracts which would remain in the GBP hedged unit classes.

### 14 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, derivative, foreign currency, liquidity and interest rate risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year and the prior year.

#### Market price risk

The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, the Prospectus and in the Collective Investment Schemes sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer. At the year end date, if the prices of investments held by the Fund increased or decreased by 10%, with all other variables remaining constant, then net assets attributable to the unitholders would increase or decrease by approximately £133,856,700 (2022 - £149,548,600).

#### Foreign currency risk

Where a portion of the net assets of the Fund are denominated in currencies other than sterling the balance sheet and total return can be affected by currency movements. Therefore the Manager may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the Fund's exposure to currency risk is reduced.

Revenue received in other currencies is translated to sterling on or near the date of receipt. The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

#### Currency risk profile

The currency risk profile of the Fund's net assets and liabilities at the balance sheet date was as follows:

Currency	2023 £000's	2022 £000's
Australian dollar	54,908	36,524
Canadian dollar	12,089	22,391
Euro	98,048	90,726
Hong Kong dollar	44,715	62,118
Indian rupee	7,325	11,545
Japanese yen	128,379	172,013
Norwegian krone	-	60
Singapore dollar	35,780	29,165
Sterling	147,640	197,452
Swedish krona	-	8,630
US dollar	806,702	906,500

At the year end date, if the value of Sterling increased or decreased by 10% against all other currencies, with all other variables remaining constant, then the net assets attributable to the unitholders will increase or decrease by approximately £118,794,600 (2022 - £133,967,200).

#### Liquidity risk

The primary source of this risk to the Fund is the liability to unitholders for any cancellation of units. This risk is minimised by holding cash, readily realisable securities and access to overdraft facilities up to the amount prescribed by the Collective Investment Schemes sourcebook.

#### Interest rate risk

Interest rate risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in interest rates.

Interest receivable on bank deposits positions will be affected by fluctuations in interest rates.

# Notes to the Accounts

## For the year ended 20 September 2023 (continued)

At the year end date 0.93% (2022 – 2.77%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

### Floating rate financial assets and financial liabilities

Sterling denominated bank balances bear interest at rates based on the Sterling Overnight Index Average Rate. Foreign currency bank balances and amounts held at futures clearing houses and brokers bear interest at rates based on the Sterling Overnight Index Average Rate or its international equivalent.

### Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

### Derivatives

Although the Fund may enter into derivative contacts for specific investment purposes in addition to being used for efficient management it is not the current intention to use derivatives for specific investment purposes.

### Global risk exposure

#### Commitment approach

When using derivatives, the Manager uses a risk management process that enables it to monitor the risk of a Fund's derivative positions. The global risk exposure of a Fund is calculated daily either by means of the commitment approach or the Value-at-Risk (VaR) approach.

Under the commitment approach, the global risk exposure is defined as the underlying market value of derivatives, after netting and hedging as permitted by the regulation, not exceeding the Net Asset Value of a Fund. This is typically used on Funds where derivative usage is low or Funds which limit their derivatives commitment to 100% or less of their Net Asset Value.

The global risk exposure of the Fund is calculated using the commitment approach. During the year ended 20 September 2023 the global risk exposure of the Fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the Fund as at the balance sheet date was as follows:

#### Leverage

	2023			Leverage 20 September	2022			Leverage 20 September
	Lowest	Highest	Average		Lowest	Highest	Average	
	0.00%	2.70%	0.12%	0.43%	0.00%	1.75%	0.11%	0.00%

## 15 Direct transaction costs

In the case of shares, broker commissions and transfer taxes/stamp duty are paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

2023	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Purchases <sup>1</sup> :						
Equities	808,868	177	358	809,403	0.02	0.04
Corporate actions purchases:						
Equities	2,467	-	-	2,467	-	-
	811,335	177	358	811,870		
<b>Sales</b>						
Equities	814,626	(203)	(69)	814,354	(0.02)	(0.01)
Total cost as a % of the Fund's average net asset value (%)		0.03	0.03			

1 Excluding corporate actions.

# Notes to the Accounts

## For the year ended 20 September 2023 (continued)

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Purchases <sup>1</sup> :						
Equities	1,008,285	229	313	1,008,827	0.02	0.03
Corporate actions purchases:						
Equities	9,817	-	-	9,817	-	-
	1,018,102	229	313	1,018,644		
<b>Sales</b>						
Equities	917,333	(278)	(31)	917,024	(0.03)	-
Total cost as a % of the Fund's average net asset value (%)		0.03	0.02			

1 Excluding corporate actions.

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.12% (2022 – 0.80%).

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

## 16 Units in issue reconciliation

	Number of units in issue 20.9.22	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue 20.9.23
A Accumulation units	129,219,483	3,520,243	(13,930,487)	(4,776,805)	114,032,434
A Income units	1,431,990	22,692	(179,019)	(679,896)	595,767
GBP Hedged L Accumulation units	36,736,129	44,191,453	(58,703,724)	-	22,223,858
GBP Hedged L Income units	81,932,429	25,554,879	(15,961,558)	96,174,308	187,700,058
GBP Hedged Z Income units	109,376,801	19,040,947	(43,235,203)	(73,963,246)	11,219,299
L Accumulation units	335,245,258	38,046,020	(42,237,244)	14,160,010	345,214,044
L Income units	434,380,951	58,563,399	(14,431,631)	374,505	478,887,224
S Accumulation units	3,000	24,364	(2,766)	106,765	131,363
Z Accumulation units	344,164,929	13,871,286	(65,527,824)	(9,435,560)	283,072,831
Z Income units	184,855,674	14,202,400	(42,144,351)	3,365,430	160,279,153



# Notes to the Accounts

## For the year ended 20 September 2023 (continued)

### 17 Counterparty exposure

The types of non-exchange traded derivatives held at the balance sheet date were forward foreign currency contracts and the total position by counterparty at the balance sheet date was as follows:

Counterparty	Forward foreign currency contracts £000's	Credit default swaps £000's	Commodity index swaps £000's	Contract for difference £000's	Interest rate swaps £000's	Total return swaps £000's	Inflation linked swaps £000's	Options contracts £000's	Swaption contracts £000's	Total £000's
<b>Deutsche Bank</b>										
2023	6	-	-	-	-	-	-	-	-	6
2022	-	-	-	-	-	-	-	-	-	-
<b>HSBC</b>										
2023	(1,968)	-	-	-	-	-	-	-	-	(1,968)
2022	(2,584)	-	-	-	-	-	-	-	-	(2,584)

The collateral pledged by the Fund on behalf of the counterparties at the balance sheet date was as follows:

Counterparty	2023 £000's	2022 £000's
HSBC	1,590	2,820
<b>Total</b>	<b>1,590</b>	<b>2,820</b>

The nature of collateral pledged by the Fund on behalf of the counterparties at the balance sheet date was as follows:

	2023 £000's	2022 £000's
Cash	1,590	2,820
<b>Total</b>	<b>1,590</b>	<b>2,820</b>

### 18 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 20 September 2023, the price of each unit class has changed as follows:

	Dealing price 9.1.24	Dealing price 20.9.23	% change
A Accumulation units	132.80p	126.80p	4.73
A Income units	119.70p	115.40p	3.73
GBP Hedged L Accumulation units	52.25p	48.85p	6.96
GBP Hedged L Income units	44.06p	41.95p	5.03
GBP Hedged Z Income units	57.82p	55.00p	5.13
L Accumulation units	92.25p	90.72p	4.99
L Income units	83.89p	81.44p	3.01
S Accumulation units	45.98p	43.73p	5.15
Z Accumulation units	100.10p	95.39p	4.94
Z Income units	81.46p	79.05p	3.05

# Distribution Table

## Final distribution for the year ended 20 September 2023

**Group 1** Units purchased prior to 21 September 2022

**Group 2** Units purchased on or after 21 September 2022

	Net revenue 2023 per unit	Equalisation 2023 per unit	Distribution payable 20.11.23 per unit	Distribution paid 20.11.22 per unit
<b>A Accumulation units</b>				
Group 1	1.3096p	-	1.3096p	0.7563p
Group 2	0.6934p	0.6162p	1.3096p	0.7563p
<b>A Income units</b>				
Group 1	1.1094p	-	1.1094p	0.7011p
Group 2	0.8422p	0.2672p	1.1094p	0.7011p
<b>GBP Hedged L Accumulation units</b>				
Group 1	0.8835p	-	0.8835p	0.7261p
Group 2	0.4351p	0.4484p	0.8835p	0.7261p
<b>GBP Hedged L Income units</b>				
Group 1	0.7605p	-	0.7605p	0.6353p
Group 2	0.2411p	0.5194p	0.7605p	0.6353p
<b>GBP Hedged Z Income units</b>				
Group 1	0.9339p	-	0.9339p	0.7718p
Group 2	0.4134p	0.5205p	0.9339p	0.7718p
<b>L Accumulation units</b>				
Group 1	1.7133p	-	1.7133p	1.3698p
Group 2	0.9060p	0.8073p	1.7133p	1.3698p
<b>L Income units</b>				
Group 1	1.5379p	-	1.5379p	1.2473p
Group 2	0.7035p	0.8344p	1.5379p	1.2473p
<b>S Accumulation units</b>				
Group 1	0.9467p	-	0.9467p	0.0583p
Group 2	0.4510p	0.4957p	0.9467p	0.0583p
<b>Z Accumulation units</b>				
Group 1	1.7256p	-	1.7256p	1.3527p
Group 2	0.9444p	0.7812p	1.7256p	1.3527p
<b>Z Income units</b>				
Group 1	1.4299p	-	1.4299p	1.1346p
Group 2	0.8599p	0.5700p	1.4299p	1.1346p

## Equalisation

Equalisation applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of Group 2 units and is refunded to the holders of these units as a return of capital.

Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# Remuneration

## UCITS remuneration disclosures for Schroder Unit Trusts Limited ('SUTL') for the year to 31 December 2022

These disclosures form part of the non-audited section of this annual report and accounts and should be read in conjunction with the Schroders plc Remuneration Report on pages 76 to 107 of the 2022 Annual Report & Accounts (available on the Group's website <https://www.schroders.com/en/investor-relations/results-and-reports/annual-report-and-accounts-2022/>), which provides more information on the activities of our Remuneration Committee and our remuneration principles and policies.

The UCITS Material Risk Takers ('UCITS MRTs') of SUTL are individuals whose roles within the Schroders Group can materially affect the risk of SUTL or any UCITS fund that it manages. These roles are identified in line with the requirements of the UCITS Directive and guidance issued by the European Securities and Markets Authority.

The Remuneration Committee of Schroders plc has established a remuneration policy to ensure the requirements of the UCITS Directive are met for all UCITS MRTs. The Remuneration Committee and the Board of Schroders plc review remuneration strategy at least annually. The directors of SUTL are responsible for the adoption of the remuneration policy and periodically reviewing its implementation in relation to SUTL. During 2022 the Remuneration Policy was reviewed to ensure compliance with the UCITS/AIFMD remuneration requirements and no significant changes were made.

The implementation of the remuneration policy is, at least annually, subject to independent internal review for compliance with the policies and procedures for remuneration adopted by the Board of SUTL and the Remuneration Committee. The most recent review found no fundamental issues but resulted in minor recommendations relating to process documentation.

The ratio of total costs to net income through the market cycle guides the total spend on remuneration each year. This is recommended by the Remuneration Committee to the Board of Schroders plc. This approach aligns remuneration with Schroders financial performance. In determining the remuneration spend each year, the underlying strength and sustainability of the business is taken into account, along with reports on risk, legal, compliance and internal audit matters from the heads of those areas.

The remuneration data that follows reflects amounts paid in respect of performance during 2022.

- The total amount of remuneration paid by SUTL to its staff was nil as SUTL has no employees. SUTL has two independent Non Executive Directors who receive fees in respect of their role on the Board of SUTL<sup>1</sup>. Employees of other Schroders Group entities who serve as Directors of SUTL receive no additional fees in respect of their role on the Board of SUTL.
- The following disclosures relate to UCITS MRTs of SUTL. Most of those UCITS MRTs were employed by and provided services to other Schroders group companies and clients. In the interests of transparency, the aggregate remuneration figures that follow reflect the full remuneration for each SUTL UCITS MRT. The aggregate total remuneration paid to the 158 UCITS MRTs of SUTL in respect of the financial year ended 31 December 2022 is £113.41 million, of which £38.94 million was paid to senior management, and £74.47 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the UCITS funds that it manages and Control Function MRTs.

For additional qualitative information on remuneration policies and practices see <https://www.schroders.com/en/global/individual/corporate-transparency/disclosures/remuneration-disclosures/>.

<sup>1</sup> The fees are not disclosed due to confidentiality and data protection considerations. The amount is not material to SUTL.

# General Information

## Manager

Schroder Unit Trusts Limited  
1 London Wall Place  
London EC2Y 5AU  
Authorised and regulated by the Financial Conduct Authority

## Investment Adviser

Schroder Investment Management Limited  
1 London Wall Place  
London EC2Y 5AU  
Authorised and regulated by the Financial Conduct Authority

## Trustee

J.P. Morgan Europe Limited  
Chaseside  
Bournemouth BH7 7DA  
Authorised by the Prudential Regulation Authority and regulated  
by the Financial Conduct Authority and Prudential Regulation Authority

## Registrar

Schroder Unit Trusts Limited  
1 London Wall Place  
London EC2Y 5AU  
Authorised and regulated by the Financial Conduct Authority  
The Manager is responsible for maintaining the register for each  
Fund. It has delegated certain registrar functions to HSBC Bank Plc,  
8 Canada Square, London, E14 8HQ.

## Administration Details

Schroders Investor Services  
PO BOX 1402  
Sunderland  
SR43 4AF

## Independent Auditor

KPMG LLP  
319 St Vincent Street  
Glasgow G2 5AS

## Authorisation

The Fund is an authorised unit trust and is constituted pursuant to the Collective Investment Schemes sourcebook and is structured as a Trust. The Fund is a UCITS scheme for the purpose of the categorisation of the Collective Investment Schemes sourcebook.

## Value Assessment

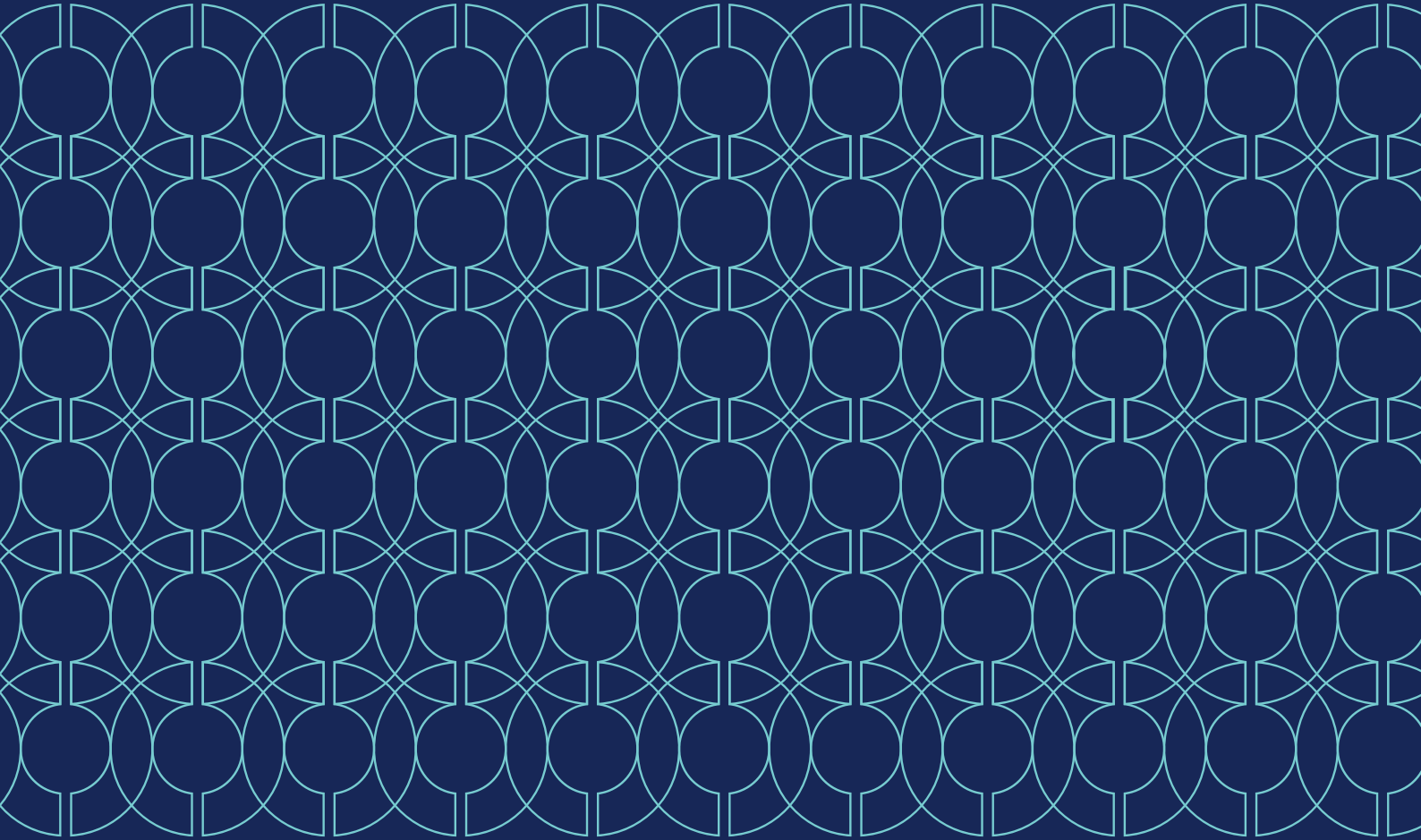
A statement on the Assessment of Value is published on the Global Fund Centre in the Fund Literature section at [www.Schroders.com](http://www.Schroders.com) within 4 months of the annual 'reference date' 31 December.

## Task Force on Climate-Related Financial Disclosures

A statement on the climate related financial disclosures is published at [www.schroders.com/en/global/individual/corporate-transparency/tcf-entity-and-product-reports/](http://www.schroders.com/en/global/individual/corporate-transparency/tcf-entity-and-product-reports/).

## Other information

The Prospectus, the Key Investor Information Document and details of investment charges and costs are available on request or can be downloaded from our website [www.schroders.com](http://www.schroders.com).



EST. 1804

For further literature please contact Schroder Investor Services on 0800 182 2399 or [schrodersinvestor@HSBC.com](mailto:schrodersinvestor@HSBC.com) for Retail Clients, or 0345 030 7277 or [schrodersinstitutional@HSBC.com](mailto:schrodersinstitutional@HSBC.com) for Institutional Clients, or visit our website at [www.schroders.com](http://www.schroders.com).

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