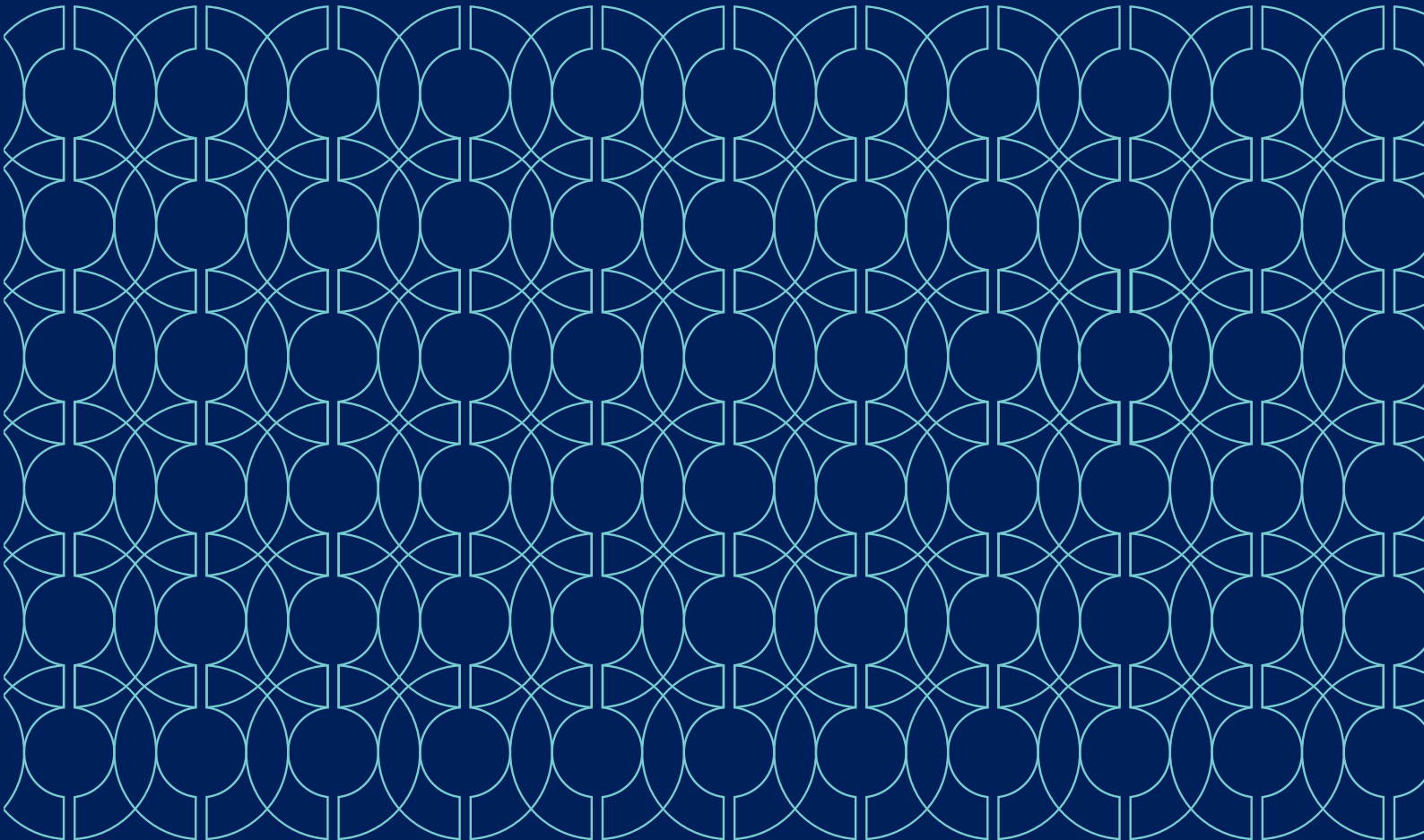


Schroders

Schroder Investment Fund Company  
Annual Report and Accounts  
31 December 2023



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# Company Information

## General information

Schroder Investment Fund Company (SIFCo or the Company) is an umbrella Company comprising seventeen sub funds which have their own investment objectives and policies. As at 31 December 2023 the Company had the following sub funds:

**Schroder UK Opportunities Fund<sup>1</sup>**  
**Schroder UK Dynamic Smaller Companies Fund**  
**Schroder Sterling Corporate Bond Fund**  
**Schroder European Recovery Fund**  
**Schroder Sustainable UK Equity Fund**  
**Schroder UK Alpha Income Fund**  
**Schroder Strategic Credit Fund**  
**Schroder European Sustainable Equity Fund**  
**Schroder Global Recovery Fund**  
**Schroder Multi-Asset Total Return Fund<sup>2</sup>**  
**Schroder India Equity Fund**  
**Schroder Islamic Global Equity Fund**  
**Schroder UK-Listed Equity Income Maximiser Fund**  
**Schroder Global Energy Transition Fund**  
**Schroder Global Sustainable Growth Fund**  
**Schroder Global Sustainable food and Water Fund<sup>3</sup>**  
**Schroder AAA Flexible ABS Fund<sup>4</sup>**

<sup>1</sup>Schroder UK Opportunities Fund closed following its merger into Schroder UK Alpha Plus Fund on 2 March 2022 and is in the process of terminating.

<sup>2</sup>Schroder Multi-Asset Total Return Fund closed on 5 July 2023 and is in the process of terminating.

<sup>3</sup>Schroder Global Sustainable Food and Water Fund launched on 30 June 2023.

<sup>4</sup>Schroder AAA Flexible ABS Fund launched on 28 September 2023.

## Principal activities

The Company's principal activity is to carry on business as an Open Ended Investment Company. The Company is structured as an umbrella Company and different sub funds may be established by the Authorised Corporate Director (the 'ACD') from time to time with the agreement of the Depositary and approval from the Financial Conduct Authority.

The sub funds are operated separately and the assets of each sub fund are managed in accordance with the investment objective and policy applicable to that sub fund.

## Liabilities of the Company

The sub funds are segregated portfolios of assets and, accordingly, the assets of each sub fund belong exclusively to that sub fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other sub fund, and shall not be available for any such purpose. Subject to the above, each sub fund will be charged with the liabilities, expenses, costs and charges attributable to that sub fund and within each sub fund charges will be allocated as far as possible according to the net asset value of that particular share class. Any assets, liabilities, expenses, costs or charges not attributable to a particular sub fund may be allocated by the Authorised Corporate Director in a manner which it believes is fair to the shareholders generally. This will normally be pro rata to the net asset value of the relevant sub funds.

Shareholders are not liable for the debts of the Company.

Shareholders are not liable to make any further payments to the Company after they have paid the purchase price of the share.

## Significant events

On 30 June 2023, Schroder Global Sustainable Food and Water Fund launched.

On 5 July 2023, Schroder Multi-Asset Total Return Fund closed. The last dealing of shares in Schroder Multi-Asset Total Return Fund was on 5 July 2023.

On 28 September 2023, Schroder AAA Flexible ABS Fund launched.

# Statement of the Authorised Corporate Director's Responsibilities

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

In preparing the accounts the Authorised Corporate Director 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. For the reasons stated in the Company Information, the financial statements of Schroder Multi-Asset Total Return Fund and Schroder UK Opportunities Fund have not been prepared on a going concern basis;
- 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 Authorised Corporate Director is responsible for the management of the Company in accordance with its Instrument of incorporation, the Prospectus and the COLL Rules.

The Authorised Corporate Director is responsible for the maintenance and integrity of the corporate and financial information included on its website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**J. Rainbow**  
Directors  
30 April 2024

**R. Lamba**

# Report of the Depositary

## **Statement of the Depositary's responsibilities in respect of the Scheme and report of the Depositary to the shareholders of the Schroder Investment Fund Company ('the Company') for the year ended 31 December 2023.**

The Depositary must ensure that the company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the regulations'), the company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The Depositary must ensure that:

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

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

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the company's shares and the application of the company's income in accordance with the regulations and the Scheme documents of the company; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the company.

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

Depositary  
Bournemouth  
22 January 2024

# Independent Auditor's Report to the Shareholders of Schroder Investment Fund Company

## Opinion

We have audited the financial statements of Schroder Investment Fund Company ('the Company') for the year ended 31 December 2023 which comprise the Statements of Total Return, the Statements of Change in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for the fund and the accounting policies set out on pages 9 to 10.

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 each of the sub funds as at 31 December 2023 and of its net revenue and the net capital gains/net capital losses on the property of each of the sub funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, 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 Company 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.

## Emphasis of Matter – non-going concern basis of preparation

In respect of Schroder UK Opportunities Fund and Schroder Multi-Asset Total Return Fund, we draw attention to the disclosure made in accounting policy "Basis of preparation" to the financial statements which explains that the financial statements of the sub funds have not been prepared on a going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

## Going concern

The Authorised Corporate Director has prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or all of its sub funds or to cease their operations, and as they have concluded that the Company and its sub funds' financial position means that this is realistic except for Schroder UK Opportunities Fund and Schroder Multi-Asset Total Return Fund. 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 Authorised Corporate Director's conclusions, we considered the inherent risks to the Company's and its sub funds' business model and analysed how those risks might affect the Company's and its sub funds' financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Authorised Corporate Director'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 Authorised Corporate Director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's and its sub funds' 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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company or its sub funds 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 Company'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 Authorised Corporate Director, the Depositary, the Administrator and the Investment Adviser; and
- Reading Authorised Corporate Director 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 Authorised Corporate Director 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.

# Independent Auditor's Report to the Shareholders of Schroder Investment Fund Company (continued)

Firstly, the Company 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.

Secondly, the Company 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 Company'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 Authorised Corporate Director 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 Authorised Corporate Director's Report 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 Company have not been kept; or
- the financial statements are not in agreement with the accounting records.

## Authorised Corporate Director's responsibilities

As explained more fully in their statement set out on page 6 the Authorised Corporate Director 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 Company and its sub funds' 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 Company or its sub funds 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 Company's shareholders, 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 the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders 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 Company and the Company's shareholders 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

30 April 2024

# Statement of Cross Holdings

As of 31 December 2023 there were no sub fund cross holdings within the Company.



# Accounting policies

## 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)).

For all funds apart from Schroder Multi-Asset Total Return Fund and Schroder UK Opportunities Fund, the Authorised Corporate Director has undertaken a detailed assessment of each sub 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 Sub funds continue to be open for trading and the Authorised Corporate Director is satisfied the Sub funds have 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.

Schroder UK Opportunities Fund closed following its merger into Schroder UK Alpha Plus Fund on 2 March 2022 and Schroder Multi-Asset Total Return Fund closed on 5 July March 2023. It is the intention of the ACD to terminate these sub funds at a later date once the residual assets and liabilities are settled. As a result the financial statements for these sub funds have not been prepared on a going concern basis. The prior year financial statements of Schroder UK Opportunities Fund were also not prepared on a going concern basis. No adjustments were required to the financial statements to adjust assets or liabilities to their realisable values or to provide for liabilities arising from the decision to terminate these sub funds. No liabilities have been recorded for costs of the terminations as the intention is that the ACD will bear any such costs which may arise.

### Revenue

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

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

Interest receivable from bank balances, futures clearing houses and brokers is accounted for on an accruals basis.

Interest receivable from debt securities is accounted for on an effective yield basis.

The dividend equivalent values on contracts for difference received on long positions are recognised when the underlying securities are quoted ex-dividend. These are included in Revenue as Net revenue return from derivative contracts.

Option premium received by the sub fund is amortised to revenue over the period to maturity where the option is out of the money at the time the contract is written. Option premium is taken to capital for options that are in the money at the time of writing.

All rebates are accounted for on an accruals basis and treated as revenue or capital based on the underlying Fund's treatment of its annual management charge.

### Special dividends

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

### Equalisation

Equalisation on distributions received by the sub fund is deducted from the cost of investments. As such the equalisation on distributions received by the sub fund does not form part of the sub fund's distribution.

### Interest on debt securities bought or sold

Interest on debt securities bought or sold is excluded from the capital cost of securities, and is dealt with as part of the revenue of the sub fund.

### Expenses

Expenses of the sub fund are charged against revenue except for costs associated with the purchase and sale of investments which are allocated to the capital of the sub fund. All expenses except for professional fee are accounted for on an accruals basis.

The costs of establishing and maintaining the hedging programme for the hedged share classes, the liabilities, expenses and charges directly attributable to a hedged share class will be allocated to the capital of that specific hedged share class.

For Schroder Sterling Corporate Bond Fund and Schroder Global Islamic Equity Fund, it has been agreed that certain expenses may be borne by the Authorised Corporate Director to ensure that the Ongoing charges figure for Q Income shares and Q2 Accumulation shares does not exceed 0.42% and 0.40% respectively.

### Taxation

Corporation tax on other sub funds is provided for on the revenue liable to corporation tax less deductible expenses. The tax effect of different items of revenue or expense 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 sub fund, less deductible expenses and taxation charged to revenue.

For Accumulation shares this revenue is not distributed but automatically reinvested in the sub fund and is reflected in the value of these shares.

The ordinary element of scrip dividends is treated as revenue and forms part of the distribution.

Recognised deferred tax assets are treated as revenue but do not form part of the distribution until they are utilised.

For the purpose of calculating the distribution, revenue on debt securities is calculated on a coupon basis where this exceeds the amount determined on an effective yield basis. As a consequence, the capital value of the sub fund may be eroded.

# Accounting policies

## (continued)

Schroder Sterling Corporate Bond Fund, Schroder Sustainable UK Equity Fund, Schroder UK Alpha Income Fund, Schroder UK-Listed Equity Income Maximiser Fund and Schroder Strategic Credit Fund allocate certain expenses to capital, thereby increasing the amount available for distribution.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the sub fund.

Schroder Sterling Corporate Bond Fund and Schroder Strategic Credit Fund satisfied the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19 throughout the year. All distributions made are therefore made as interest distribution.

### Dilution adjustment

In certain circumstances the Authorised Corporate Director may apply a dilution adjustment on subscriptions and redemptions of shares. If applied, the dilution adjustment is paid to the sub fund. See Prospectus for further details.

### Valuation

With the exception of forward foreign currency contracts which have been valued at the sub fund valuation point (12:00) on the last working day of the accounting period, all other investments held by the sub 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. Non-exchange traded derivatives, including options, swaps and contracts for difference, are priced at fair value using valuation models and data sourced from market data providers and/or information provided by the relevant third party brokers.

Dual priced authorised unit trusts have been valued at the bid price.

Single priced authorised unit trusts have been valued at the single price.

All investments are valued net of any accrued interest which is included in the balance sheet as a revenue related item.

Unquoted, illiquid and suspended investments are valued by the ACD at a best assessment of fair value.

### 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 share classes

Hedged share classes allow the Authorised Corporate Director 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 sub 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 share class. Any benefits or losses of the hedging transactions will accrue to shareholders in that hedged share class only.

The Authorised Corporate Director will aim to hedge the capital currency exposure of the net asset value attributable to a hedged share 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 Authorised Corporate Director will review the relevant hedging positions daily and, if appropriate, adjust the hedge to reflect any change in currency exposure and the flow of shareholder issue and cancellation of shares.

### Credit default swaps

The upfront fees and premiums are accounted for on an accruals basis and split between capital and revenue as appropriate. For sell protections, periodic premiums are included under Net revenue return from derivative contracts.

### Total return swaps

Any revenue is calculated by reference to the quoted yield of the index upon which the total return swap is based compared to the Sterling Overnight Index Average Rate and may be revenue or an expense in relation to whether the sub fund held a net long or short position over the period. The revenue and expense position would be reversed if the Sterling Overnight Index Average Rate exceeds the quoted yield of the relevant index.

# Schroder UK Opportunities Fund

## Fund Information

### Significant events

On 2 March 2022, Schroder UK Opportunities Fund was closed following its merger into Schroder UK Alpha Plus Fund. The last dealing of shares in Schroder UK Opportunities Fund was on 2 March 2022.

# Review of Investment Activities

Following the Fund closure on 2 March 2022, there has been no dealing activity in the year under review.

# Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital gains/(losses)	2	-	-	-	(7,933)
Revenue	3	-	-	281	-
Expenses	4	-	-	(121)	-
Net revenue before taxation		-	-	160	-
Taxation	5	3	-	11	-
Net revenue after taxation		-	3	-	171
<b>Total return before distributions</b>		-	3	-	(7,762)
Distributions	6	-	-	-	(171)
<b>Change in net assets attributable to shareholders from investment activities</b>		-	3	-	(7,933)

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders	-	-	-	84,997
In-specie transfer*	-	-	-	(74,968)
Change in amounts payable on termination	-	(3)	-	-
Amounts receivable on issue of shares	-	-	2	-
Amounts payable on cancellation of shares	-	-	(2,236)	-
	-	-	-	<b>(2,234)</b>
Change in net assets attributable to shareholders from investment activities	-	3	-	(7,933)
Retained distribution on Accumulation shares	-	-	-	138
<b>Closing net assets attributable to shareholders</b>	-	-	-	-

\* The Fund merged into Schroder UK Alpha Plus Fund on 2 March 2022.

# Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
<b>Current assets</b>					
Cash and bank balances		3	-	-	-
<b>Total assets</b>		3	-	-	-
<b>Liabilities</b>					
<b>Creditors</b>					
Other creditors	7	(3)	-	-	-
<b>Total liabilities</b>		(3)	-	-	-
<b>Net assets attributable to shareholders</b>		-	-	-	-

# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder UK Opportunities Fund are disclosed on pages 9 to 10.

### 2 Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	-	(7,933)
<b>Net capital gains/(losses)</b>	<b>-</b>	<b>(7,933)</b>

### 3 Revenue

	2023	2022
	£000's	£000's
UK dividends	-	281
<b>Total revenue</b>	<b>-</b>	<b>281</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	-	121
<b>Total expenses</b>	<b>-</b>	<b>121</b>

1 Audit fees including VAT for the year were £8,404 (2022 – £9,647).

### 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 credit for the year

	2023	2022
	£000's	£000's
Overseas withholding tax	(3)	(11)
<b>Total current tax (Note 5(b))</b>	<b>(3)</b>	<b>(11)</b>

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

The tax assessed for the year is different from that calculated with the standard rate of corporation tax for Open Ended Investment Companies 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>-</b>	<b>160</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	-	32
<b>Effects of:</b>		
Revenue not subject to corporation tax	-	(56)
Movement in excess management expenses	-	24
Overseas withholding tax	(3)	(11)
<b>Total tax credit for the year (Note 5(a))</b>	<b>(3)</b>	<b>(11)</b>

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### (c) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £14,601,016 (2022 – £14,601,016) in respect of unutilised management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

### 6 Distributions

The distributions take account of revenue deducted on the cancellation of shares, and comprise:

	2023 £000's	2022 £000's
Final Dividend distribution	-	169
Add: Revenue deducted on cancellation of shares	-	2
<b>Distributions</b>	<b>-</b>	<b>171</b>

### 7 Other creditors

	2023 £000's	2022 £000's
Amount payable on termination	3	-
<b>Total other creditors</b>	<b>3</b>	<b>-</b>

### 8 Contingent liabilities

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

### 9 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the Fund. The aggregate monies paid through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts.

### 10 Share classes

The Fund currently has no share classes as the Fund closed on 2 March 2022.

### 11 Derivative and other financial instruments

As the Fund closed on 2 March 2022, there are no investments and no exposure to financial instruments' risks.

# Schroder UK Dynamic Smaller Companies Fund

## Fund Information

### Investment objective and policy

Schroder UK Dynamic Smaller Companies Fund (the 'Fund') aims to provide capital growth in excess of the Numis Small Companies plus AIM excluding Investment Companies Total Return GBP index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of small-sized UK companies.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of small-sized UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK and, at the time of purchase, are similar in size to those comprising the bottom 10% by market capitalisation of the UK equities market.

The Fund may also invest in companies headquartered or incorporated outside the UK which derive a significant proportion of their revenues or profits from the UK.

The small cap universe is an extensive, diverse and constantly changing area of the UK market. Smaller companies offer investors exposure to some niche growth areas that, often, cannot be accessed through large companies. They also tend to grow more rapidly than larger firms.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus).

*With effect from 9 January 2023 the Fund's Investment objective and policy changed, previously it was:*

The Fund aims to provide capital growth in excess of the FTSE Small Cap ex Investment Trust (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of small-sized UK companies.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of small-sized UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK and, at the time of purchase, are similar in size to those comprising the bottom 10% by market capitalisation of the UK equities market.

The Fund may also invest in companies headquartered or incorporated outside the UK which derive a significant proportion of their revenues or profits from the UK.

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The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus).

### Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the Numis Small Companies plus AIM excluding Investment Companies Total Return GBP index, and compared against the Investment Association UK Smaller Companies sector average return. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide.



# Review of Investment Activities

**From 30 December 2022 to 29 December 2023, the price of Z Accumulation shares on a dealing price basis fell 6.99%. In the same period, the Numis Small Companies plus AIM excluding Investment Companies Total Return GBP index generated a total return of 3.30%<sup>1</sup>.**

James Goodman took responsibility for the Schroder UK Dynamic Smaller Companies Fund on 1 December 2023.

UK equities rose in tandem with other markets amid a sharp drop in interest rate expectations towards the period end following a more dovish tone from central bankers. UK small and mid cap indices outperformed the broader market and were spurred on further by a continued pick-up in overseas inbound bids for smaller companies.

Top contributors included value focussed cosmetics supplier Warpaint London and subsea rentals and services group Ashtead Technology which both performed well on the back of strong trading. Sentiment towards Ashtead was further supported by a well-received acquisition. We also benefited from avoiding homeless housing investor Home REIT. On the negative side, cyber security specialist NCC detracted as it warned on profits amid increased levels of uncertainty facing its technology sector clients. Other detractors included Eneraqua Technologies, a provider of solutions for clients to help them meet their net zero and sustainability objectives, and technology solutions provider Nexteq.

There were a number of changes to the portfolio during the period, with new positions taken in software business Cerillion, photobooth operator ME Group and research specialist GlobalData, among others.

As inflation has moderated and wage growth remained robust the outlook for the UK consumer has brightened, although the way people spend has changed, with a greater focus on value. Higher interest income is continuing to offset increased mortgage charges underpinning consumer spending, while an election year should see initiatives to boost sluggish growth.

**Fund Manager:  
James Goodman**



Co-fund manager of Schroder Prime Diversified UK Equity strategy since 2024

Manager of the UK Dynamic Smaller Companies strategy from 2023

Focuses on UK small and mid-sized companies for the Prime UK Equity team and UK Small & Mid Cap Equity teams

Joined the Prime UK Equity team in 2018 initially as an analyst

Investment career commenced in 2015 at Schroders as an Associate Portfolio Manager in the Private Bank

CFA Charter Holder

Degree in Economic History from the London School of Economics

<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).

# Comparative Table

Financial year to 31 December	A Accumulation shares			C Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	471.23	614.87	476.53	530.69	687.29	528.68
Return before operating charges*	(27.29)	(135.23)	147.98	(30.78)	(151.35)	164.51
Operating charges	(7.64)	(8.41)	(9.64)	(4.86)	(5.25)	(5.90)
<b>Return after operating charges*</b>	<b>(34.93)</b>	<b>(143.64)</b>	<b>138.34</b>	<b>(35.64)</b>	<b>(156.60)</b>	<b>158.61</b>
Distributions**	(4.68)	(1.22)	-	(9.03)	(5.63)	(2.92)
Retained distributions**	4.68	1.22	-	9.03	5.63	2.92
<b>Closing net asset value</b>	<b>436.30</b>	<b>471.23</b>	<b>614.87</b>	<b>495.05</b>	<b>530.69</b>	<b>687.29</b>
*after direct transaction costs of	(0.59)	(0.05)	(0.52)	(0.68)	(0.06)	(0.58)
<b>Performance</b>						
Return after charges (%)	(7.41)	(23.36)	29.03	(6.72)	(22.79)	30.00
<b>Other information</b>						
Closing net asset value (£000's)	7,135	57,360	83,078	34	1,921	3,599
Closing number of shares	1,635,219	12,172,497	13,511,540	6,849	362,061	523,704
Operating charges (%)	1.67	1.67	1.67	0.92	0.92	0.92
Direct transaction costs (%)	0.13	0.01	0.09	0.13	0.01	0.09
<b>Prices</b>						
Highest dealing price	495.40p	627.60p	649.20p	558.30p	701.60p	723.90p
Lowest dealing price	385.30p	432.20p	483.90p	436.60p	486.00p	537.00p

# Comparative Table (continued)

Financial year to 31 December	S Accumulation shares			S Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	89.69	115.72	88.67	79.43	103.98	80.31
Return before operating charges*	(5.25)	(25.51)	27.63	(4.65)	(22.91)	25.01
Operating charges	(0.46)	(0.52)	(0.58)	(0.40)	(0.46)	(0.53)
<b>Return after operating charges*</b>	<b>(5.71)</b>	<b>(26.03)</b>	<b>27.05</b>	<b>(5.05)</b>	<b>(23.37)</b>	<b>24.48</b>
Distributions**	(1.85)	(1.31)	(0.90)	(1.63)	(1.18)	(0.81)
Retained distributions**	1.85	1.31	0.90	-	-	-
<b>Closing net asset value</b>	<b>83.98</b>	<b>89.69</b>	<b>115.72</b>	<b>72.75</b>	<b>79.43</b>	<b>103.98</b>
*after direct transaction costs of	(0.11)	(0.01)	(0.10)	(0.10)	(0.01)	(0.09)
<b>Performance</b>						
Return after charges (%)	(6.37)	(22.49)	30.51	(6.36)	(22.48)	30.48
<b>Other information</b>						
Closing net asset value (£000's)	1,729	3,260	4,858	4,567	5,610	8,560
Closing number of shares	2,058,897	3,634,450	4,198,080	6,277,576	7,062,683	8,232,162
Operating charges (%)	0.54	0.54	0.54	0.54	0.54	0.54
Direct transaction costs (%)	0.13	0.01	0.09	0.13	0.01	0.09
<b>Prices</b>						
Highest dealing price	94.39p	118.10p	121.70p	83.60p	106.20p	109.80p
Lowest dealing price	74.02p	82.06p	90.07p	64.84p	73.21p	81.58p

# Comparative Table (continued)

Financial year to 31 December	Z Accumulation shares			Z Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	567.55	735.02	565.39	517.52	677.37	523.29
Return before operating charges*	(33.24)	(161.91)	175.95	(30.25)	(149.19)	162.81
Operating charges	(4.88)	(5.56)	(6.32)	(4.46)	(5.12)	(5.84)
<b>Return after operating charges*</b>	<b>(38.12)</b>	<b>(167.47)</b>	<b>169.63</b>	<b>(34.71)</b>	<b>(154.31)</b>	<b>156.97</b>
Distributions**	(9.65)	(6.03)	(3.13)	(8.76)	(5.54)	(2.89)
Retained distributions**	9.65	6.03	3.13	-	-	-
<b>Closing net asset value</b>	<b>529.43</b>	<b>567.55</b>	<b>735.02</b>	<b>474.05</b>	<b>517.52</b>	<b>677.37</b>
*after direct transaction costs of	(0.68)	(0.06)	(0.62)	(0.63)	(0.06)	(0.57)
<b>Performance</b>						
Return after charges (%)	(6.72)	(22.78)	30.00	(6.71)	(22.78)	30.00
<b>Other information</b>						
Closing net asset value (£000's)	142,106	123,471	177,914	10,289	11,581	17,021
Closing number of shares	26,841,393	21,755,196	24,205,307	2,170,379	2,237,689	2,512,920
Operating charges (%)	0.92	0.92	0.92	0.92	0.92	0.92
Direct transaction costs (%)	0.13	0.01	0.09	0.13	0.01	0.09
<b>Prices</b>						
Highest dealing price	597.10p	750.40p	774.20p	544.50p	691.50p	714.80p
Lowest dealing price	466.90p	519.70p	574.30p	422.00p	476.50p	531.50p

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

C Income shares converted into Z Income shares on 25 May 2023.

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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 31.12.23	Market Value £000's	% of net assets
<b>Equities 97.55% (98.14%)</b>			
<b>Basic Materials 5.43% (2.85%)</b>			
Directa Plus*	824,778	198	0.12
Hill & Smith	144,074	2,749	1.66
Treatt	485,742	2,443	1.47
Victrex	78,634	1,197	0.72
Zotefoams	723,745	2,424	1.46
		<b>9,011</b>	<b>5.43</b>
<b>Consumer Discretionary 14.68% (17.49%)</b>			
4imprint Group	42,755	1,954	1.18
Future	110,823	882	0.53
GlobalData*	880,900	1,718	1.03
Hollywood Bowl Group	1,223,574	3,744	2.26
ME Group International	1,500,000	1,875	1.13
Reach	1,092,693	818	0.49
Saietta Group*	2,638,055	449	0.27
Sanderson Design Group*	3,542,625	4,074	2.46
Ultimate Products	836,079	1,233	0.74
Vertu Motors*	1,135,918	807	0.49
Warpaint London*	906,875	3,355	2.02
Wilmington	260,350	864	0.52
Young & Co.'s Brewery*	200,000	1,588	0.96
Young & Co.'s Brewery A*	90,738	989	0.60
		<b>24,350</b>	<b>14.68</b>
<b>Consumer Staples 3.43% (3.03%)</b>			
IG Design Group*	2,076,644	3,011	1.81
Nichols*	168,644	1,889	1.14
Wynnstay Group*	233,966	795	0.48
		<b>5,695</b>	<b>3.43</b>
<b>Energy 4.02% (2.47%)</b>			
Ashtead Technology Holdings*	868,155	5,279	3.18
Tekmar Group*	13,833,118	1,383	0.84
		<b>6,662</b>	<b>4.02</b>
<b>Financials 8.03% (5.13%)</b>			
CMC Markets	845,359	888	0.54
Foresight Group Holdings	626,181	2,699	1.63
H&T Group*	221,110	955	0.58
LendInvest*	1,212,029	315	0.19
Mattioli Woods*	92,443	564	0.34
Paragon Banking Group	402,779	2,809	1.69
Record	2,581,049	1,833	1.10
TBC Bank Group	53,588	1,514	0.91
XPS Pensions Group	747,828	1,742	1.05
		<b>13,319</b>	<b>8.03</b>

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Health Care 1.44% (4.39%)</b>			
EKF Diagnostics Holdings*	3,596,514	1,129	0.68
Poolbeg Pharma*	14,195,000	1,249	0.75
Sensyne Health^	2,306,172	0	0.00
Verici Dx*	71,930	7	0.01
		<b>2,385</b>	<b>1.44</b>
<b>Industrials 35.49% (38.75%)</b>			
Alpha Financial Markets Consulting*	109,263	426	0.26
Avation	1,176,792	1,471	0.89
Babcock International Group	418,276	1,651	1.00
Boku*	2,225,457	2,938	1.77
Chemring Group	700,452	2,455	1.48
Clarkson	63,501	2,007	1.21
DiscoverIE Group	250,385	1,978	1.19
Equals Group*	2,036,932	2,465	1.49
Essentra	517,648	869	0.52
Eurocell	1,492,965	1,881	1.13
Fintel*	329,320	807	0.49
FRP Advisory Group*	1,337,136	1,818	1.10
Keller Group	181,234	1,593	0.96
Midwich Group*	957,264	4,087	2.46
Oxford Instruments	75,503	1,733	1.04
PayPoint	141,002	732	0.44
Redde Northgate	757,997	2,752	1.66
Renew Holdings*	634,624	5,445	3.28
Restore*	616,961	1,345	0.81
Ricardo	463,702	2,272	1.37
Solid State*	99,988	1,360	0.82
Spectra Systems*	1,354,874	3,089	1.86
Thruvision Group*	10,212,761	1,838	1.11
Videndum	285,568	994	0.60
Volex*	394,212	1,258	0.76
Vp	588,048	3,646	2.20
Wincanton	784,015	2,430	1.47
Xaar	2,062,180	2,268	1.37
XP Power	92,272	1,251	0.75
		<b>58,859</b>	<b>35.49</b>
<b>Real Estate 3.30% (2.27%)</b>			
Harworth Group	2,157,460	2,621	1.58
Sirius Real Estate REIT	3,022,006	2,850	1.72
		<b>5,471</b>	<b>3.30</b>
<b>Technology 19.98% (18.91%)</b>			
ActiveOps*	1,585,522	1,427	0.86

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets
Big Technologies#	1,813,659	3,210	1.93
Blackbird#	14,419,687	793	0.48
Bytes Technology Group	312,742	1,912	1.15
Cerillion#	158,940	2,543	1.53
CML Microsystems#	32,897	120	0.07
Essensys Group#	2,041,677	735	0.44
Gooch & Housego#	440,657	2,600	1.57
Kin & Carta	1,652,692	2,191	1.32
Moneysuper-market.com Group	488,451	1,369	0.83
NCC Group	2,465,538	3,176	1.91
Nexteq#	3,191,783	3,128	1.89

	Holding at 31.12.23	Market Value £000's	% of net assets
Quartix Technologies#	518,922	727	0.44
Tracsis#	363,393	3,343	2.02
TT Electronics	1,476,728	2,307	1.39
Windward#	2,910,766	2,387	1.44
Zoo Digital Group#	1,813,928	1,179	0.71
		<b>33,147</b>	<b>19.98</b>
<b>Telecommunications 1.75% (2.85%)</b>			
Telecom Plus	180,000	2,902	1.75
		<b>2,902</b>	<b>1.75</b>
<b>Equities total</b>		<b>161,801</b>	<b>97.55</b>
<b>Portfolio of investments</b>		<b>161,801</b>	<b>97.55</b>
<b>Net other assets</b>		<b>4,059</b>	<b>2.45</b>
<b>Net assets attributable to shareholders</b>		<b>165,860</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

# Security traded on another regulated market.

^ Unlisted, suspended or delisted security.

# Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital losses	2		(16,837)		(69,740)
Revenue	3	4,932		4,501	
Expenses	4	(1,874)		(2,591)	
Net revenue before taxation		<b>3,058</b>		<b>1,910</b>	
Taxation	5	(37)		(36)	
Net revenue after taxation			<b>3,021</b>		<b>1,874</b>
<b>Total return before distributions</b>			<b>(13,816)</b>		<b>(67,866)</b>
Distributions	6		(3,040)		(1,875)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(16,856)</b>		<b>(69,741)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		204,415		296,920
Amounts receivable on issue of shares	3,591		9,500	
Amounts payable on cancellation of shares	(27,929)		(33,892)	
		<b>(24,338)</b>		<b>(24,392)</b>
Dilution adjustment		-		39
Change in net assets attributable to shareholders from investment activities		(16,856)		(69,741)
Retained distribution on Accumulation shares		2,639		1,589
<b>Closing net assets attributable to shareholders</b>		<b>165,860</b>		<b>204,415</b>

# Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			161,801		200,607
<b>Current assets</b>					
Debtors	8		2,091		275
Cash and bank balances			2,769		3,915
<b>Total assets</b>			<b>166,661</b>		<b>204,797</b>
<b>Liabilities</b>					
<b>Creditors</b>					
Distributions payable			(147)		(112)
Other creditors	9		(654)		(270)
<b>Total liabilities</b>			<b>(801)</b>		<b>(382)</b>
<b>Net assets attributable to shareholders</b>			<b>165,860</b>		<b>204,415</b>



# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder UK Dynamic Smaller Companies Fund are disclosed on pages 9 to 10.

### 2 Net capital losses

The net capital losses during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	(16,837)	(69,740)
<b>Net capital losses</b>	<b>(16,837)</b>	<b>(69,740)</b>

### 3 Revenue

	2023	2022
	£000's	£000's
UK dividends	4,405	3,985
Overseas dividends	451	418
Real estate income distributions	-	62
Bank interest	76	36
<b>Total revenue</b>	<b>4,932</b>	<b>4,501</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	1,874	2,591
<b>Total expenses</b>	<b>1,874</b>	<b>2,591</b>

<sup>1</sup> Audit fees including VAT for the year were £8,404 (2022 – £9,647).

### 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
Overseas withholding tax	37	36
<b>Total current tax (Note 5(b))</b>	<b>37</b>	<b>36</b>

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### (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 Open Ended Investment Companies 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>3,058</b>	<b>1,910</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	611	382
<b>Effects of:</b>		
Revenue not subject to corporation tax	(971)	(880)
Movement in excess management expenses	360	498
Overseas withholding tax	37	36
<b>Total tax charge for the year (Note 5(a))</b>	<b>37</b>	<b>36</b>

### (c) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £12,473,046 (2022 – £12,113,444) in respect of unutilised management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

## 6 Distributions

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

	2023	2022
	£000's	£000's
Interim Dividend distribution	1,419	901
Final Dividend distribution	1,523	919
	<b>2,942</b>	<b>1,820</b>
Add: Revenue deducted on cancellation of shares	112	60
Deduct: Revenue received on issue of shares	(14)	(5)
<b>Distributions</b>	<b>3,040</b>	<b>1,875</b>
Net revenue after taxation	3,021	1,874
Equalisation on conversions	19	1
<b>Distributions</b>	<b>3,040</b>	<b>1,875</b>

Details of the distributions per share are set out in the Distribution Tables on pages 30 to 31.

## 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	161,801	–	200,607	–
Level 2: Observable market data	–	–	–	–
Level 3: Unobservable data	–	–	–	–
<b>Total</b>	<b>161,801</b>	<b>–</b>	<b>200,607</b>	<b>–</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.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023	2022
	£000's	£000's
Amounts receivable for issue of shares	8	33
Sales awaiting settlement	1,751	-
Accrued revenue	332	242
<b>Total debtors</b>	<b>2,091</b>	<b>275</b>

### 9 Other creditors

	2023	2022
	£000's	£000's
Amounts payable for cancellation of shares	532	80
Accrued expenses	122	190
<b>Total other creditors</b>	<b>654</b>	<b>270</b>

### 10 Contingent liabilities

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

### 11 Related party transactions

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

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

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

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 4.14% (2022 - 4.94%).

Certain directors or close family members of directors own units in the Fund. At the balance sheet date, S Accumulation units held were 32,163.14 and distributions payable in respect of such unit holdings were £595.02.

### 12 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 19 to 21.

The distributions per share class are given in the Distribution Tables on pages 30 to 31.

All classes have the same rights on winding up.

### 13 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, foreign currency, liquidity and interest rate risks. The Authorised Corporate Director'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 Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 shareholders would increase or decrease by approximately £16,180,100 (2022 - £20,060,700).

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### Foreign currency risk

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.

At the year end date, the majority of the Fund's financial assets and liabilities were denominated in sterling. As a result, the Fund has no significant exposure to currency movements.

### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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.

At the year end date 1.67% (2022 – 1.92%) 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.

### 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.

### Global risk exposure

#### Commitment approach

When using derivatives, the Authorised Corporate Director 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 31 December 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				2022			
Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 14 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>						
Equities	48,458	20	179	48,657	0.04	0.37
<b>Sales</b>						
Equities	70,661	(35)	-	70,626	(0.05)	-
Total cost as a percentage of the Fund's average net asset value (%)		0.03	0.10			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	18,906	7	13	18,926	0.04	0.07
<b>Sales</b>						
Equities	35,025	(13)	-	35,012	(0.04)	-
Total cost as a percentage of the Fund's average net asset value (%)		0.01	-			

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 1.90% (2022 – 2.48%).

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.

### 15 Shares in issue reconciliation

	Number of shares in issue 31.12.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
A Accumulation shares	12,172,497	107,766	(1,180,394)	(9,464,650)	1,635,219
C Accumulation shares	362,061	1,161	(32,909)	(323,464)	6,849
S Accumulation shares	3,634,450	19,506	(509,983)	(1,085,076)	2,058,897
S Income shares	7,062,683	2,274	(956,741)	169,360	6,277,576
Z Accumulation shares	21,755,196	524,830	(3,714,747)	8,276,114	26,841,393
Z Income shares	2,237,689	48,134	(342,107)	226,663	2,170,379

# Distribution Tables

## Interim distribution for the six months ended 30 June 2023

**Group 1** Shares purchased prior to 1 January 2023

**Group 2** Shares purchased on or after 1 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.8.23 per share	Distribution paid 31.8.22 per share
<b>A Accumulation shares</b>				
Group 1	2.1938p	-	2.1938p	0.4107p
Group 2	1.7303p	0.4635p	2.1938p	0.4107p
<b>C Accumulation shares</b>				
Group 1	4.4397p	-	4.4397p	2.7318p
Group 2	4.4397p	-	4.4397p	2.7318p
<b>S Accumulation shares</b>				
Group 1	0.9195p	-	0.9195p	0.6530p
Group 2	0.5565p	0.3630p	0.9195p	0.6530p
<b>S Income shares</b>				
Group 1	0.8144p	-	0.8144p	0.5868p
Group 2	0.4810p	0.3334p	0.8144p	0.5868p
<b>Z Accumulation shares</b>				
Group 1	4.7492p	-	4.7492p	2.9330p
Group 2	3.4332p	1.3160p	4.7492p	2.9330p
<b>Z Income shares</b>				
Group 1	4.3307p	-	4.3307p	2.6991p
Group 2	3.1067p	1.2240p	4.3307p	2.6991p

## Final distribution for the six months ended 31 December 2023

**Group 1** Shares purchased prior to 1 July 2023

**Group 2** Shares purchased on or after 1 July 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share	Distribution paid 28.2.23 per share
<b>A Accumulation shares</b>				
Group 1	2.4840p	-	2.4840p	0.8109p
Group 2	0.8167p	1.6673p	2.4840p	0.8109p
<b>C Accumulation shares</b>				
Group 1	4.5866p	-	4.5866p	2.8988p
Group 2	4.5866p	-	4.5866p	2.8988p
<b>S Accumulation shares</b>				
Group 1	0.9290p	-	0.9290p	0.6594p
Group 2	0.4176p	0.5114p	0.9290p	0.6594p
<b>S Income shares</b>				
Group 1	0.8137p	-	0.8137p	0.5883p
Group 2	0.3754p	0.4383p	0.8137p	0.5883p
<b>Z Accumulation shares</b>				
Group 1	4.9027p	-	4.9027p	3.1000p
Group 2	1.3515p	3.5512p	4.9027p	3.1000p

# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share	Distribution paid 28.2.23 per share
<b>Z Income shares</b>				
Group 1	4.4307p	-	4.4307p	2.8424p
Group 2	1.8366p	2.5941p	4.4307p	2.8424p

### Equalisation

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

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

# Schroder Sterling Corporate Bond Fund

## Fund Information

### Investment objective and policy

Schroder Sterling Corporate Bond Fund (the 'Fund') aims to provide income and capital growth in excess of the Bank of America Merrill Lynch Sterling Corporate & Collateralised (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in fixed and floating rate securities issued by UK companies and companies worldwide.

The Fund is actively managed and invests at least 80% of its assets in fixed and floating rate securities denominated in sterling (or in other currencies and hedged back into sterling) and issued by UK companies and companies worldwide.

The Fund may also invest in fixed and floating rate securities issued by governments, government agencies, and supra-nationals.

The Fund may invest up to 20% of its assets in below investment grade securities (as measured by Standard & Poor's or any other equivalent credit rating agencies) or in unrated securities.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus). The Fund may use leverage and take short positions.

### Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the Bank of America Merrill Lynch Sterling Corporate & Collateralised (Gross Total Return) index, and compared against the Investment Association Sterling Corporate Bond sector average return. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Adviser and the ACD believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.



# Review of Investment Activities

**From 30 December 2022 to 29 December 2023, the price of Z Accumulation shares on a dealing price basis rose by 12.61%. In the same period, the Bank of America Merrill Lynch Sterling Corporate & Collateralised Index generated a total return of 9.66%<sup>1</sup>.**

2023 was another turbulent year for capital markets. In March, the stability of the global financial system was once again challenged and volatility spiked, as Silicon Valley Bank in the US collapsed, and Credit Suisse was taken over by its longtime rival UBS. Moreover, the rates market saw wild swings, as the US Federal Reserve, the European Central Bank and the Bank of England continued raising interest rates to bring inflation, which decreased from very elevated levels, back under control. At the same time economic activity was weak and economists speculated about a hard landing for parts of the global economy. While the US economy held up relatively well, the European economy and especially the manufacturing sector suffered from the tight financial conditions. Geopolitical tensions remained high. In Q4 the market sentiment improved significantly, as the central banks signalled that financial conditions were tight enough to bring inflation back to its target level. Speculation about potential rate cuts in 2024 and a soft landing for the economy fuelled a year-end rally in rates and riskier assets.

The main contributor to positive performance was our off-benchmark exposure to European investment grade credit, particularly within financial services and banks. Banking is a sector we have been positive on for some time. We believe the fundamental picture for banks is healthy, with significantly improved regulations and ringfencing of assets. Our exposure is mostly in Europe, which is a more diversified market with higher deposit rates and lower commercial real estate exposure than the US.

We also benefited from tactically using CDS throughout the year. An example of this was seen in October, where we expressed a view on the US high yield market, through a long position in the Credit Default Swap Index (CDX). We added to this after a period of underperformance following a sharp repricing of spreads. CDX offers a more liquid way to access high yield, and the spread was attractive relative to cash bonds, meaning investors benefitted from not only improved liquidity but also better compensation. When spreads corrected, we took profit on the position in November.

In terms of detractors, the Fund underperformed against the benchmark in sectors that we held underweights to. Some examples were GBP-utility, real estate and telecoms. Overall credit performed well throughout the year and therefore sectors where we held underweight positions to, detracted from performance.

In terms of key portfolio changes, we reduced our high yield exposure since the beginning of the year in favour of investment grade bonds. This adjustment was made as we were mindful about the possibility of a hard landing. We also were happy with the valuations offered by investment grade bonds.

We have also added exposure to agency MBS during the final quarter of the year. A combination of attractive valuations, yield pick-up and a high coupon made the sector attractive relative to the US investment grade corporate bond market, where in contrast valuations now appear stretched following the recent rally. We also consider that the agency MBS sector offers significantly lower credit risk at this stage of the economic cycle.

**Co-Fund Manager:**  
**Julien Houdain**



Julien Houdain joined Schroders in 2019 and holds the role of Head of Credit, Europe and is responsible for managing a range of credit strategies

Julien joined from Legal & General Investment Management where he held the role of Head of Global Bond Strategies PhD, Ecole Normale Supérieure, France, Applied Mathematics Master of Research, University of Paris XII, France, Applied Mathematics

University Paris XII, Graduate in Econometrics

**Co-Fund Manager:**  
**Daniel Pearson**



Daniel Pearson joined Schroders in 2013 following the acquisition of Cazenove Capital

He focused on Investment grade and High Yield Auto, Business services and Property sectors. Prior to this he worked as a high yield credit analyst

He previously worked at 3i Group plc where he initially worked as a portfolio manager in restructuring/SME team before moving to the European buyout team and focused on all aspects of new investments – origination, appraisal, structuring and debt arrangement. From 1990 to 2002 he worked at Hambros plc

BSc in Business Administration from Bath University and an ACCA qualification

<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).

# Comparative Table

Financial year to 31 December	A Accumulation shares			A Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	75.38	95.80	94.34	51.99	69.85	71.36
Return before operating charges*	10.03	(19.49)	2.51	6.72	(14.09)	1.88
Operating charges	(0.88)	(0.93)	(1.05)	(0.59)	(0.67)	(0.78)
<b>Return after operating charges*</b>	<b>9.15</b>	<b>(20.42)</b>	<b>1.46</b>	<b>6.13</b>	<b>(14.76)</b>	<b>1.10</b>
Distributions**	(4.14)	(4.33)	(3.49)	(2.80)	(3.10)	(2.61)
Retained distributions**	4.14	4.33	3.49	-	-	-
<b>Closing net asset value</b>	<b>84.53</b>	<b>75.38</b>	<b>95.80</b>	<b>55.32</b>	<b>51.99</b>	<b>69.85</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	12.14	(21.32)	1.55	11.79	(21.13)	1.54
<b>Other information</b>						
Closing net asset value (£000's)	25,326	33,011	50,864	7,582	9,651	15,867
Closing number of shares	29,961,864	43,794,150	53,096,276	13,705,131	18,562,732	22,716,811
Operating charges (%)	1.12	1.12	1.12	1.12	1.12	1.12
<b>Prices</b>						
Highest dealing price	85.19p	95.85p	97.96p	56.45p	69.89p	72.78p
Lowest dealing price	74.68p	68.77p	93.14p	50.18p	48.11p	69.58p

# Comparative Table (continued)

Financial year to 31 December	C Accumulation shares			C Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	147.15	186.08	182.34	52.51	70.18	71.34
Return before operating charges*	19.64	(37.94)	4.85	6.81	(14.18)	1.88
Operating charges	(0.95)	(0.99)	(1.11)	(0.34)	(0.37)	(0.43)
<b>Return after operating charges*</b>	<b>18.69</b>	<b>(38.93)</b>	<b>3.74</b>	<b>6.47</b>	<b>(14.55)</b>	<b>1.45</b>
Distributions**	(8.10)	(8.43)	(6.77)	(2.83)	(3.12)	(2.61)
Retained distributions**	8.10	8.43	6.77	-	-	-
<b>Closing net asset value</b>	<b>165.84</b>	<b>147.15</b>	<b>186.08</b>	<b>56.15</b>	<b>52.51</b>	<b>70.18</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	12.70	(20.92)	2.05	12.32	(20.73)	2.03
<b>Other information</b>						
Closing net asset value (£000's)	392	6,781	8,317	182	6,154	9,097
Closing number of shares	236,245	4,608,465	4,469,706	324,428	11,720,213	12,961,847
Operating charges (%)	0.62	0.62	0.62	0.62	0.62	0.62
<b>Prices</b>						
Highest dealing price	167.10p	186.20p	189.90p	57.30p	70.23p	72.98p
Lowest dealing price	146.20p	134.10p	180.20p	50.81p	48.53p	69.83p

# Comparative Table (continued)

Financial year to 31 December	L Accumulation shares <sup>1</sup>	L Income shares <sup>2</sup>	Q Accumulation shares		
	2023 pence per share	2023 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>					
Opening net asset value	50.00	50.00	47.37	59.74	58.32
Return before operating charges*	4.71	4.71	6.36	(12.19)	1.58
Operating charges	(0.27)	(0.27)	(0.21)	(0.18)	(0.16)
<b>Return after operating charges*</b>	<b>4.44</b>	<b>4.44</b>	<b>6.15</b>	<b>(12.37)</b>	<b>1.42</b>
Distributions**	(0.47)	(0.47)	(2.61)	(2.71)	(2.15)
Retained distributions**	0.47	-	2.61	2.71	2.15
<b>Closing net asset value</b>	<b>54.44</b>	<b>53.97</b>	<b>53.52</b>	<b>47.37</b>	<b>59.74</b>
*after direct transaction costs of	-	-	-	-	-
<b>Performance</b>					
Return after charges (%)	8.88	8.88	12.98	(20.71)	2.43
<b>Other information</b>					
Closing net asset value (£000's)	2	2	1	1	1
Closing number of shares	3,000	3,000	2,000	2,000	2,000
Operating charges (%)	0.52	0.52	0.42	0.42	0.42
<b>Prices</b>					
Highest dealing price	54.86p	54.86p	53.94p	59.78p	60.84p
Lowest dealing price	49.86p	49.86p	47.12p	43.15p	57.67p

# Comparative Table (continued)

Financial year to 31 December	Q Income shares			S Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	40.82	54.45	55.25	158.58	200.15	195.77
Return before operating charges*	5.30	(11.01)	1.46	21.19	(40.82)	5.21
Operating charges	(0.18)	(0.20)	(0.23)	(0.69)	(0.75)	(0.83)
<b>Return after operating charges*</b>	<b>5.12</b>	<b>(11.21)</b>	<b>1.23</b>	<b>20.50</b>	<b>(41.57)</b>	<b>4.38</b>
Distributions**	(2.21)	(2.42)	(2.03)	(8.74)	(9.07)	(7.28)
Retained distributions**	-	-	-	8.74	9.07	7.28
<b>Closing net asset value</b>	<b>43.73</b>	<b>40.82</b>	<b>54.45</b>	<b>179.08</b>	<b>158.58</b>	<b>200.15</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	12.54	(20.59)	2.23	12.93	(20.77)	2.24
<b>Other information</b>						
Closing net asset value (£000's)	3,696	13,145	50,409	696	2,337	5,119
Closing number of shares	8,452,221	32,205,503	92,575,861	388,852	1,473,781	2,557,610
Operating charges (%)	0.42	0.42	0.42	0.42	0.42	0.42
<b>Prices</b>						
Highest dealing price	44.63p	54.49p	56.58p	180.50p	200.30p	204.10p
Lowest dealing price	39.53p	37.71p	54.16p	157.70p	144.50p	193.60p

# Comparative Table (continued)

Financial year to 31 December	S Income shares			Z Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	47.14	62.89	63.82	157.04	198.58	194.59
Return before operating charges*	6.12	(12.72)	1.68	20.95	(40.48)	5.18
Operating charges	(0.20)	(0.23)	(0.27)	(1.01)	(1.06)	(1.19)
<b>Return after operating charges*</b>	<b>5.92</b>	<b>(12.95)</b>	<b>1.41</b>	<b>19.94</b>	<b>(41.54)</b>	<b>3.99</b>
Distributions**	(2.55)	(2.80)	(2.34)	(8.64)	(8.99)	(7.23)
Retained distributions**	-	-	-	8.64	8.99	7.23
<b>Closing net asset value</b>	<b>50.51</b>	<b>47.14</b>	<b>62.89</b>	<b>176.98</b>	<b>157.04</b>	<b>198.58</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	12.56	(20.59)	2.21	12.70	(20.92)	2.05
<b>Other information</b>						
Closing net asset value (£000's)	12,510	158,865	243,186	500,539	408,775	722,968
Closing number of shares	24,766,704	336,998,133	386,668,488	282,816,103	260,303,590	364,064,679
Operating charges (%)	0.42	0.42	0.42	0.62	0.62	0.62
<b>Prices</b>						
Highest dealing price	51.55p	62.94p	65.35p	178.40p	198.70p	202.70p
Lowest dealing price	45.66p	43.55p	62.55p	156.00p	143.10p	192.30p

# Comparative Table (continued)

Financial year to 31 December	Z Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>			
Opening net asset value	102.63	137.19	139.45
Return before operating charges*	13.31	(27.73)	3.69
Operating charges	(0.65)	(0.73)	(0.84)
<b>Return after operating charges*</b>	<b>12.66</b>	<b>(28.46)</b>	<b>2.85</b>
Distributions**	(5.54)	(6.10)	(5.11)
<b>Closing net asset value</b>	<b>109.75</b>	<b>102.63</b>	<b>137.19</b>
*after direct transaction costs of	-	-	-
<b>Performance</b>			
Return after charges (%)	12.34	(20.74)	2.04
<b>Other information</b>			
Closing net asset value (£000's)	101,610	103,703	209,484
Closing number of shares	92,583,924	101,044,280	152,700,850
Operating charges (%)	0.62	0.62	0.62
<b>Prices</b>			
Highest dealing price	112.00p	137.30p	142.70p
Lowest dealing price	99.31p	94.86p	136.50p

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

1 L Accumulation shares launched on 25 October 2023.

2 L Income shares launched on 25 October 2023.

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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 31.12.23	Market Value £000's	% of net assets
<b>Corporate Bonds 84.64% (88.47%)</b>			
<b>Australia 0.34% (0.00%)</b>			
Macquarie Group 4.747% 23/01/2030	2,432,000	2,216	0.34
		<b>2,216</b>	<b>0.34</b>
<b>Austria 1.19% (1.02%)</b>			
UNIQA Insurance Group FRN 3.25% 09/10/2035	9,300,000	7,756	1.19
		<b>7,756</b>	<b>1.19</b>
<b>Belgium 1.39% (0.76%)</b>			
Crelan 5.375% 31/10/2025	1,500,000	1,334	0.20
Crelan 5.75% 26/01/2028	4,300,000	3,897	0.60
Crelan FRN 6% 28/02/2030	4,200,000	3,848	0.59
		<b>9,079</b>	<b>1.39</b>
<b>Bermuda 1.18% (0.83%)</b>			
Lancashire Holdings FRN 5.625% 18/09/2041	5,391,000	3,610	0.55
Hiscox FRN 6.125% 24/11/2045	4,187,000	4,107	0.63
		<b>7,717</b>	<b>1.18</b>
<b>Brazil 0.00% (0.26%)</b>			
<b>Cayman Islands 0.45% (0.73%)</b>			
Global Aircraft Leasing 6.5% 15/09/2024	3,077,441	2,269	0.35
Avolon Holdings Funding 2.528% 18/11/2027	1,000,000	696	0.10
		<b>2,965</b>	<b>0.45</b>
<b>Czech Republic 0.83% (0.38%)</b>			
Raiffeisenbank FRN 7.125% 19/01/2026	2,700,000	2,363	0.36
Raiffeisenbank FRN 1% 09/06/2028	4,100,000	3,049	0.47
		<b>5,412</b>	<b>0.83</b>
<b>Denmark 0.28% (0.00%)</b>			
TDC Net 5.056% 31/05/2028	917,000	823	0.13
TDC Net 5.618% 06/02/2030	1,132,000	1,011	0.15
		<b>1,834</b>	<b>0.28</b>
<b>Estonia 0.31% (0.00%)</b>			
Luminor Bank FRN 7.25% 16/01/2026	2,278,000	2,009	0.31
		<b>2,009</b>	<b>0.31</b>
<b>Finland 0.00% (0.28%)</b>			
<b>France 5.29% (4.92%)</b>			
Teleperformance 5.25% 22/11/2028	1,100,000	996	0.15

	Holding at 31.12.23	Market Value £000's	% of net assets
Valeo 5.875% 12/04/2029	2,000,000	1,860	0.28
In'li 1.125% 02/07/2029	6,700,000	5,126	0.79
Imerys 4.75% 29/11/2029	6,000,000	5,283	0.81
Edenred 3.625% 13/06/2031	3,000,000	2,644	0.41
Teleperformance 5.75% 22/11/2031	1,300,000	1,195	0.18
BPCE FRN 2.5% 30/11/2032	3,000,000	2,624	0.40
La Mondiale FRN 4.8% 18/01/2048	11,241,000	8,002	1.23
Electricite de France 6% 23/01/2114	2,900,000	2,824	0.43
Veolia Environnement FRN 2.5% Perpetual	5,100,000	3,950	0.61
		<b>34,504</b>	<b>5.29</b>
<b>Germany 1.22% (3.63%)</b>			
Deutsche Bank FRN 1.875% 23/02/2028	2,500,000	2,035	0.31
Fraport AG Frankfurt Airport Services Worldwide 1.875% 31/03/2028	1,369,000	1,120	0.17
Deutsche Bank FRN 1.875% 22/12/2028	2,500,000	2,164	0.33
Deutsche Bank FRN 6.125% 12/12/2030	2,600,000	2,631	0.41
		<b>7,950</b>	<b>1.22</b>
<b>Guernsey 2.17% (2.11%)</b>			
Globalworth Real Estate Investments REIT 3% 29/03/2025	5,661,000	4,485	0.69
Sirius Real Estate 1.125% 22/06/2026	9,200,000	7,183	1.10
Sirius Real Estate 1.75% 24/11/2028	3,500,000	2,503	0.38
		<b>14,171</b>	<b>2.17</b>
<b>Hungary 0.44% (0.70%)</b>			
MVM Energetika 0.875% 18/11/2027	3,876,000	2,861	0.44
		<b>2,861</b>	<b>0.44</b>
<b>Iceland 0.26% (0.00%)</b>			
Arion Banki HF 7.25% 25/05/2026	1,860,000	1,695	0.26
		<b>1,695</b>	<b>0.26</b>
<b>Ireland 1.73% (0.52%)</b>			
CA Auto Bank 6% 06/12/2026	4,790,000	4,883	0.75
Permanent TSB Group Holdings FRN 6.625% 25/04/2028	2,019,000	1,845	0.28

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets
Permanent TSB Group Holdings FRN 6.625% 30/06/2029	1,939,000	1,798	0.27
Bank of Ireland Group FRN 4.625% 13/11/2029	2,805,000	2,525	0.39
Roadster Finance 2.375% 08/12/2032	365,000	273	0.04
		<b>11,324</b>	<b>1.73</b>
<b>Israel 0.32% (0.26%)</b>			
Energean Israel Finance 5.375% 30/03/2028	3,000,000	2,066	0.32
		<b>2,066</b>	<b>0.32</b>
<b>Italy 0.00% (1.72%)</b>			
<b>Jersey 2.15% (6.28%)</b>			
Gatwick Funding 6.125% 02/03/2028	2,000,000	2,044	0.32
Heathrow Funding 2.625% 16/03/2028	2,000,000	1,777	0.27
Gatwick Funding 2.5% 15/04/2032	2,311,000	2,025	0.31
AA Bond 6.269% 02/07/2043	8,175,000	8,173	1.25
		<b>14,019</b>	<b>2.15</b>
<b>Luxembourg 6.01% (7.39%)</b>			
Logicor Financing 0.75% 15/07/2024	1,608,000	1,360	0.21
Blackstone Property Partners Europe Holdings 2% 20/10/2025	4,423,000	4,110	0.63
Cromwell Ereit Lux Finco REIT 2.125% 19/11/2025	12,193,000	9,925	1.52
P3 Group 1.625% 26/01/2029	3,716,000	2,825	0.43
Blackstone Property Partners Europe Holdings 1.75% 12/03/2029	6,183,000	4,505	0.69
Logicor Financing 1.625% 17/01/2030	1,167,000	863	0.13
B&M European Value Retail 8.125% 15/11/2030	1,563,000	1,661	0.25
Logicor Financing 0.875% 14/01/2031	540,000	361	0.06
Heidelberg Materials Finance 4.875% 21/11/2033	2,303,000	2,125	0.33
Logicor Financing 2% 17/01/2034	6,794,000	4,587	0.70
CPI Property Group FRN 5.8% Perpetual	26,000,000	6,912	1.06
		<b>39,234</b>	<b>6.01</b>

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Mexico 0.00% (0.35%)</b>			
<b>Netherlands 4.38% (2.79%)</b>			
IMCD 4.875% 18/09/2028	1,448,000	1,314	0.20
VIA Outlets 1.75% 15/11/2028	8,085,000	6,217	0.95
NIBC Bank 6% 16/11/2028	2,300,000	2,115	0.33
Enel Finance International 2.875% 11/04/2029	1,499,000	1,373	0.21
H&M Finance 4.875% 25/10/2031	4,103,000	3,796	0.58
Sartorius Finance 4.5% 14/09/2032	6,000,000	5,415	0.83
ING Groep FRN 6.25% 20/05/2033	3,900,000	3,931	0.60
JDE Peet's 4.5% 23/01/2034	1,377,000	1,253	0.19
Sartorius Finance 4.875% 14/09/2035	3,500,000	3,194	0.49
		<b>28,608</b>	<b>4.38</b>
<b>Poland 1.65% (1.49%)</b>			
mBank FRN 0.966% 21/09/2027	14,400,000	10,781	1.65
		<b>10,781</b>	<b>1.65</b>
<b>Portugal 0.39% (0.72%)</b>			
Fidelidade - Cia de Seguros FRN 4.25% 04/09/2031	3,300,000	2,548	0.39
		<b>2,548</b>	<b>0.39</b>
<b>Romania 0.21% (0.00%)</b>			
Banca Comerciala Romana FRN 7.625% 19/05/2027	1,500,000	1,368	0.21
		<b>1,368</b>	<b>0.21</b>
<b>Spain 1.77% (1.69%)</b>			
Unicaja Banco FRN 1% 01/12/2026	3,400,000	2,781	0.43
Banco de Sabadell FRN 5.25% 07/02/2029	2,300,000	2,057	0.32
Unicaja Banco FRN 5.125% 21/02/2029	3,000,000	2,667	0.41
FCC Servicios Medio Ambiente Holding 5.25% 30/10/2029	1,908,000	1,773	0.27
CaixaBank FRN 6.875% 25/10/2033	2,200,000	2,242	0.34
		<b>11,520</b>	<b>1.77</b>
<b>Supranational 0.00% (0.85%)</b>			
<b>Sweden 0.58% (0.50%)</b>			
EQT 2.375% 06/04/2028	1,736,000	1,419	0.22
EQT 2.875% 06/04/2032	3,063,000	2,360	0.36
		<b>3,779</b>	<b>0.58</b>

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets		Holding at 31.12.23	Market Value £000's	% of net assets
<b>Switzerland 1.05% (1.66%)</b>							
Raiffeisen Schweiz Genossenschaft 5.23% 01/11/2027	3,500,000	3,209	0.49	Pinewood Finance 3.625% 15/11/2027	5,519,000	5,067	0.78
Raiffeisen Schweiz Genossenschaft 4.84% 03/11/2028	1,300,000	1,175	0.18	Nationwide Building Society FRN 6.178% 07/12/2027	1,435,000	1,473	0.23
Julius Baer Group FRN 6.875% Perpetual	400,000	283	0.04	Coventry Building Society FRN 5.697% 14/03/2028	4,986,000	4,981	0.76
UBS Group FRN 3.875% Perpetual	3,123,000	2,186	0.34	Grainger 3.375% 24/04/2028	3,773,000	3,476	0.53
		<b>6,853</b>	<b>1.05</b>	Nationwide Building Society FRN 5.682% 08/06/2028	5,000,000	4,994	0.77
<b>United Kingdom 40.62% (42.48%)</b>							
Severn Trent Utilities Finance 6.125% 26/02/2024	1,000,000	1,000	0.15	Inchcape 6.5% 09/06/2028	6,319,000	6,571	1.01
Saga 3.375% 12/05/2024	1,099,000	1,033	0.16	Lloyds Bank FRN 5.698% 13/06/2028	2,200,000	2,198	0.34
Liberty Living Finance 2.625% 28/11/2024	989,000	961	0.15	Weir Group 6.875% 14/06/2028	2,511,000	2,644	0.40
Just Group 3.5% 07/02/2025	2,500,000	2,394	0.37	Investec FRN 1.875% 16/07/2028	3,685,000	3,155	0.48
Lloyds Bank 5.125% 07/03/2025	4,000,000	4,003	0.61	Nationwide Building Society 6.125% 21/08/2028	2,196,000	2,342	0.36
Tesco Personal Finance Group FRN 3.5% 25/07/2025	3,349,000	3,283	0.50	HSBC UK Bank FRN 5.709% 25/08/2028	3,000,000	2,997	0.46
Co-operative Bank Holdings FRN 9% 27/11/2025	3,687,000	3,715	0.57	OSB Group FRN 9.5% 07/09/2028	2,232,000	2,294	0.35
Santander UK 5.75% 02/03/2026	3,000,000	3,071	0.47	InterContinental Hotels Group 3.375% 08/10/2028	12,127,000	11,291	1.73
Santander UK FRN 5.63% 12/03/2026	4,000,000	4,000	0.61	RL Finance Bonds No. 3 6.125% 13/11/2028	3,084,000	3,146	0.48
Clydesdale Bank FRN 5.812% 22/03/2026	3,000,000	3,007	0.46	Yorkshire Building Society FRN 6.375% 15/11/2028	3,773,000	3,846	0.59
Virgin Money UK FRN 3.375% 24/04/2026	7,927,000	7,561	1.16	IG Group Holdings 3.125% 18/11/2028	2,000,000	1,741	0.27
Tritax EuroBox 0.95% 02/06/2026	3,446,000	2,712	0.42	Skipton Building Society FRN 6.25% 25/04/2029	2,971,000	3,001	0.46
NatWest Markets 6.625% 22/06/2026	2,274,000	2,355	0.36	Severn Trent Utilities Finance 6.25% 07/06/2029	5,941,000	6,354	0.97
Informa 3.125% 05/07/2026	8,937,000	8,554	1.31	Barclays FRN 7.09% 06/11/2029	2,438,000	2,594	0.40
TSB Bank FRN 5.82% 14/02/2027	5,463,000	5,467	0.84	Pearson Funding 3.75% 04/06/2030	2,634,000	2,446	0.37
Intermediate Capital Group 1.625% 17/02/2027	21,292,000	16,996	2.60	DS Smith 4.5% 27/07/2030	3,732,000	3,366	0.52
Whitbread Group 2.375% 31/05/2027	119,000	108	0.02	Pension Insurance 5.625% 20/09/2030	1,000,000	952	0.15
Yorkshire Building Society FRN 7.375% 12/09/2027	2,168,000	2,245	0.34	Virgin Money UK FRN 5.125% 11/12/2030	4,041,000	3,874	0.59
Coventry Building Society FRN 7% 07/11/2027	2,890,000	2,995	0.46	Mitchells & Butlers Finance 5.574% 15/12/2030	1,861,226	1,828	0.28

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets		Holding at 31.12.23	Market Value £000's	% of net assets
Mitchells & Butlers Finance FRN 6.113% 15/12/2030	7,657,276	5,517	0.85	BUPA Finance FRN 4% Perpetual	2,597,000	1,732	0.27
Just Group FRN 7% 15/04/2031	2,000,000	1,982	0.30	Close Brothers Group FRN 11.125% Perpetual	960,000	977	0.15
Whitbread Group 3% 31/05/2031	7,100,000	6,089	0.93	Just Group FRN 5% Perpetual	1,104,000	741	0.11
Berkeley Group 2.5% 11/08/2031	15,259,000	11,710	1.79	Mobico Group FRN 4.25% Perpetual	3,394,000	2,980	0.46
SSE 4% 05/09/2031	2,562,000	2,318	0.36	RL Finance Bonds No. 6 FRN 10.125% Perpetual	2,200,000	2,332	0.36
Close Brothers Group FRN 2% 11/09/2031	4,909,000	4,227	0.65			<b>265,035</b>	<b>40.62</b>
HSBC Holdings FRN 6.8% 14/09/2031	1,279,000	1,375	0.21	<b>United States of America 8.43% (4.15%)</b>			
Greene King Finance, Series A2 5.318% 15/09/2031	850,256	833	0.13	Bank of America FRN 6.131% 18/08/2025	3,183,000	2,503	0.38
NatWest Group FRN 2.105% 28/11/2031	4,266,000	3,803	0.58	JPMorgan Chase FRN 5.546% 15/12/2025	9,417,000	7,391	1.13
Utmost Group 4% 15/12/2031	2,373,000	1,809	0.28	Caterpillar Financial Services 5.72% 17/08/2026	2,092,000	2,163	0.33
Investec FRN 2.625% 04/01/2032	8,798,000	7,457	1.14	Equinix REIT 0.25% 15/03/2027	2,500,000	1,970	0.30
Pension Insurance 3.625% 21/10/2032	1,555,000	1,249	0.19	MPT Operating Partnership REIT 3.692% 05/06/2028	1,471,000	993	0.15
Barclays FRN 8.407% 14/11/2032	2,577,000	2,745	0.42	Piedmont Operating Partnership REIT 9.25% 20/07/2028	8,601,000	7,128	1.09
Quilter FRN 8.625% 18/04/2033	2,239,000	2,270	0.35	Ares Management 6.375% 10/11/2028	5,000,000	4,116	0.63
Lloyds Banking Group FRN 6.625% 02/06/2033	3,079,000	3,144	0.48	IHG Finance 4.375% 28/11/2029	720,000	646	0.10
OSB Group FRN 9.993% 27/07/2033	2,239,000	2,192	0.34	MPT Operating Partnership REIT 3.375% 24/04/2030	3,885,000	2,301	0.35
Pension Insurance 8% 13/11/2033	1,793,000	1,919	0.29	Tapestry 7.7% 27/11/2030	2,580,000	2,134	0.33
Greene King Finance 5.106% 15/03/2034	6,918,936	6,691	1.03	National Health Investors REIT 3% 01/02/2031	5,446,000	3,420	0.52
John Lewis 4.25% 18/12/2034	3,481,000	2,502	0.38	Global Payments 4.875% 17/03/2031	6,207,000	5,638	0.86
Greene King Finance 3.593% 15/03/2035	7,629,023	6,819	1.04	Tapestry 5.875% 27/11/2031	3,190,000	2,902	0.45
Manchester Airport Group Funding 6.125% 30/09/2041	3,796,000	4,207	0.64	Carrier Global 4.5% 29/11/2032	1,601,000	1,483	0.23
Tesco Property Finance 5 5.661% 13/10/2041	1,879,611	1,885	0.29	Tapestry 7.85% 27/11/2033	3,640,000	3,053	0.47
Channel Link Enterprises Finance FRN 2.706% 30/06/2050	6,303,000	5,129	0.79	Highwoods Realty REIT 7.65% 01/02/2034	1,751,000	1,484	0.23
M&G FRN 5.625% 20/10/2051	2,700,000	2,559	0.39	UMBS 5.5% 01/09/2053	3,632,795	2,864	0.44
Phoenix Group Holdings FRN 7.75% 06/12/2053	3,224,000	3,370	0.52	UMBS 6.5% 01/10/2053	3,527,453	2,836	0.44
abrdn FRN 5.25% Perpetual	452,000	381	0.06			<b>55,025</b>	<b>8.43</b>
				<b>Corporate Bonds total</b>		<b>552,329</b>	<b>84.64</b>

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets		Holding at 31.12.23	Market Value £000's	% of net assets
<b>Government Bonds 7.84% (3.26%)</b>							
<b>United Kingdom 7.84% (3.26%)</b>							
UK Treasury 1% 22/04/2024	5,000,000	4,940	0.76	Buy EUR 4,928,060 Sell GBP 4,316,313 30/01/2024		(29)	(0.01)
UK Treasury 2.75% 07/09/2024	5,000,000	4,936	0.76	Buy EUR 5,000,000 Sell GBP 4,295,025 28/02/2024		59	0.01
UK Treasury 2% 07/09/2025	3,000,000	2,910	0.44	Buy EUR 4,000,000 Sell GBP 3,484,334 28/02/2024		(1)	0.00
UK Treasury 4.125% 29/01/2027	2,000,000	2,031	0.31	Buy USD 3,058,282 Sell GBP 2,427,713 30/01/2024		(28)	0.00
UK Treasury 0.125% 31/01/2028	6,911,000	6,066	0.93	Buy USD 12,000,000 Sell GBP 9,542,706 28/02/2024		(130)	(0.02)
UK Treasury 6% 07/12/2028	1,800,000	2,015	0.31	Sell EUR 143,313,038 Buy GBP 125,184,517 30/01/2024		503	0.08
UK Treasury 3.25% 31/01/2033	9,128,174	8,930	1.37	Sell EUR 27,932,699 Buy GBP 24,055,416 30/01/2024		(246)	(0.04)
UK Treasury 4.625% 31/01/2034	8,000,000	8,683	1.33	Sell EUR 85,725,805 Buy GBP 75,120,540 28/02/2024		467	0.07
UK Treasury 0.875% 31/01/2046	4,728,000	2,528	0.39	Sell SGD 11,751,000 Buy GBP 7,077,283 30/01/2024		80	0.01
UK Treasury 1.5% 22/07/2047	2,000,000	1,214	0.19	Sell USD 72,060,803 Buy GBP 58,237,415 30/01/2024		1,706	0.26
UK Treasury 1.75% 22/01/2049	5,000,000	3,162	0.48	Sell USD 3,020,867 Buy GBP 2,364,835 30/01/2024		(5)	0.00
UK Treasury 1.25% 31/07/2051	7,000,000	3,728	0.57	Sell USD 14,623,135 Buy GBP 11,659,035 28/02/2024		189	0.03
		<b>51,143</b>	<b>7.84</b>	<b>Forward Foreign Currency Contracts total</b>			
						<b>2,582</b>	<b>0.39</b>
<b>Government Bonds total</b>				<b>Swaps 0.07% (0.00%)</b>			
				Credit Default Swap Barclays Buy Korea Government Bond 2.75% 19/01/2027 20/12/2026	3,229,279	(56)	(0.01)
<b>Futures 1.93% (0.84%)</b>				Credit Default Swap BNP Paribas Buy Korea Government Bond 2.75% 19/01/2027 20/12/2026	6,458,558	(113)	(0.02)
US 10 Year Ultra Bond	(628)	(2,829)	(0.43)	Credit Default Swap Citigroup Buy Itv 1.375% 26/09/2026 20/06/2028	4,000,000	(589)	(0.09)
Euro-Bobl March 2014	(890)	(1,266)	(0.20)	Credit Default Swap Morgan Stanley Sell ITRAXX.EUROPE. MAIN.32-V1 20/12/2024	27,918,472	209	0.03
Euro-Bund March 2014	(370)	(994)	(0.15)	Inflation Rate Swap Morgan Stanley Pay floating HICPXT 1 month Receive fixed 2.141% 15/12/2033	19,221,000	19	0.00
Euro-Buxl March 2014	(2)	(16)	0.00	Inflation Rate Swap Morgan Stanley Pay fixed 2.443% Receive floating USCPI 1 month 21/12/2033	22,818,000	(66)	(0.01)
Euro-Schatz March 2014	(51)	(21)	0.00				
Long Gilt March 2014	2,406	15,388	2.36				
US 2 Year Note March 2014	(94)	0	0.00				
US 5 Year Note March 2014	2,203	2,907	0.44				
US 10 Year Note March 2014	517	1,680	0.26				
US Long Bond March 2014	(41)	(324)	(0.05)				
US Ultra Bond March 2014	(374)	(1,938)	(0.30)				
<b>Futures total</b>		<b>12,587</b>	<b>1.93</b>				
<b>Forward Foreign Currency Contracts 0.39% (0.04%)</b>							
Buy EUR 8,232,953 Sell GBP 7,145,173 30/01/2024		17	0.00				

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets		Holding at 31.12.23	Market Value £000's	% of net assets
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 5.018% 29/06/2028	24,000,000	1,525	0.24	Interest Rate Swap Morgan Stanley Pay fixed 4.327% Receive floating SONIA 1 day 29/06/2033	13,000,000	(1,030)	(0.16)
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 4.764% 20/10/2028	24,000,000	1,401	0.22	Interest Rate Swap Morgan Stanley Pay fixed 4.564% Receive floating SONIA 1 day 20/10/2033	13,000,000	(1,351)	(0.21)
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 3.998% 12/12/2028	10,200,000	275	0.04	<b>Swaps total</b>		<b>444</b>	<b>0.07</b>
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 3.84% 13/12/2028	10,000,000	199	0.03	<b>Equities 0.00% (0.17%)</b>			
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 3.436% 21/12/2028	10,000,000	21	0.01	<b>Luxembourg 0.00% (0.00%)</b>			
				ADLER Group	10,638	4	0.00
						<b>4</b>	<b>0.00</b>
				<b>United States of America 0.00% (0.17%)</b>			
				<b>Equities total</b>		<b>4</b>	<b>0.00</b>
				<b>Convertible Bond 0.00% (0.29%)</b>			
				<b>Austria 0.00% (0.29%)</b>			
				<b>Portfolio of investments</b>		<b>619,089</b>	<b>94.87</b>
				<b>Net other assets</b>		<b>33,449</b>	<b>5.13</b>
				<b>Net assets attributable to shareholders</b>		<b>652,538</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

# Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital gains/(losses)	2		47,620		(293,244)
Revenue	3	33,334		50,995	
Expenses	4	(4,137)		(5,985)	
Net revenue before taxation		<b>29,197</b>		<b>45,010</b>	
Taxation	5	(444)		(178)	
Net revenue after taxation			<b>28,753</b>		<b>44,832</b>
<b>Total return before distributions</b>			<b>76,373</b>		<b>(248,412)</b>
Distributions	6		(32,586)		(50,716)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>43,787</b>		<b>(299,128)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		742,423		1,315,312
Amounts receivable on issue of shares	153,717		77,986	
Amounts payable on cancellation of shares	(311,068)		(382,484)	
		<b>(157,351)</b>		<b>(304,498)</b>
Dilution adjustment		1,099		353
Change in net assets attributable to shareholders from investment activities		43,787		(299,128)
Retained distribution on Accumulation shares		22,580		30,384
<b>Closing net assets attributable to shareholders</b>		<b>652,538</b>		<b>742,423</b>

# Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			630,121		700,319
<b>Current assets</b>					
Debtors	8		12,759		11,562
Cash and bank balances	9		29,021		65,424
<b>Total assets</b>			<b>671,901</b>		<b>777,305</b>
<b>Liabilities</b>					
Investment liabilities			(11,032)		(22,441)
<b>Creditors</b>					
Bank overdrafts	10		(6,151)		(7,286)
Distributions payable			(1,577)		(4,121)
Other creditors	11		(603)		(1,034)
<b>Total liabilities</b>			<b>(19,363)</b>		<b>(34,882)</b>
<b>Net assets attributable to shareholders</b>			<b>652,538</b>		<b>742,423</b>

# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder Sterling Corporate Bond Fund are disclosed on pages 9 to 10.

### 2 Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	32,451	(208,271)
Derivative contracts	3,630	(49,238)
Forward foreign currency contracts	11,601	(35,818)
Foreign currency (losses)/gains	(62)	83
<b>Net capital gains/(losses)</b>	<b>47,620</b>	<b>(293,244)</b>

### 3 Revenue

	2023	2022
	£000's	£000's
Overseas dividends	43	184
Interest on debt securities	28,150	40,476
Bank interest	1,301	148
Net revenue return from derivative contracts	3,840	10,187
<b>Total revenue</b>	<b>33,334</b>	<b>50,995</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	3,833	5,884
<b>Other expenses:</b>		
Interest payable	304	101
<b>Total expenses</b>	<b>4,137</b>	<b>5,985</b>

<sup>1</sup> Audit fees including VAT for the year were £8,404 (2022 – £11,508).



# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 5 Taxation

Corporation tax has not been provided for as expenses and interest distributions 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
Overseas withholding tax	444	178
<b>Total current tax (Note 5(b))</b>	<b>444</b>	<b>178</b>

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

The tax assessed for the year is different from that calculated with the standard rate of corporation tax for Open Ended Investment Companies 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>29,197</b>	<b>45,010</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	5,839	9,002
<b>Effects of:</b>		
Revenue not subject to corporation tax	(8)	(37)
Interest distributions deductible for tax purposes	(5,831)	(8,965)
Overseas withholding tax	444	178
<b>Total tax charge for the year (Note 5(a))</b>	<b>444</b>	<b>178</b>

### 6 Distributions

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

	2023	2022
	£000's	£000's
Quarterly Interest distribution	8,688	12,473
Interim Interest distribution	7,300	13,269
Quarterly Interest distribution	7,309	12,746
Final Interest distribution	8,109	10,406
	<b>31,406</b>	<b>48,894</b>
Add: Revenue deducted on cancellation of shares	2,292	2,343
Deduct: Revenue received on issue of shares	(1,112)	(521)
<b>Distributions</b>	<b>32,586</b>	<b>50,716</b>
Net revenue after taxation	28,753	44,832
Expenses taken to capital	3,833	5,884
<b>Distributions</b>	<b>32,586</b>	<b>50,716</b>

Details of the distributions per share are set out in the Distribution Tables on pages 56 to 59.

# Notes to the Accounts

## For the year ended 31 December 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	71,118	(7,388)	35,716	(16,551)
Level 2: Observable market data	559,003	(3,644)	664,603	(5,890)
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	<b>630,121</b>	<b>(11,032)</b>	<b>700,319</b>	<b>(22,441)</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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023 £000's	2022 £000's
Amounts receivable for issue of shares	4,197	1,324
Amounts receivable on derivative contracts	37	54
Accrued revenue	8,519	10,181
Overseas withholding tax recoverable	6	3
<b>Total debtors</b>	<b>12,759</b>	<b>11,562</b>

### 9 Cash and bank balances

	2023 £000's	2022 £000's
Cash and bank balances	21,597	30,207
Amounts held at futures clearing houses and brokers	7,424	35,217
<b>Total cash and bank balances</b>	<b>29,021</b>	<b>65,424</b>

### 10 Bank overdrafts

	2023 £000's	2022 £000's
Amounts overdrawn at futures clearing houses and brokers	6,151	7,286
<b>Total bank overdrafts</b>	<b>6,151</b>	<b>7,286</b>

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 11 Other creditors

	2023	2022
	£000's	£000's
Amounts payable for cancellation of shares	286	656
Accrued expenses	317	378
<b>Total other creditors</b>	<b>603</b>	<b>1,034</b>

### 12 Contingent liabilities

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

### 13 Related party transactions

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

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

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

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 3.05% (2022 – 17.34%).

### 14 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 35 to 40.

The distributions per share class are given in the Distribution Tables on pages 56 to 59.

All classes have the same rights on winding up.

### 15 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, derivative, foreign currency, liquidity, credit and interest rate risks. The Authorised Corporate Director'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 Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 shareholders would increase or decrease by approximately £61,908,900 (2022 - £67,787,800).

#### Derivative risk

Where a Fund trades in derivatives to achieve its investment objective, this involves a higher degree of risk and may lead to a higher volatility in the share prices of the Fund. The Authorised Corporate Director employs a risk management process to allow the Authorised Corporate Director to measure derivative and forward positions and their contribution to the overall risk profile of the Fund. As part of this risk management process the Authorised Corporate Director conducts daily value at risk analysis of the Fund and performs both stress and back testing of the Fund.

#### 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 Authorised Corporate Director 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.

#### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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.

#### Credit risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the Authorised Corporate Director as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 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.

The Fund may invest in fixed and floating rate securities. The revenue of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of the Authorised Corporate Director being unable to secure similar returns on the expiry of contracts or sale of securities.

The value of interest bearing securities may be affected by interest rate movements or the expectation of such movements in the future.

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

### Floating rate financial assets and financial liabilities

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

Euro denominated floating rate notes bear interest at rates based on Euro Interbank Offer Rate.

US dollar denominated floating rate notes/bonds bear interest at rates based on the US Secured Overnight Financing Rate.

### 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

During the year the Fund entered into derivative contracts for specific investment purposes in addition to being used for efficient management.

### Global risk exposure

#### Relative VaR approach

This approach is used for the Funds whose risk can be managed in relation to a defined benchmark.

#### Regulatory VaR limit utilisation

	2023			2022		
	Lowest	Highest	Average	Lowest	Highest	Average
	46.15%	56.23%	51.25%	45.16%	65.07%	54.45%

#### Information on VaR model

Model type	Length of data history	2023			2022		
		Confidence level	Holding period	Length of data history	Confidence level	Holding period	
Parametric VaR	All available history	99.00%	20 days	All available history	99.00%	20 days	

### Leverage

#### Information on the limit usage and level of leverage

The level of leverage is an indication of the derivative usage and of any leverage generated by the reinvestment of cash received as collateral when using efficient portfolio management techniques. It does not take into account other physical assets directly held in the portfolio of the Fund. The figure is not representative of the maximum amount that a Fund could lose, as it includes the derivatives used to protect the Net Asset Value of a Fund as well as the derivatives backed by risk free assets and derivatives which do not generate any incremental exposure, leverage or market risk from an economic perspective. The reported leverage figure is therefore not a true representation of the economic leverage<sup>1</sup> in the Fund.

The level of leverage disclosed is based on the total notional value<sup>2</sup> of all derivative instruments held by a Fund and is expressed as a percentage of the Fund's Net Asset Value. For the purpose of this calculation the holdings and offset derivative positions (long and short positions) do not cancel each other out and the figure is a sum of the total holdings.

#### Leverage

	2023				2022			
	Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
	135.93%	245.12%	179.34%	179.32%	136.14%	385.85%	238.76%	151.24%

- Where economic leverage is the sum of derivative commitments (calculated in line with European Securities and Markets Authority 10/788) and excludes derivatives used within hedging arrangements, derivatives whose commitments is covered by risk free assets and derivatives which are not considered to generate any incremental exposure and leverage or market risk.
- Delta adjusted in line with European Securities and Markets Authority 10/788 when appropriate.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 16 Debt securities credit analysis

	2023 £000's	2022 £000's
Investment grade securities	455,300	500,797
Below investment grade securities	58,591	162,725
Unrated securities	89,581	19,654
<b>Total debt securities</b>	<b>603,472</b>	<b>683,176</b>

The Fund invests in credit default swaps to adjust the credit risk profile of the Fund. Notional amounts for credit default swap positions are shown in the portfolio statement. All counterparties for credit default swap positions at the reporting date are investment grade.

### 17 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>						
Bonds	561,311	-	-	561,311	-	-
<b>Sales</b>						
Bonds	675,966	-	-	675,966	-	-
Equities	1,294	-	-	1,294	-	-
	677,260	-	-	677,260		
Total cost as a percentage of the Fund's average net asset value (%)		-	-			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	315,974	-	-	315,974	-	-
<b>Sales</b>						
Bonds	618,579	-	-	618,579	-	-
Equities	1,646	(1)	-	1,645	(0.06)	-
	620,225	(1)	-	620,224		
Total cost as a percentage of the Fund's average net asset value (%)		-	-			

#### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.75% (2022 - 1.24%).

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.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 18 Shares in issue reconciliation

	Number of shares in issue 31.12.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
A Accumulation shares	43,794,150	1,792,121	(10,571,605)	(5,052,802)	29,961,864
A Income shares	18,562,732	1,070,522	(3,541,775)	(2,386,348)	13,705,131
C Accumulation shares	4,608,465	83,986	(713,632)	(3,742,574)	236,245
C Income shares	11,720,213	204,324	(710,177)	(10,889,932)	324,428
L Accumulation shares	-	3,000	-	-	3,000
L Income shares	-	3,000	-	-	3,000
Q Accumulation shares	2,000	-	-	-	2,000
Q Income shares	32,205,503	89,072	(24,030,359)	188,005	8,452,221
S Accumulation shares	1,473,781	3,145	(1,105,524)	17,450	388,852
S Income shares	336,998,133	8,274,071	(320,468,095)	(37,405)	24,766,704
Z Accumulation shares	260,303,590	83,692,758	(67,028,198)	5,847,953	282,816,103
Z Income shares	101,044,280	9,673,901	(24,945,236)	6,810,979	92,583,924

### 19 Counterparty exposure

The types of non-exchange traded derivatives held at the balance sheet date were forward foreign currency contracts, credit default swaps, interest rate swaps and inflation linked swaps. 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>ANZ</b>										
2023	(42)	-	-	-	-	-	-	-	-	(42)
2022	-	-	-	-	-	-	-	-	-	-
<b>Bank of America</b>										
2023	(11)	-	-	-	-	-	-	-	-	(11)
2022	(8)	-	-	-	-	-	-	-	-	(8)
<b>Barclays</b>										
2023	(16)	(56)	-	-	-	-	-	-	-	(72)
2022	(62)	(217)	-	-	-	-	-	-	-	(279)
<b>BNP Paribas</b>										
2023	233	(113)	-	-	-	-	-	-	-	120
2022	(1,243)	(73)	-	-	-	-	-	-	-	(1,316)
<b>Canadian Imperial Bank of Commerce</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	117	-	-	-	-	-	-	-	-	117
<b>Citigroup</b>										
2023	10	(589)	-	-	-	-	-	-	-	(579)
2022	19	-	-	-	-	-	-	-	-	19
<b>Credit Suisse</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	-	(442)	-	-	-	-	-	-	-	(442)
<b>Deutsche Bank</b>										
2023	10	-	-	-	-	-	-	-	-	10
2022	-	-	-	-	-	-	-	-	-	-
<b>HSBC</b>										
2023	272	-	-	-	-	-	-	-	-	272
2022	(147)	-	-	-	-	-	-	-	-	(147)

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

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>J.P. Morgan</b>										
2023	206	-	-	-	-	-	-	-	-	206
2022	(152)	66	-	-	-	-	-	-	-	(86)
<b>Lloyds Bank</b>										
2023	1,267	-	-	-	-	-	-	-	-	1,267
2022	14	-	-	-	-	-	-	-	-	14
<b>Morgan Stanley</b>										
2023	470	209	-	-	1,040	-	(47)	-	-	1,672
2022	(1,100)	654	-	-	-	-	-	-	-	(446)
<b>Nomura</b>										
2023	(6)	-	-	-	-	-	-	-	-	(6)
2022	-	-	-	-	-	-	-	-	-	-
<b>Royal Bank of Canada</b>										
2023	26	-	-	-	-	-	-	-	-	26
2022	26	-	-	-	-	-	-	-	-	26
<b>Standard Chartered</b>										
2023	178	-	-	-	-	-	-	-	-	178
2022	-	-	-	-	-	-	-	-	-	-
<b>State Street</b>										
2023	(15)	-	-	-	-	-	-	-	-	(15)
2022	(882)	-	-	-	-	-	-	-	-	(882)
<b>UBS</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	3,145	-	-	-	-	-	-	-	-	3,145

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

Counterparty	2023 £000's	2022 £000's
Citigroup	(560)	-
Credit Suisse	-	(550)
J.P. Morgan	-	260
Morgan Stanley	(1,416)	(1,134)
<b>Total</b>	<b>(1,976)</b>	<b>(1,424)</b>

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

	2023 £000's	2022 £000's
Cash	(1,976)	(1,424)
<b>Total</b>	<b>(1,976)</b>	<b>(1,424)</b>

# Distribution Tables

## Quarterly distribution for the three months ended 31 March 2023

**Group 1** Shares purchased prior to 1 January 2023

**Group 2** Shares purchased on or after 1 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.5.23 per share	Distribution paid 31.5.22 per share
<b>A Accumulation shares</b>				
Group 1	1.0094p	-	1.0094p	0.9595p
Group 2	0.4868p	0.5226p	1.0094p	0.9595p
<b>A Income shares</b>				
Group 1	0.6968p	-	0.6968p	0.6999p
Group 2	0.2028p	0.4940p	0.6968p	0.6999p
<b>C Accumulation shares</b>				
Group 1	1.9718p	-	1.9718p	1.8651p
Group 2	1.0376p	0.9342p	1.9718p	1.8651p
<b>C Income shares</b>				
Group 1	0.7041p	-	0.7041p	0.7038p
Group 2	0.2696p	0.4345p	0.7041p	0.7038p
<b>Q Accumulation shares</b>				
Group 1	0.6335p	-	0.6335p	0.5985p
Group 2	0.6335p	-	0.6335p	0.5985p
<b>Q Income shares</b>				
Group 1	0.5475p	-	0.5475p	0.5461p
Group 2	0.3484p	0.1991p	0.5475p	0.5461p
<b>S Accumulation shares</b>				
Group 1	2.1255p	-	2.1255p	2.0065p
Group 2	2.1255p	-	2.1255p	2.0065p
<b>S Income shares</b>				
Group 1	0.6323p	-	0.6323p	0.6307p
Group 2	0.2780p	0.3543p	0.6323p	0.6307p
<b>Z Accumulation shares</b>				
Group 1	2.1043p	-	2.1043p	1.9904p
Group 2	1.1633p	0.9410p	2.1043p	1.9904p
<b>Z Income shares</b>				
Group 1	1.3763p	-	1.3763p	1.3755p
Group 2	0.7496p	0.6267p	1.3763p	1.3755p

## Interim distribution for the three months ended 30 June 2023

**Group 1** Shares purchased prior to 1 April 2023

**Group 2** Shares purchased on or after 1 April 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.8.23 per share	Distribution paid 31.8.22 per share
<b>A Accumulation shares</b>				
Group 1	1.0149p	-	1.0149p	1.1380p
Group 2	0.4839p	0.5310p	1.0149p	1.1380p



# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.8.23 per share	Distribution paid 31.8.22 per share
<b>A Income shares</b>				
Group 1	0.6914p	-	0.6914p	0.8211p
Group 2	0.1947p	0.4967p	0.6914p	0.8211p
<b>C Accumulation shares</b>				
Group 1	1.9849p	-	1.9849p	2.2147p
Group 2	1.9849p	-	1.9849p	2.2147p
<b>C Income shares</b>				
Group 1	0.6996p	-	0.6996p	0.8265p
Group 2	0.6996p	-	0.6996p	0.8265p
<b>Q Accumulation shares</b>				
Group 1	0.6410p	-	0.6410p	0.7075p
Group 2	0.6410p	-	0.6410p	0.7075p
<b>Q Income shares</b>				
Group 1	0.5442p	-	0.5442p	0.6417p
Group 2	0.3495p	0.1947p	0.5442p	0.6417p
<b>S Accumulation shares</b>				
Group 1	2.1405p	-	2.1405p	2.3837p
Group 2	0.4369p	1.7036p	2.1405p	2.3837p
<b>S Income shares</b>				
Group 1	0.6285p	-	0.6285p	0.7412p
Group 2	0.2373p	0.3912p	0.6285p	0.7412p
<b>Z Accumulation shares</b>				
Group 1	2.1182p	-	2.1182p	2.3635p
Group 2	1.0979p	1.0203p	2.1182p	2.3635p
<b>Z Income shares</b>				
Group 1	1.3673p	-	1.3673p	1.6156p
Group 2	0.6953p	0.6720p	1.3673p	1.6156p

## Quarterly distribution for the three months ended 30 September 2023

**Group 1** Shares purchased prior to 1 July 2023

**Group 2** Shares purchased on or after 1 July 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 30.11.23 per share	Distribution paid 30.11.22 per share
<b>A Accumulation shares</b>				
Group 1	1.0664p	-	1.0664p	1.1792p
Group 2	0.6949p	0.3715p	1.0664p	1.1792p
<b>A Income shares</b>				
Group 1	0.7167p	-	0.7167p	0.8389p
Group 2	0.2048p	0.5119p	0.7167p	0.8389p
<b>C Accumulation shares</b>				
Group 1	2.0882p	-	2.0882p	2.2976p
Group 2	2.0882p	-	2.0882p	2.2976p

# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 30.11.23 per share	Distribution paid 30.11.22 per share
<b>C Income shares</b>				
Group 1	0.7260p	-	0.7260p	0.8456p
Group 2	0.2954p	0.4306p	0.7260p	0.8456p
<b>Q Accumulation shares</b>				
Group 1	0.6745p	-	0.6745p	0.7430p
Group 2	0.6745p	-	0.6745p	0.7430p
<b>Q Income shares</b>				
Group 1	0.5651p	-	0.5651p	0.6568p
Group 2	0.4138p	0.1513p	0.5651p	0.6568p
<b>S Accumulation shares</b>				
Group 1	2.2531p	-	2.2531p	2.4742p
Group 2	1.2023p	1.0508p	2.2531p	2.4742p
<b>S Income shares</b>				
Group 1	0.6527p	-	0.6527p	0.7586p
Group 2	0.4591p	0.1936p	0.6527p	0.7586p
<b>Z Accumulation shares</b>				
Group 1	2.2285p	-	2.2285p	2.4519p
Group 2	0.8957p	1.3328p	2.2285p	2.4519p
<b>Z Income shares</b>				
Group 1	1.4192p	-	1.4192p	1.6528p
Group 2	0.7170p	0.7022p	1.4192p	1.6528p

## Final distribution for the three months ended 31 December 2023

**Group 1** Shares purchased prior to 1 October 2023

**Group 2** Shares purchased on or after 1 October 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share	Distribution paid 28.2.23 per share
<b>A Accumulation shares</b>				
Group 1	1.0485p	-	1.0485p	1.0512p
Group 2	0.2453p	0.8032p	1.0485p	1.0512p
<b>A Income shares</b>				
Group 1	0.6951p	-	0.6951p	0.7356p
Group 2	0.2501p	0.4450p	0.6951p	0.7356p
<b>C Accumulation shares</b>				
Group 1	2.0558p	-	2.0558p	2.0509p
Group 2	2.0558p	-	2.0558p	2.0509p
<b>C Income shares</b>				
Group 1	0.7051p	-	0.7051p	0.7424p
Group 2	0.7051p	-	0.7051p	0.7424p
<b>Q Accumulation shares</b>				
Group 1	0.6650p	-	0.6650p	0.6590p
Group 2	0.6650p	-	0.6650p	0.6590p

# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share	Distribution paid 28.2.23 per share
<b>Q Income shares</b>				
Group 1	0.5490p	–	0.5490p	0.5769p
Group 2	0.4967p	0.0523p	0.5490p	0.5769p
<b>S Accumulation shares</b>				
Group 1	2.2193p	–	2.2193p	2.2095p
Group 2	2.0259p	0.1934p	2.2193p	2.2095p
<b>S Income shares</b>				
Group 1	0.6341p	–	0.6341p	0.6664p
Group 2	0.6341p	–	0.6341p	0.6664p
<b>Z Accumulation shares</b>				
Group 1	2.1939p	–	2.1939p	2.1887p
Group 2	1.0401p	1.1538p	2.1939p	2.1887p
<b>Z Income shares</b>				
Group 1	1.3781p	–	1.3781p	1.4512p
Group 2	0.5055p	0.8726p	1.3781p	1.4512p

## Final distribution for the period ended 31 December 2023

**Group 1** Shares purchased on 25 October 2023

**Group 2** Shares purchased after 25 October 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share
<b>L Accumulation shares</b>			
Group 1	0.4733p	–	0.4733p
Group 2	0.4733p	–	0.4733p
<b>L Income shares</b>			
Group 1	0.4733p	–	0.4733p
Group 2	0.4733p	–	0.4733p

## Equalisation

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

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

# Securities Financing Transactions (unaudited)

The Fund has not engaged in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, these include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions, margin lending transactions and Total Return Swaps). Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the accounting year ended 31 December 2023.

# Schroder European Recovery Fund

## Fund Information

### Investment objective and policy

Schroder European Recovery Fund (the 'Fund') aims to provide capital growth in excess of the FTSE World Series Europe ex UK (Gross Total Return) Index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of European companies, excluding the UK.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of European companies, excluding the UK.

The Fund applies a disciplined value investment approach, seeking to invest in a select portfolio of companies that the Investment Manager believes are significantly undervalued relative to their long-term earnings potential.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries (including the UK), regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus).

### Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the FTSE World Series Europe ex UK (Gross Total Return) Index, and compared against the MSCI Europe Ex UK Value (Gross Total Return) Index, and the Investment Association Europe ex UK sector average return. The Investment Manager invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmarks have been selected because the Investment Adviser and the ACD believe that these benchmarks are suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

**From 30 December 2022 to 29 December 2023, the price of A Accumulation shares on a dealing price basis rose 12.88%. In the same period, the FTSE<sup>1</sup> World Series Europe ex UK index generated a total return of 15.68%<sup>2</sup> in sterling terms.**

Europe ex UK shares gained in the 12-month period. The Fund also posted a positive absolute return but lagged the benchmark's strong advance.

The main individual detractor was residential property developer Bonava. The group replaced two of its financial targets and said it would pay no dividend for 2022. Bonava completed the sale of its Russian operations in late 2023. Another detractor was Bayer amid disappointing news regarding a new blood-thinning drug which it was hoped would replace Xarelto as a blockbuster product. Meanwhile, Roundup legal action continues in the US with some cases going against Bayer. We feel that, as difficult as things are for the business, there's a lot of bad news priced in. Other detractors included kitchen specialist Nobia.

On the positive side, the leading individual contributor was Italian bank UniCredit. Banks benefitted over the year from the rising interest rate environment and from valuations which remain attractive. Banks also offer the prospect of dividends and buybacks.

We have initiated a new position in brewer Anheuser-Busch InBev. Its debt is on the high side but it has shown progress in deleveraging. Another new holding is specialist steel producer APERAM. It has a strong record of free cash flow generation and returning that cash to shareholders. We also initiated a position in winter tyres specialist Nokian Renkaat. It sold its Russian business following the invasion of Ukraine and has also faced significant cost inflation. However, the worst of that cost inflation has now passed, and the company has built a new factory in Romania to replace the lost production in Russia. We also exited a number of positions including UK supermarket retailer Tesco, offshore drilling contractor Noble Corporation and miner South32.

**Fund Manager, Schroder Global Value Team:  
Andrew Lyddon**



Co-manager of UK Recovery, European Income and European Recovery strategies

Managed value portfolios at Schroders since 2010

Co-manager on UK Value institutional portfolios from 2010 to 2016

Founding member of the Global Value Team in 2013

Investment career commenced in October 2005, at Schroders as an Equity Analyst within the Pan-European research team

Previously sector analyst responsible for Telecoms, Construction and Support Services

Chartered Financial Analyst

MSc in Intellectual Property Law, Queen Mary College. Degree in Chemistry, Bath University

**Fund Manager, Schroder Global Value Team:  
Andrew Evans**



Co-manager of UK Income, European Income, European Recovery and European Sustainable strategies

Managed value portfolios at Schroders since 2016

Joined Schroders in the Global Value Team in June 2015

Investment career commenced in 2001

Worked at Threadneedle in UK research and Dresdner Kleinwort as a Pan-European Transport analyst

Chartered Financial Analyst

Degree in Economics, Exeter University

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<sup>2</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).

# Comparative Table

Financial year to 31 December	A Accumulation shares			C Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	876.27	831.64	708.55	973.42	916.96	775.40
Return before operating charges*	129.16	58.75	136.87	143.87	65.23	150.10
Operating charges	(16.39)	(14.12)	(13.78)	(10.37)	(8.77)	(8.54)
<b>Return after operating charges*</b>	<b>112.77</b>	<b>44.63</b>	<b>123.09</b>	<b>133.50</b>	<b>56.46</b>	<b>141.56</b>
Distributions**	(18.78)	(19.95)	(13.08)	(28.67)	(28.90)	(20.97)
Retained distributions**	18.78	19.95	13.08	28.67	28.90	20.97
<b>Closing net asset value</b>	<b>989.04</b>	<b>876.27</b>	<b>831.64</b>	<b>1,106.92</b>	<b>973.42</b>	<b>916.96</b>
*after direct transaction costs of	(1.04)	(0.41)	(0.64)	(1.18)	(0.46)	(0.70)
<b>Performance</b>						
Return after charges (%)	12.87	5.37	17.37	13.71	6.16	18.26
<b>Other information</b>						
Closing net asset value (£000's)	54,971	60,879	69,061	119	12,071	12,448
Closing number of shares	5,558,019	6,947,523	8,304,181	10,784	1,240,046	1,357,567
Operating charges (%)	1.71	1.71	1.71	0.96	0.96	0.96
Direct transaction costs (%)***	0.11	0.05	0.08	0.11	0.05	0.08
<b>Prices</b>						
Highest dealing price	1,026.00p	892.00p	860.70p	1,141.00p	986.70p	948.00p
Lowest dealing price	898.00p	726.90p	700.40p	997.70p	806.00p	766.90p



# Comparative Table (continued)

Financial year to 31 December	C Income shares <sup>1</sup>			L Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	797.88	774.15	669.88	89.33	84.08	71.05
Return before operating charges*	75.11	55.56	129.84	13.19	5.98	13.76
Operating charges	(8.51)	(7.41)	(7.41)	(0.86)	(0.73)	(0.73)
<b>Return after operating charges*</b>	<b>66.60</b>	<b>48.15</b>	<b>122.43</b>	<b>12.33</b>	<b>5.25</b>	<b>13.03</b>
Distributions**	-	(24.42)	(18.16)	(2.72)	(2.72)	(1.98)
Retained distributions**	-	-	-	2.72	2.72	1.98
Redemption value as at 25 May 2023	(864.48)	-	-	-	-	-
<b>Closing net asset value</b>	<b>-</b>	<b>797.88</b>	<b>774.15</b>	<b>101.66</b>	<b>89.33</b>	<b>84.08</b>
*after direct transaction costs of	(0.97)	(0.39)	(0.61)	(0.11)	(0.04)	(0.06)
<b>Performance</b>						
Return after charges (%)	8.35	6.22	18.28	13.80	6.24	18.34
<b>Other information</b>						
Closing net asset value (£000's)	-	154	149	43,433	51,702	53,522
Closing number of shares	-	19,311	19,311	42,721,871	57,876,874	63,653,899
Operating charges (%)	0.96	0.96	0.96	0.88	0.88	0.88
Direct transaction costs (%)***	0.11	0.05	0.08	0.11	0.05	0.08
<b>Prices</b>						
Highest dealing price	935.90p	833.60p	819.20p	104.70p	90.51p	86.92p
Lowest dealing price	818.40p	680.90p	662.60p	91.56p	73.96p	70.27p

# Comparative Table (continued)

Financial year to 31 December	L Income shares			Q1 Accumulation shares <sup>2</sup>	
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share
<b>Change in net asset value</b>					
Opening net asset value	72.94	70.77	61.22	52.94	50.00
Return before operating charges*	10.83	5.07	11.88	7.82	3.13
Operating charges	(0.70)	(0.61)	(0.63)	(0.48)	(0.19)
<b>Return after operating charges*</b>	<b>10.13</b>	<b>4.46</b>	<b>11.25</b>	<b>7.34</b>	<b>2.94</b>
Distributions**	(2.22)	(2.29)	(1.70)	(1.66)	(0.23)
Retained distributions**	-	-	-	1.66	0.23
<b>Closing net asset value</b>	<b>80.85</b>	<b>72.94</b>	<b>70.77</b>	<b>60.28</b>	<b>52.94</b>
*after direct transaction costs of	(0.09)	(0.03)	(0.06)	(0.07)	(0.02)
<b>Performance</b>					
Return after charges (%)	13.89	6.30	18.38	13.86	5.88
<b>Other information</b>					
Closing net asset value (£000's)	26,597	50,886	4,070	9,924	2
Closing number of shares	32,895,431	69,762,113	5,750,972	16,462,620	3,000
Operating charges (%)	0.88	0.88	0.88	0.80	0.80
Direct transaction costs (%)***	0.11	0.05	0.08	0.11	0.05
<b>Prices</b>					
Highest dealing price	85.58p	76.23p	74.92p	62.07p	53.25p
Lowest dealing price	74.82p	62.28p	60.57p	54.26p	43.82p

# Comparative Table (continued)

Financial year to 31 December	Q1 Income shares <sup>3</sup>		S Accumulation shares		
	2023 pence per share	2022 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>					
Opening net asset value	52.72	50.00	997.79	936.36	788.82
Return before operating charges*	7.80	3.14	147.51	66.86	152.86
Operating charges	(0.47)	(0.19)	(6.36)	(5.43)	(5.32)
<b>Return after operating charges*</b>	<b>7.33</b>	<b>2.95</b>	<b>141.15</b>	<b>61.43</b>	<b>147.54</b>
Distributions**	(1.67)	(0.23)	(33.61)	(33.12)	(24.80)
Retained distributions**	-	-	33.61	33.12	24.80
<b>Closing net asset value</b>	<b>58.38</b>	<b>52.72</b>	<b>1,138.94</b>	<b>997.79</b>	<b>936.36</b>
*after direct transaction costs of	(0.06)	(0.02)	(1.20)	(0.47)	(0.72)
<b>Performance</b>					
Return after charges (%)	13.90	5.90	14.15	6.56	18.70
<b>Other information</b>					
Closing net asset value (£000's)	48,906	2	3,950	3,525	4,497
Closing number of shares	83,774,967	3,000	346,785	353,234	480,215
Operating charges (%)	0.80	0.80	0.58	0.58	0.58
Direct transaction costs (%)***	0.11	0.05	0.11	0.05	0.08
<b>Prices</b>					
Highest dealing price	61.81p	53.25p	1,170.00p	1,009.00p	967.60p
Lowest dealing price	54.04p	43.82p	1,023.00p	825.50p	780.40p

# Comparative Table (continued)

Financial year to 31 December	S Income shares			Z Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	68.62	66.56	57.58	1,030.27	970.50	820.69
Return before operating charges*	10.21	4.81	11.18	152.15	69.07	158.89
Operating charges	(0.44)	(0.39)	(0.39)	(10.85)	(9.30)	(9.08)
<b>Return after operating charges*</b>	<b>9.77</b>	<b>4.42</b>	<b>10.79</b>	<b>141.30</b>	<b>59.77</b>	<b>149.81</b>
Distributions**	(2.31)	(2.36)	(1.81)	(30.59)	(30.57)	(21.87)
Retained distributions**	-	-	-	30.59	30.57	21.87
<b>Closing net asset value</b>	<b>76.08</b>	<b>68.62</b>	<b>66.56</b>	<b>1,171.57</b>	<b>1,030.27</b>	<b>970.50</b>
*after direct transaction costs of	(0.08)	(0.03)	(0.05)	(1.23)	(0.48)	(0.74)
<b>Performance</b>						
Return after charges (%)	14.24	6.64	18.74	13.71	6.16	18.25
<b>Other information</b>						
Closing net asset value (£000's)	1,674	1,762	2,590	141,093	93,947	124,528
Closing number of shares	2,200,806	2,568,222	3,891,035	12,043,054	9,118,687	12,831,340
Operating charges (%)	0.58	0.58	0.58	0.96	0.96	0.96
Direct transaction costs (%)***	0.11	0.05	0.08	0.11	0.05	0.08
<b>Prices</b>						
Highest dealing price	80.55p	71.79p	70.65p	1,208.00p	1,044.00p	1,003.00p
Lowest dealing price	70.39p	58.72p	56.98p	1,056.00p	853.10p	811.70p

# Comparative Table (continued)

Financial year to 31 December	Z Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>			
Opening net asset value	779.88	756.67	654.81
Return before operating charges*	115.84	54.24	126.98
Operating charges	(8.22)	(7.14)	(7.31)
<b>Return after operating charges*</b>	<b>107.62</b>	<b>47.10</b>	<b>119.67</b>
Distributions**	(23.15)	(23.89)	(17.81)
<b>Closing net asset value</b>	<b>864.35</b>	<b>779.88</b>	<b>756.67</b>
*after direct transaction costs of	(0.93)	(0.37)	(0.60)
<b>Performance</b>			
Return after charges (%)	13.80	6.22	18.28
<b>Other information</b>			
Closing net asset value (£000's)	26,858	21,585	6,087
Closing number of shares	3,107,356	2,767,776	804,473
Operating charges (%)	0.96	0.96	0.96
Direct transaction costs (%)***	0.11	0.05	0.08
<b>Prices</b>			
Highest dealing price	914.80p	814.80p	800.70p
Lowest dealing price	799.90p	665.60p	647.70p

\*\* 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 C Income shares closed on 25 May 2023.

2 Q1 Accumulation shares launched on 22 June 2022.

3 Q1 Income shares launched on 22 June 2022.

C Income shares converted into Z Income shares on 25 May 2023.

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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 31.12.23	Market Value £000's	% of net assets
<b>Equities 99.38% (94.43%)</b>			
<b>Australia 0.00% (1.62%)</b>			
<b>Austria 1.97% (0.00%)</b>			
OMV	204,646	7,031	1.97
		<b>7,031</b>	<b>1.97</b>
<b>Belgium 7.24% (3.01%)</b>			
Ageas	278,296	9,480	2.65
Anheuser-Busch InBev	167,913	8,500	2.38
bpost	1,958,526	7,915	2.21
		<b>25,895</b>	<b>7.24</b>
<b>Denmark 1.84% (2.07%)</b>			
H Lundbeck	1,721,842	6,557	1.84
		<b>6,557</b>	<b>1.84</b>
<b>Finland 1.15% (0.00%)</b>			
Nokian Renkaat	574,079	4,096	1.15
		<b>4,096</b>	<b>1.15</b>
<b>France 19.81% (23.11%)</b>			
Arkema	63,308	5,634	1.58
AXA	303,461	7,755	2.17
BNP Paribas	178,008	9,645	2.70
Elior Group	2,312,237	5,874	1.64
Icade REIT	289,903	8,923	2.49
Orange	1,061,162	9,473	2.65
Renault	221,413	7,081	1.98
Sanofi	135,699	10,549	2.95
Television Francaise 1	955,682	5,904	1.65
		<b>70,838</b>	<b>19.81</b>
<b>Germany 25.05% (28.65%)</b>			
Allianz	43,355	9,093	2.54
Bayer	211,515	6,166	1.73
CECONOMY	4,161,840	8,929	2.50
Continental	132,021	8,795	2.46
Covestro	161,772	7,407	2.07
Evonik Industries	487,018	7,820	2.19
Fresenius	234,664	5,742	1.61
Heidelberg Materials	56,711	3,976	1.11
Henkel	136,051	7,649	2.14
Jungheinrich Preference	310,198	8,913	2.49
Norma Group	603,489	8,378	2.34
Schaeffler Preference	1,375,750	6,676	1.87
		<b>89,544</b>	<b>25.05</b>

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Italy 5.75% (7.76%)</b>			
Eni	616,587	8,199	2.29
Intesa Sanpaolo	3,857,357	8,836	2.47
UniCredit	165,924	3,524	0.99
		<b>20,559</b>	<b>5.75</b>
<b>Luxembourg 6.74% (4.18%)</b>			
APERAM	228,018	6,493	1.82
Grand City Properties	1,039,292	9,123	2.55
SES FDR	1,646,305	8,495	2.37
		<b>24,111</b>	<b>6.74</b>
<b>Netherlands 8.62% (7.59%)</b>			
ABN AMRO Bank CVA	741,242	8,710	2.44
ING Groep	860,549	10,086	2.82
Iveco Group	1,185,320	8,367	2.34
Technip Energies	200,023	3,666	1.02
		<b>30,829</b>	<b>8.62</b>
<b>Russia 0.00% (0.00%)</b>			
Capital <sup>^</sup>	1	0	0.00
LUKOIL <sup>^</sup>	57,659	0	0.00
		<b>0</b>	<b>0.00</b>
<b>Spain 4.07% (3.89%)</b>			
Repsol	576,690	6,719	1.88
Tecnicas Reunidas	1,080,258	7,816	2.19
		<b>14,535</b>	<b>4.07</b>
<b>Sweden 6.17% (2.49%)</b>			
Bonava	3,447,932	3,505	0.98
Electrolux	718,313	6,033	1.69
Nobia	3,729,489	3,179	0.89
Scandic Hotels Group	2,592,262	9,354	2.61
		<b>22,071</b>	<b>6.17</b>
<b>Switzerland 4.50% (4.95%)</b>			
Adecco Group	205,980	7,923	2.22
GAM Holding	742,827	267	0.07
GAM Holding	552,273	198	0.06
Swatch Group	36,158	7,704	2.15
		<b>16,092</b>	<b>4.50</b>
<b>United Kingdom 6.47% (5.11%)</b>			
Anglo American	327,427	6,452	1.80
British Land REIT	2,081,429	8,315	2.33
Rio Tinto	143,369	8,376	2.34
		<b>23,143</b>	<b>6.47</b>
<b>Equities total</b>		<b>355,301</b>	<b>99.38</b>
<b>Portfolio of investments</b>		<b>355,301</b>	<b>99.38</b>
<b>Net other assets</b>		<b>2,224</b>	<b>0.62</b>
<b>Net assets attributable to shareholders</b>		<b>357,525</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

<sup>^</sup> Unlisted, suspended or delisted security.

# Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital gains	2		24,321		8,513
Revenue	3	17,518		11,531	
Expenses	4	(4,082)		(3,096)	
Net revenue before taxation		<b>13,436</b>		<b>8,435</b>	
Taxation	5	(1,528)		(632)	
Net revenue after taxation			<b>11,908</b>		<b>7,803</b>
<b>Total return before distributions</b>			<b>36,229</b>		<b>16,316</b>
Distributions	6		(12,046)		(7,808)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>24,183</b>		<b>8,508</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		296,515		276,952
Amounts receivable on issue of shares	250,770		144,670	
Amounts payable on cancellation of shares	(220,590)		(140,047)	
		<b>30,180</b>		<b>4,623</b>
Dilution adjustment		364		207
Change in net assets attributable to shareholders from investment activities		24,183		8,508
Retained distribution on Accumulation shares		6,283		6,225
<b>Closing net assets attributable to shareholders</b>		<b>357,525</b>		<b>296,515</b>

# Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			355,301		280,011
<b>Current assets</b>					
Debtors	8		2,185		2,255
Cash and bank balances			4,227		16,901
<b>Total assets</b>			<b>361,713</b>		<b>299,167</b>
<b>Liabilities</b>					
<b>Creditors</b>					
Bank overdrafts	9		-		(2)
Distributions payable			(2,900)		(2,324)
Other creditors	10		(1,288)		(326)
<b>Total liabilities</b>			<b>(4,188)</b>		<b>(2,652)</b>
<b>Net assets attributable to shareholders</b>			<b>357,525</b>		<b>296,515</b>

# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder European Recovery Fund are disclosed on pages 9 to 10.

### 2 Net capital gains

The net capital gains during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	25,160	7,682
Foreign currency (losses)/gains	(839)	831
<b>Net capital gains</b>	<b>24,321</b>	<b>8,513</b>

### 3 Revenue

	2023	2022
	£000's	£000's
UK dividends	632	663
Overseas dividends	16,018	10,829
Real estate income distributions	468	-
Bank interest	400	39
<b>Total revenue</b>	<b>17,518</b>	<b>11,531</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	4,076	3,054
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Dividend expenses	-	1
<b>Other expenses:</b>		
Professional fee	6	1
Interest payable	-	40
	<b>6</b>	<b>41</b>
<b>Total expenses</b>	<b>4,082</b>	<b>3,096</b>

<sup>1</sup> Audit fees including VAT for the year were £8,404 (2022 – £8,582).



# Notes to the Accounts

## For the year ended 31 December 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
Overseas withholding tax	1,528	632
<b>Total current tax (Note 5(b))</b>	<b>1,528</b>	<b>632</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 Open Ended Investment Companies 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>13,436</b>	<b>8,435</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	2,687	1,687
<b>Effects of:</b>		
Revenue not subject to corporation tax	(3,330)	(2,300)
Movement in excess management expenses	643	578
Overseas withholding tax	1,528	632
Movement in revenue taxable in different periods	-	35
<b>Total tax charge for the year (Note 5(a))</b>	<b>1,528</b>	<b>632</b>

#### (c) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £17,164,342 (2022 – £16,521,619) in respect of unutilised management expenses and loan relationship debits. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

### 6 Distributions

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

	2023	2022
	£000's	£000's
Final Dividend distribution	9,182	8,549
Add: Revenue deducted on cancellation of shares	5,205	2,957
Deduct: Revenue received on issue of shares	(2,341)	(3,698)
<b>Distributions</b>	<b>12,046</b>	<b>7,808</b>
Net revenue after taxation	11,908	7,803
Equalisation on conversions	138	5
<b>Distributions</b>	<b>12,046</b>	<b>7,808</b>

Details of the distributions per share are set out in the Distribution Table on page 79.

# Notes to the Accounts

## For the year ended 31 December 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	355,301	-	280,011	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	<b>355,301</b>	<b>-</b>	<b>280,011</b>	<b>-</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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023 £000's	2022 £000's
Amounts receivable for issue of shares	330	722
Sales awaiting settlement	10	-
Accrued revenue	319	89
Overseas withholding tax recoverable	1,526	1,444
<b>Total debtors</b>	<b>2,185</b>	<b>2,255</b>

### 9 Bank Overdraft

	2023 £000's	2022 £000's
Bank overdrafts	-	2
<b>Total bank overdrafts</b>	<b>-</b>	<b>2</b>

### 10 Other creditors

	2023 £000's	2022 £000's
Amounts payable for cancellation of shares	987	67
Accrued expenses	301	259
<b>Total other creditors</b>	<b>1,288</b>	<b>326</b>

### 11 Contingent liabilities

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

### 12 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the Fund. The aggregate monies received through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 2.45% (2022 – 2.82%).

### 13 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 64 to 69.

The distributions per share class are given in the Distribution Table on page 79.

All classes have the same rights on winding up.

### 14 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, foreign currency, liquidity and interest rate risks. The Authorised Corporate Director'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 Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 shareholders would increase or decrease by approximately £35,530,100 (2022 - £28,001,100).

#### 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 Authorised Corporate Director 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	-	4,805
Canadian dollar	-	2
Danish krone	6,613	11,451
Euro	291,008	243,662
Sterling	21,731	14,515
Swedish krona	22,071	7,395
Swiss franc	16,102	14,687
US dollar	-	(2)

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 shareholders will increase or decrease by approximately £33,579,400 (2022 - £28,200,000).

#### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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.

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of financial assets and financial liabilities at the balance sheet date was as follows:

Currency	2023				2022			
	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
Australian dollar	-	-	-	-	-	-	4,805	4,805
Canadian dollar	-	-	-	-	-	-	2	2
Danish krone	-	-	6,613	6,613	-	-	11,451	11,451

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

Currency	2023				2022			
	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
Euro	2,100	-	288,908	291,008	10,556	-	233,106	243,662
Sterling	2,127	-	23,792	25,919	6,345	-	10,820	17,165
Swedish krona	-	-	22,071	22,071	-	-	7,395	7,395
Swiss franc	-	-	16,102	16,102	-	-	14,687	14,687

Currency	2023				2022			
	Floating rate financial liabilities £000's	Fixed rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's	Floating rate financial liabilities £000's	Fixed rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's
Sterling	-	-	4,188	4,188	-	-	2,650	2,650
US dollar	-	-	-	-	2	-	-	2

At the year end, if changes in interest rates resulted in a 10% increase or decrease in the net assets of the fund, then the net assets would increase or decrease by approximately £422,700 (2022 - £1,689,900).

### 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 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.

### Global risk exposure

#### Commitment approach

When using derivatives, the Authorised Corporate Director 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 31 December 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				2022			
	Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
	0.00%	9.43%	0.27%	0.00%	0.00%	8.04%	0.19%	0.00%

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 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	372,293	131	408	372,832	0.04	0.11
Corporate actions purchases:						
Equities	1,824	-	-	1,824	-	-
	374,117	131	408	374,656		
<b>Sales</b>						
Sales:						
Equities	324,590	(129)	-	324,461	(0.04)	-
Total cost as a percentage of the Fund's average net asset value (%)		0.07	0.10			

1 Excluding in-specie transfers and corporate actions.

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	181,624	62	157	181,843	0.03	0.09
Corporate actions purchases:						
Equities	749	-	-	749	-	-
	182,373	62	157	182,592		
<b>Sales</b>						
Equities	180,597	(65)	(1)	180,531	(0.04)	-
Total cost as a percentage of the Fund's average net asset value (%)		0.05	0.06			

1 Excluding corporate actions.

#### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.13% (2022 – 0.14%).

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.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 16 Shares in issue reconciliation

	Number of shares in issue 31.12.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
A Accumulation shares	6,947,523	1,763,286	(1,122,562)	(2,030,228)	5,558,019
C Accumulation shares	1,240,046	4,229	(58,503)	(1,174,988)	10,784
C Income shares	19,311	-	-	(19,311)	-
L Accumulation shares	57,876,874	97,891,456	(103,364,253)	(9,682,206)	42,721,871
L Income shares	69,762,113	34,538,224	(14,510,613)	(56,894,293)	32,895,431
Q1 Accumulation shares	3,000	1,059,601	(793,002)	16,193,021	16,462,620
Q1 Income shares	3,000	4,803,044	(174,867)	79,143,790	83,774,967
S Accumulation shares	353,234	307	(23,591)	16,835	346,785
S Income shares	2,568,222	-	(367,416)	-	2,200,806
Z Accumulation shares	9,118,687	8,631,943	(8,524,038)	2,816,462	12,043,054
Z Income shares	2,767,776	1,066,284	(723,951)	(2,753)	3,107,356

# Distribution Table

## Final distribution for the year ended 31 December 2023

**Group 1** Shares purchased prior to 2 January 2023

**Group 2** Shares purchased on or after 2 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share	Distribution paid 28.2.23 per share
<b>A Accumulation shares</b>				
Group 1	18.7793p	-	18.7793p	19.9467p
Group 2	9.7565p	9.0228p	18.7793p	19.9467p
<b>C Accumulation shares</b>				
Group 1	28.6659p	-	28.6659p	28.9021p
Group 2	28.6659p	-	28.6659p	28.9021p
<b>L Accumulation shares</b>				
Group 1	2.7201p	-	2.7201p	2.7239p
Group 2	0.9153p	1.8048p	2.7201p	2.7239p
<b>L Income shares</b>				
Group 1	2.2241p	-	2.2241p	2.2899p
Group 2	1.1655p	1.0586p	2.2241p	2.2899p
<b>Q1 Accumulation shares</b>				
Group 1	1.6580p	-	1.6580p	0.2273p
Group 2	-	1.6580p	1.6580p	0.2273p
<b>Q1 Income shares</b>				
Group 1	1.6686p	-	1.6686p	0.2273p
Group 2	-	1.6686p	1.6686p	0.2273p
<b>S Accumulation shares</b>				
Group 1	33.6056p	-	33.6056p	33.1203p
Group 2	13.5194p	20.0862p	33.6056p	33.1203p
<b>S Income shares</b>				
Group 1	2.3125p	-	2.3125p	2.3553p
Group 2	2.3125p	-	2.3125p	2.3553p
<b>Z Accumulation shares</b>				
Group 1	30.5917p	-	30.5917p	30.5677p
Group 2	14.0834p	16.5083p	30.5917p	30.5677p
<b>Z Income shares</b>				
Group 1	23.1498p	-	23.1498p	23.8906p
Group 2	15.1665p	7.9833p	23.1498p	23.8906p

## Equalisation

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

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

# Schroder Sustainable UK Equity Fund

## Fund Information

### Investment objective and policy

Schroder Sustainable UK Equity Fund (the 'Fund') aims to provide capital growth and income in excess of the FTSE All Share (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of UK companies which meet the Investment Manager's sustainability criteria.

The Fund is actively managed and invests at least 80% of its assets in a concentrated range of equity and equity related securities of UK companies which meet the Investment Manager's sustainability criteria (please see the Fund Characteristics section of the prospectus for more details). These are companies that are incorporated, headquartered or have their principal business activities in the UK.

The Fund maintains a higher overall sustainability score than the FTSE All Share (Gross Total Return) index, based on the Investment Manager's rating system. More details on the investment process used to achieve this can be found in the Fund Characteristics sections of the prospectus.

The Fund does not directly invest in certain activities, industries or groups of issuers above certain limits listed under "Sustainability Information" on the Fund's webpage, accessed via <https://www.schroders.com/en-gb/uk/individual/fund-centre/>.

The Fund invests in companies that have good governance practices, as determined by the Investment Manager's rating criteria (please see the Fund Characteristics section of the prospectus for more details).

The Fund may invest in companies that the Investment Manager believes will improve their sustainability practices within a reasonable timeframe, typically up to two years.

The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website <https://www.schroders.com/en-gb/uk/individual/what-we-do/sustainable-investing/>

The Fund typically holds 30 to 60 companies.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus).

*With Effect from 21 June 2023 the Fund's Investment objective and policy changed, Previously it was:*

The Fund aims to provide capital growth and income in excess of the FTSE All Share (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of UK companies which meet the Investment Manager's sustainability criteria.

The Fund is actively managed and invests at least 80% of its assets in a concentrated range of equity and equity related securities of UK companies which meet the Investment Manager's sustainability criteria (please see the Fund Characteristics section of the Prospectus for more details). These are companies that are incorporated, headquartered or have their principal business activities in the UK.

The Fund maintains a higher overall sustainability score than the FTSE All Share (Gross Total Return) index, based on the Investment Manager's rating system. More details on the investment process used to achieve this can be found in the Fund Characteristics section of the Prospectus.

The Fund does not invest in certain activities, industries or groups of issuers above certain limits listed under "Exclusion thresholds" in the Fund Characteristics section of the Prospectus.

The Fund invests in companies that have good governance practices, as determined by the Investment Manager's rating criteria (please see the Fund Characteristics section of the Prospectus for more details).

The Fund may invest in companies that the Investment Manager believes will improve their sustainability practices within a reasonable timeframe, typically up to two years.

The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website <https://www.schroders.com/en/uk/private-investor/strategic-capabilities/sustainability/>.

The Fund typically holds 30 to 60 companies.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus).

### Fund characteristics

The Fund's performance should be assessed against the target benchmark, being to exceed the FTSE All Share (Gross Total Return) index, and compared against the Investment Association UK All Companies sector average return. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Adviser and the ACD believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.



# Review of Investment Activities

**From 30 December 2022 to 29 December 2023 the price of Z Accumulation shares on a dealing price basis rose 3.90%. In the same period, the FTSE<sup>1</sup> All Share Index generated a total return of 7.92%<sup>2</sup>.**

Performance for the Fund was positive, but lagged the benchmark over the period. Global economic activity exceeded very low expectations in 2023. Inflation proved to be more persistent than anticipated in the first half of the year with central banks responding by raising interest rates further, causing bond yields to increase. In the second half data showed inflation moderating which changed market expectations for interest rate expectations dramatically. This significant drop in bond yields boosted share prices, with US tech, real estate, and small and mid-cap stocks finishing the year strongly.

We have significant exposure to small and mid-sized companies as this area of the market has many niche businesses offering sustainable products or services. Additionally, though small and mid-sized companies performed very well at the end of 2023, they still trade at their lowest level since 2013 versus the largest 100 UK listed businesses. It is also for the opportunity this performance gap presents that we have a significant exposure in this area of the market.

Power firm Drax Group was the single biggest detractor in the period. It underperformed because of a fall in power prices from the highs of 2022 as well several regulatory overhangs related to biomass subsidies. Sustainably sourced biomass is, we believe, a key tool in reducing fossil fuel usage. Electric charging solution provider Pod Point Group Holdings like other alternate energy providers was impacted by a more challenging environment as globally we saw some relaxation in policy regimes for green investment. Chemicals business Johnson Matthey was exposed to the sharp decline in platinum group metals prices during the year (these metals are important for emerging decarbonisation technologies). We believe the long-term opportunity remains in their catalyst technologies and hydrogen/fuel cell businesses.

Positive contributions came from some of our consumer-facing companies. Well-run businesses with strong franchises, such as budget hotel operator Whitbread, have taken market share and reported strong trading. Bus and rail operator FirstGroup benefitted as they near the end of their restructuring program and operational momentum has improved as public transport volumes continued their post pandemic recovery. The other key contributors to relative performance were underperforming companies that we cannot own because of the sustainable attributes we look for. Tobacco firm British American Tobacco, miner Anglo American and beverages firm Diageo were notable examples.

With the market anticipating a more benign economic outlook and an end to the most extreme moves in interest rates, cuts are now expected from most major central banks in 2024. However, we recognise that recession risk remains and we continue to monitor the risks to our portfolio holdings using our experience gained over multiple economic cycles. As a result, we maintain our focus on constructing a portfolio that is diversified and consists of our highest conviction stock picks that meet our sustainable criteria. New holdings include sustainability-led asset manager Foresight Group Holdings, sustainable foam manufacturer Zotefoams, sustainable technology group Porvair and telecoms business Spirent Communications.

**Fund Manager:  
Matt Bennison**



UK Equity fund manager with 11 years investment experience at Schroders

CFA charterholder

Degree in Natural Sciences, Cambridge University and one year Management Studies, Judge Business School, Cambridge

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<sup>2</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).

# Comparative Table

Financial year to 31 December	A Accumulation shares			A Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	316.69	326.60	285.20	157.25	167.13	150.15
Return before operating charges*	14.90	(5.44)	45.89	7.39	(2.84)	24.11
Operating charges	(4.66)	(4.47)	(4.49)	(2.32)	(2.27)	(2.35)
<b>Return after operating charges*</b>	<b>10.24</b>	<b>(9.91)</b>	<b>41.40</b>	<b>5.07</b>	<b>(5.11)</b>	<b>21.76</b>
Distributions**	(10.32)	(9.40)	(9.15)	(5.08)	(4.77)	(4.78)
Retained distributions**	10.32	9.40	9.15	-	-	-
<b>Closing net asset value</b>	<b>326.93</b>	<b>316.69</b>	<b>326.60</b>	<b>157.24</b>	<b>157.25</b>	<b>167.13</b>
*after direct transaction costs of	(0.26)	(0.25)	(0.91)	(0.13)	(0.13)	(0.48)
<b>Performance</b>						
Return after charges (%)	3.23	(3.03)	14.52	3.22	(3.06)	14.49
<b>Other information</b>						
Closing net asset value (£000's)	3,538	9,975	14,654	127	1,153	1,284
Closing number of shares	1,082,262	3,149,658	4,486,886	80,834	733,467	768,048
Operating charges (%)	1.43	1.43	1.43	1.43	1.43	1.43
Direct transaction costs (%)***	0.08	0.08	0.29	0.08	0.08	0.29
<b>Prices</b>						
Highest dealing price	339.10p	332.20p	335.40p	168.40p	168.80p	173.80p
Lowest dealing price	293.10p	282.30p	285.20p	143.20p	142.10p	150.20p

# Comparative Table (continued)

Financial year to 31 December	C Accumulation shares			C Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	344.66	353.21	306.50	171.44	181.07	161.63
Return before operating charges*	16.39	(5.83)	49.42	8.12	(3.06)	26.02
Operating charges	(2.89)	(2.72)	(2.71)	(1.44)	(1.38)	(1.42)
<b>Return after operating charges*</b>	<b>13.50</b>	<b>(8.55)</b>	<b>46.71</b>	<b>6.68</b>	<b>(4.44)</b>	<b>24.60</b>
Distributions**	(11.27)	(10.20)	(9.86)	(5.57)	(5.19)	(5.16)
Retained distributions**	11.27	10.20	9.86	-	-	-
<b>Closing net asset value</b>	<b>358.16</b>	<b>344.66</b>	<b>353.21</b>	<b>172.55</b>	<b>171.44</b>	<b>181.07</b>
*after direct transaction costs of	(0.29)	(0.27)	(0.98)	(0.14)	(0.14)	(0.51)
<b>Performance</b>						
Return after charges (%)	3.92	(2.42)	15.24	3.90	(2.45)	15.22
<b>Other information</b>						
Closing net asset value (£000's)	1	2,718	1,755	6	1,004	1,142
Closing number of shares	327	788,512	496,787	3,150	585,849	631,031
Operating charges (%)	0.80	0.80	0.80	0.80	0.80	0.80
Direct transaction costs (%)***	0.08	0.08	0.29	0.08	0.08	0.29
<b>Prices</b>						
Highest dealing price	369.90p	360.70p	362.00p	184.00p	182.90p	187.90p
Lowest dealing price	320.70p	306.80p	306.70p	156.90p	154.80p	161.80p

# Comparative Table (continued)

Financial year to 31 December	S Income shares			Z Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	46.84	49.35	43.94	363.29	372.34	323.13
Return before operating charges*	2.20	(0.84)	7.08	17.06	(6.16)	52.10
Operating charges	(0.27)	(0.26)	(0.27)	(2.96)	(2.89)	(2.89)
<b>Return after operating charges*</b>	<b>1.93</b>	<b>(1.10)</b>	<b>6.81</b>	<b>14.10</b>	<b>(9.05)</b>	<b>49.21</b>
Distributions**	(1.51)	(1.41)	(1.40)	(11.88)	(10.75)	(10.39)
Retained distributions**	-	-	-	11.88	10.75	10.39
<b>Closing net asset value</b>	<b>47.26</b>	<b>46.84</b>	<b>49.35</b>	<b>377.39</b>	<b>363.29</b>	<b>372.34</b>
*after direct transaction costs of	(0.04)	(0.04)	(0.14)	(0.30)	(0.29)	(1.04)
<b>Performance</b>						
Return after charges (%)	4.12	(2.23)	15.50	3.88	(2.43)	15.23
<b>Other information</b>						
Closing net asset value (£000's)	1,668	2,081	2,797	31,650	24,579	19,953
Closing number of shares	3,529,999	4,443,385	5,669,550	8,386,515	6,765,643	5,358,765
Operating charges (%)	0.56	0.56	0.56	0.80	0.80	0.81
Direct transaction costs (%)***	0.08	0.08	0.29	0.08	0.08	0.29
<b>Prices</b>						
Highest dealing price	50.32p	49.84p	51.15p	389.90p	380.20p	381.60p
Lowest dealing price	42.96p	42.26p	43.99p	338.00p	323.40p	323.30p

# Comparative Table (continued)

Financial year to 31 December	Z Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>			
Opening net asset value	180.51	190.67	170.22
Return before operating charges*	8.46	(3.23)	27.40
Operating charges	(1.46)	(1.47)	(1.51)
<b>Return after operating charges*</b>	<b>7.00</b>	<b>(4.70)</b>	<b>25.89</b>
Distributions**	(5.86)	(5.46)	(5.44)
<b>Closing net asset value</b>	<b>181.65</b>	<b>180.51</b>	<b>190.67</b>
*after direct transaction costs of	(0.15)	(0.15)	(0.54)
<b>Performance</b>			
Return after charges (%)	3.88	(2.46)	15.21
<b>Other information</b>			
Closing net asset value (£000's)	7,633	6,470	7,245
Closing number of shares	4,201,952	3,583,924	3,799,715
Operating charges (%)	0.80	0.80	0.81
Direct transaction costs (%)***	0.08	0.08	0.29
<b>Prices</b>			
Highest dealing price	193.80p	192.60p	197.80p
Lowest dealing price	165.20p	162.90p	170.40p

\*\* 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.

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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).

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# Portfolio Statement

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Equities 93.33% (88.63%)</b>			
<b>Basic Materials 5.79% (4.43%)</b>			
Johnson Matthey	90,316	1,533	3.44
Victrex	54,273	826	1.85
Zotefoams	66,946	224	0.50
		<b>2,583</b>	<b>5.79</b>
<b>Consumer Discretionary 10.49% (14.78%)</b>			
Burberry Group	45,191	640	1.43
Cazoo Group <sup>^</sup>	18	0	0.00
Cazoo Group Warrant 01/11/2025 <sup>^</sup>	19	0	0.00
Cazoo Group Warrant 01/11/2025 <sup>^</sup>	21	0	0.00
Cazoo Group Warrant 01/11/2025 <sup>^</sup>	23	0	0.00
MusicMagpie <sup>#</sup>	975,325	102	0.23
Pearson	92,071	888	1.99
Pets at Home Group	389,589	1,240	2.78
Trainline	268,227	860	1.93
Whitbread	25,965	949	2.13
		<b>4,679</b>	<b>10.49</b>
<b>Consumer Staples 9.32% (10.43%)</b>			
Britvic	107,643	905	2.03
Cranswick	23,624	900	2.02
Ocado Group	56,975	430	0.96
PZ Cussons	296,600	454	1.02
Unilever	38,692	1,470	3.29
		<b>4,159</b>	<b>9.32</b>
<b>Energy 5.28% (4.94%)</b>			
Ceres Power Holdings <sup>*</sup>	84,476	154	0.34
First Solar	4,328	585	1.31
Pod Point Group Holdings	747,215	161	0.36
Tekmar Group <sup>#</sup>	1,627,800	163	0.37
Vestas Wind Systems	51,937	1,293	2.90
		<b>2,356</b>	<b>5.28</b>
<b>Financials 15.74% (12.49%)</b>			
Foresight Group Holdings	136,742	589	1.32
HSBC Holdings	189,875	1,206	2.70
IP Group	652,909	379	0.85
Just Group	677,616	581	1.30
Legal & General Group	575,266	1,444	3.24
Lloyds Banking Group	1,284,463	613	1.37
Prudential	109,002	967	2.17
Standard Chartered	186,811	1,245	2.79
		<b>7,024</b>	<b>15.74</b>
<b>Health Care 16.10% (13.21%)</b>			
AstraZeneca	25,277	2,679	6.00

	Holding at 31.12.23	Market Value £000's	% of net assets
ConvaTec Group	408,829	999	2.24
GSK	123,246	1,787	4.00
Haleon	314,332	1,011	2.27
Spire Healthcare Group	312,577	708	1.59
		<b>7,184</b>	<b>16.10</b>
<b>Industrials 16.65% (12.85%)</b>			
Balfour Beatty	191,589	635	1.42
Bunzl	25,496	813	1.82
Capita	1,863,944	410	0.92
Coats Group	453,168	351	0.79
Dialight	99,089	139	0.31
Firstgroup	563,432	985	2.21
Genuit Group	109,473	442	0.99
Invinity Energy Systems <sup>#</sup>	820,751	279	0.62
Invinity Energy Systems Warrant 16/12/2023	80,867	2	0.00
Invinity Energy Systems Warrant 16/12/2023 <sup>^</sup>	25,102	0	0.00
Invinity Energy Systems Warrant 16/12/2024 <sup>^</sup>	105,969	0	0.00
IWG	140,860	266	0.60
Kingspan Group	13,438	913	2.05
Porvair	49,396	304	0.68
Ricardo	95,578	468	1.05
SIG	1,275,938	426	0.95
Volusion Group	230,140	998	2.24
		<b>7,431</b>	<b>16.65</b>
<b>Real Estate 1.22% (2.45%)</b>			
Assura REIT	1,132,208	545	1.22
		<b>545</b>	<b>1.22</b>
<b>Telecommunications 3.97% (1.71%)</b>			
BT Group	923,597	1,139	2.56
Spirent	510,927	630	1.41
		<b>1,769</b>	<b>3.97</b>
<b>Utilities 8.77% (11.34%)</b>			
Drax Group	125,223	613	1.37
National Grid	146,349	1,548	3.47
SSE	94,472	1,754	3.93
		<b>3,915</b>	<b>8.77</b>
<b>Equities total</b>			<b>93.33</b>
<b>Collective Investment Schemes 5.54% (7.72%)</b>			
<b>Infrastructure and Renewable Energy Funds 4.50% (6.31%)</b>			
Greencoat UK Wind <sup>s</sup>	513,222	777	1.74
John Laing Environmental Assets Group <sup>s</sup>	666,332	676	1.51
The Renewables Infrastructure Group <sup>s</sup>	490,181	557	1.25
		<b>2,010</b>	<b>4.50</b>

# Portfolio Statement (continue)

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Multi Asset Funds 1.04% (1.41%)</b>			
Syncona <sup>§</sup>	375,997	464	1.04
		<b>464</b>	<b>1.04</b>
<b>Collective Investment Schemes total</b>		<b>2,474</b>	<b>5.54</b>

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Portfolio of investments</b>		<b>44,119</b>	<b>98.87</b>
<b>Net other assets</b>		<b>504</b>	<b>1.13</b>
<b>Net assets attributable to shareholders</b>		<b>44,623</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2022.

Unless otherwise stated, all securities are admitted to official stock exchange listings or are permitted collective investment schemes.

^ Unlisted, suspended or delisted security.

# Security traded on another regulated market.

§ Closed ended Fund.



# Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital gains/(losses)	2		470		(2,145)
Revenue	3	1,532		1,372	
Expenses	4	(431)		(438)	
Net revenue before taxation		<b>1,101</b>		<b>934</b>	
Taxation	5	-		(2)	
Net revenue after taxation			<b>1,101</b>		<b>932</b>
<b>Total return before distributions</b>			<b>1,571</b>		<b>(1,213)</b>
Distributions	6		(1,526)		(1,370)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>45</b>		<b>(2,583)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		47,980		48,830
Amounts receivable on issue of shares	3,720		6,323	
Amounts payable on cancellation of shares	(8,290)		(5,663)	
		<b>(4,570)</b>		<b>660</b>
Dilution adjustment		1		21
Change in net assets attributable to shareholders from investment activities		45		(2,583)
Retained distribution on Accumulation shares		1,167		1,052
<b>Closing net assets attributable to shareholders</b>		<b>44,623</b>		<b>47,980</b>

# Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments		44,119		46,230	
<b>Current assets</b>					
Debtors	8	167		153	
Cash and bank balances		664		1,821	
<b>Total assets</b>		<b>44,950</b>		<b>48,204</b>	
<b>Liabilities</b>					
<b>Creditors</b>					
Distributions payable		(146)		(152)	
Other creditors	9	(181)		(72)	
<b>Total liabilities</b>		<b>(327)</b>		<b>(224)</b>	
<b>Net assets attributable to shareholders</b>		<b>44,623</b>		<b>47,980</b>	

# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder Sustainable UK Equity Fund are disclosed on pages 9 to 10.

### 2 Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	470	(2,145)
<b>Net capital gains/(losses)</b>	<b>470</b>	<b>(2,145)</b>

### 3 Revenue

	2023	2022
	£000's	£000's
UK dividends	1,279	1,139
Overseas dividends	154	141
Real estate income distributions	20	24
Scrip dividends	54	64
Bank interest	25	4
<b>Total revenue</b>	<b>1,532</b>	<b>1,372</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	425	438
<b>Other expenses:</b>		
Interest payable	6	-
<b>Total expenses</b>	<b>431</b>	<b>438</b>

<sup>1</sup> Audit fees including VAT for the year were £8,404 (2022 – £8,582).

# Notes to the Accounts

## For the year ended 31 December 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
Overseas withholding tax	-	2
<b>Total current tax (Note 5(b))</b>	<b>-</b>	<b>2</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 Open Ended Investment Companies 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>1,101</b>	<b>934</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	220	187
<b>Effects of:</b>		
Revenue not subject to corporation tax	(295)	(269)
Movement in excess management expenses	75	82
Overseas withholding tax	-	2
<b>Total tax charge for the year (Note 5(a))</b>	<b>-</b>	<b>2</b>

#### (c) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £12,999,945 (2022 – £12,925,048) in respect of unutilised management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

### 6 Distributions

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

	2023	2022
	£000's	£000's
Interim Dividend distribution	797	716
Final Dividend distribution	685	672
	<b>1,482</b>	<b>1,388</b>
Add: Revenue deducted on cancellation of shares	75	42
Deduct: Revenue received on issue of shares	(31)	(60)
<b>Distributions</b>	<b>1,526</b>	<b>1,370</b>
Net revenue after taxation	1,101	932
Expenses taken to capital	425	438
<b>Distributions</b>	<b>1,526</b>	<b>1,370</b>

Details of the distributions per share are set out in the Distribution Tables on pages 96 to 97.

# Notes to the Accounts

## For the year ended 31 December 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	44,117	-	46,230	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	2	-	-	-
<b>Total</b>	<b>44,119</b>	<b>-</b>	<b>46,230</b>	<b>-</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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023 £000's	2022 £000's
Amounts receivable for issue of shares	1	5
Accrued revenue	165	141
Overseas withholding tax recoverable	1	1
Income tax recoverable	-	6
<b>Total debtors</b>	<b>167</b>	<b>153</b>

### 9 Other creditors

	2023 £000's	2022 £000's
Amounts payable for cancellation of shares	151	35
Accrued expenses	30	37
<b>Total other creditors</b>	<b>181</b>	<b>72</b>

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 10 Related party transactions

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

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

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

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 3.76% (2022 – 4.41%).

### 11 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 83 to 86.

The distributions per share class are given in the Distribution Tables on pages 96 to 97.

All classes have the same rights on winding up.

### 12 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, foreign currency, liquidity and interest rate risks. The Authorised Corporate Director'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 Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 shareholders would increase or decrease by approximately £4,411,900 (2022 - £4,623,000).

#### 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 Authorised Corporate Director 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
Danish krone	1,293	1,260
Euro	913	682
Sterling	41,832	45,424
US dollar	585	614

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 shareholders will increase or decrease by approximately £279,100 (2022 - £255,600).

#### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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.

At the year end date 1.49% (2022 – 3.80%) 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.

#### 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.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### Global risk exposure

#### Commitment approach

When using derivatives, the Authorised Corporate Director 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 31 December 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				2022			
	Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
	0.00%	0.01%	0.01%	0.01%	0.00%	0.52%	0.01%	0.00%

### 13 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>						
Equities	7,472	3	32	7,507	0.04	0.43
<b>Sales</b>						
Equities	10,089	(3)	-	10,086	(0.03)	-
Total cost as a percentage of the Fund's average net asset value (%)		0.01	0.07			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	9,430	4	44	9,478	0.04	0.47
<b>Sales</b>						
Equities	9,298	(3)	-	9,295	(0.03)	-
Total cost as a percentage of the Fund's average net asset value (%)		0.02	0.09			

#### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.36% (2022 – 0.30%).

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.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 14 Shares in issue reconciliation

	Number of shares in issue 31.12.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
A Accumulation shares	3,149,658	22,937	(254,875)	(1,835,458)	1,082,262
A Income shares	733,467	3,301	(71,370)	(584,564)	80,834
C Accumulation shares	788,512	6,299	(59,192)	(735,292)	327
C Income shares	585,849	-	(56,603)	(526,096)	3,150
S Income shares	4,443,385	-	(913,386)	-	3,529,999
Z Accumulation shares	6,765,643	896,185	(1,563,283)	2,287,970	8,386,515
Z Income shares	3,583,924	146,274	(543,729)	1,015,483	4,201,952

# Distribution Tables

## Interim distribution for the six months ended 30 June 2023

**Group 1** Shares purchased prior to 1 January 2023

**Group 2** Shares purchased on or after 1 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.8.23 per share	Distribution paid 31.8.22 per share
<b>A Accumulation shares</b>				
Group 1	5.3110p	-	5.3110p	4.9715p
Group 2	1.5637p	3.7473p	5.3110p	4.9715p
<b>A Income shares</b>				
Group 1	2.6376p	-	2.6376p	2.5444p
Group 2	2.0201p	0.6175p	2.6376p	2.5444p
<b>C Accumulation shares</b>				
Group 1	5.7903p	-	5.7903p	5.3862p
Group 2	5.7903p	-	5.7903p	5.3862p
<b>C Income shares</b>				
Group 1	2.8806p	-	2.8806p	2.7614p
Group 2	0.0724p	2.8082p	2.8806p	2.7614p
<b>S Income shares</b>				
Group 1	0.7818p	-	0.7818p	0.7497p
Group 2	0.7818p	-	0.7818p	0.7497p
<b>Z Accumulation shares</b>				
Group 1	6.1033p	-	6.1033p	5.6776p
Group 2	2.7922p	3.3111p	6.1033p	5.6776p
<b>Z Income shares</b>				
Group 1	3.0333p	-	3.0333p	2.9078p
Group 2	1.5163p	1.5170p	3.0333p	2.9078p

## Final distribution for the six months ended 31 December 2023

**Group 1** Shares purchased prior to 1 July 2023

**Group 2** Shares purchased on or after 1 July 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share	Distribution paid 28.2.23 per share
<b>A Accumulation shares</b>				
Group 1	5.0094p	-	5.0094p	4.4293p
Group 2	2.2470p	2.7624p	5.0094p	4.4293p
<b>A Income shares</b>				
Group 1	2.4468p	-	2.4468p	2.2305p
Group 2	1.1316p	1.3152p	2.4468p	2.2305p
<b>C Accumulation shares</b>				
Group 1	5.4829p	-	5.4829p	4.8123p
Group 2	5.4829p	-	5.4829p	4.8123p
<b>C Income shares</b>				
Group 1	2.6860p	-	2.6860p	2.4275p
Group 2	2.6860p	-	2.6860p	2.4275p



# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share	Distribution paid 28.2.23 per share
<b>S Income shares</b>				
Group 1	0.7294p	-	0.7294p	0.6603p
Group 2	0.7294p	-	0.7294p	0.6603p
<b>Z Accumulation shares</b>				
Group 1	5.7728p	-	5.7728p	5.0725p
Group 2	2.7893p	2.9835p	5.7728p	5.0725p
<b>Z Income shares</b>				
Group 1	2.8218p	-	2.8218p	2.5561p
Group 2	1.4378p	1.3840p	2.8218p	2.5561p

### Equalisation

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

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

# Schroder UK Alpha Income Fund

## Fund Information

### Investment objective and policy

Schroder UK Alpha Income Fund (the 'Fund') aims to provide income and capital growth in excess of the FTSE All Share (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of UK companies.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK.

'Alpha' funds invest in companies in which the Investment Manager has a high conviction that the current share price does not reflect the future prospects for that business.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus).

### Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the FTSE All Share (Gross Total Return) index, and compared against the Investment Association UK Equity Income sector average return. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Adviser and the ACD believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

**From 30 December 2022 to 29 December 2023, the price of Z Accumulation shares on a dealing price basis rose by 5.84%. In the same period, the FTSE<sup>1</sup> All Share Index generated a total return of 7.92%<sup>2</sup>.**

Performance was positive but finished behind the benchmark. Global economic activity exceeded very low expectations in 2023. Inflation proved to be more persistent than anticipated in the first half of the year with central banks responding by raising interest rates further, causing bond yields to increase. In the second half, data showed inflation moderating which changed market expectations for interest rate expectations dramatically. This significant drop in bond yields boosted share prices, with US tech, real estate, and small and mid-cap stocks finishing the year strongly.

Stock selection within the materials, industrials and utilities sectors detracted from performance. Weakness in commodity prices, particularly precious metals, impacted holdings in miner Anglo American and sustainability solutions company Johnson Matthey. Many of the significant detractors to performance this quarter were impacted by weaker than expected macro-economic data from China. Luxury goods group Burberry Group reported slowing sales growth after an initial strong recovery from the pandemic. The company has also been impacted by uncertainty surrounding strategy and fashion risk given a recent change of creative director. No exposure to aerospace and defence company Rolls Royce which performed well was detrimental. Drax Group underperformed because of a fall in power prices from the highs of 2022 as well several regulatory overhangs related to biomass subsidies and sustainability reporting. Sustainably sourced biomass is, we believe, a key tool in reducing fossil fuel usage.

On the positive side, owning less than the market in consumer staples (notably no exposure to British American Tobacco and only a modest, recently added, position in Diageo) and owning more than the market in consumer discretionary sectors was beneficial. Staples companies underperformed as they experienced an unwind of the pandemic boost. Relative to the very low expectations at the end of 2022, consumer spending on more discretionary items, was stronger. This benefited many of our consumer facing holdings which are typically resilient businesses offering consumers good value for money. Their resilience has meant they have been better placed to gain share from weaker competitors exiting the market because of COVID and inflation-induced financial stress. Examples include budget hotels company Whitbread, ten pin bowling operator Hollywood Bowl Group as well as financial investment group 3i Group whose main asset is European discount retailer Action. Fellow private equity manager Intermediate Capital Group benefited with re-assuring trading particularly in its debt funds and returns on the investment company have improved after a difficult period in the previous year.

In terms of activity, we exited our longstanding holding in Tesco, the UK's largest food retailer. The shares had performed strongly as a beneficiary of Covid, the inflationary environment and sector consolidation having previously undergone a successful operational turnaround under a new management team. New positions included oil & gas major BP, car retailer Inchcape and pension consultancy XPS Pensions Group. A further new position is in property business British Land, which should benefit as interest rates fall later in 2024. The shares have performed poorly and are at a material discount to net asset value. We exited Rio Tinto as we believe no longer justifies its premium to the sector as it has an overdependence on iron ore and future large projects are high risk in our view. Other exits during the period were insurer Direct Line, recruitment specialist SThree and payment services provider Paypoint.

The outlook for dividends became more challenging over the course of 2023, driven mainly by a significant reduction in special dividends from the mining sector this year. UK companies are choosing to return surplus capital through share buybacks rather than special dividends. This is a very good indication of the valuation opportunity that the boards of UK companies see in their own shares, reinforcing our view that there are a lot of mispriced opportunities in the UK market. However, this is a headwind to income. We have increased exposure to small and mid-cap companies in the Fund as we see compelling long term capital growth opportunities supplemented by more attractive dividend yields. The 'yield gap' between the FTSE100 and FTSE250 is as low as it has been for many years.

**Co-Fund Manager:  
Matt Bennison**



UK Equity fund manager with 11 years investment experience at Schroders

CFA charterholder

Degree in Natural Sciences, Cambridge University and one year Management Studies, Judge Business School, Cambridge

**Co-Fund Manager:  
Sue Noffke**



UK Equity fund manager with 33 years investment experience at Schroders

Associate with the Institute of Investment Management Research (IIMR)

Degree in Business Administration and Biochemistry, Aston University

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<sup>2</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).

# Comparative Table

Financial year to 31 December	A Accumulation shares			A Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	216.67	215.38	188.45	142.06	147.45	134.40
Return before operating charges*	14.58	4.37	30.22	9.47	2.93	21.49
Operating charges	(3.21)	(3.08)	(3.29)	(2.10)	(2.09)	(2.33)
<b>Return after operating charges*</b>	<b>11.37</b>	<b>1.29</b>	<b>26.93</b>	<b>7.37</b>	<b>0.84</b>	<b>19.16</b>
Distributions**	(10.36)	(9.19)	(8.65)	(6.72)	(6.23)	(6.11)
Retained distributions**	10.36	9.19	8.65	-	-	-
<b>Closing net asset value</b>	<b>228.04</b>	<b>216.67</b>	<b>215.38</b>	<b>142.71</b>	<b>142.06</b>	<b>147.45</b>
*after direct transaction costs of	(0.24)	(0.21)	(0.39)	(0.15)	(0.15)	(0.28)
<b>Performance</b>						
Return after charges (%)	5.25	0.60	14.29	5.19	0.57	14.26
<b>Other information</b>						
Closing net asset value (£000's)	1,338	1,603	1,808	1,131	2,735	3,569
Closing number of shares	586,739	739,705	839,419	792,748	1,924,936	2,420,551
Operating charges (%)	1.44	1.44	1.44	1.44	1.44	1.44
Direct transaction costs (%)***	0.11	0.10	0.19	0.11	0.10	0.19
<b>Prices</b>						
Highest dealing price	234.80p	229.10p	221.00p	154.00p	156.90p	154.70p
Lowest dealing price	212.30p	194.00p	186.20p	135.50p	129.70p	132.80p

# Comparative Table (continued)

Financial year to 31 December	C Accumulation shares			C Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	243.41	240.29	208.73	156.35	161.15	145.81
Return before operating charges*	16.45	4.92	33.55	10.45	3.22	23.37
Operating charges	(1.91)	(1.80)	(1.99)	(1.23)	(1.19)	(1.38)
<b>Return after operating charges*</b>	<b>14.54</b>	<b>3.12</b>	<b>31.56</b>	<b>9.22</b>	<b>2.03</b>	<b>21.99</b>
Distributions**	(11.67)	(10.29)	(9.62)	(7.41)	(6.83)	(6.65)
Retained distributions**	11.67	10.29	9.62	-	-	-
<b>Closing net asset value</b>	<b>257.95</b>	<b>243.41</b>	<b>240.29</b>	<b>158.16</b>	<b>156.35</b>	<b>161.15</b>
*after direct transaction costs of	(0.27)	(0.24)	(0.44)	(0.17)	(0.16)	(0.30)
<b>Performance</b>						
Return after charges (%)	5.97	1.30	15.12	5.90	1.26	15.08
<b>Other information</b>						
Closing net asset value (£000's)	271	6,581	6,853	286	7,277	8,002
Closing number of shares	104,981	2,703,431	2,851,319	180,548	4,653,951	4,965,701
Operating charges (%)	0.75	0.75	0.75	0.75	0.75	0.75
Direct transaction costs (%)***	0.11	0.10	0.19	0.11	0.10	0.19
<b>Prices</b>						
Highest dealing price	264.00p	256.10p	245.90p	169.60p	171.80p	168.60p
Lowest dealing price	239.40p	217.70p	206.30p	149.70p	142.50p	144.20p

# Comparative Table (continued)

Financial year to 31 December	L Accumulation shares			L Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	76.67	75.62	65.63	50.85	52.36	47.34
Return before operating charges*	5.17	1.54	10.56	3.39	1.05	7.59
Operating charges	(0.51)	(0.49)	(0.57)	(0.34)	(0.34)	(0.41)
<b>Return after operating charges*</b>	<b>4.66</b>	<b>1.05</b>	<b>9.99</b>	<b>3.05</b>	<b>0.71</b>	<b>7.18</b>
Distributions**	(3.68)	(3.24)	(3.02)	(2.41)	(2.22)	(2.16)
Retained distributions**	3.68	3.24	3.02	-	-	-
<b>Closing net asset value</b>	<b>81.33</b>	<b>76.67</b>	<b>75.62</b>	<b>51.49</b>	<b>50.85</b>	<b>52.36</b>
*after direct transaction costs of	(0.08)	(0.08)	(0.14)	(0.05)	(0.05)	(0.10)
<b>Performance</b>						
Return after charges (%)	6.08	1.39	15.22	6.00	1.36	15.17
<b>Other information</b>						
Closing net asset value (£000's)	7,652	9,736	9,220	7,023	5,331	6,286
Closing number of shares	9,408,762	12,698,329	12,193,329	13,638,344	10,483,689	12,004,331
Operating charges (%)	0.65	0.65	0.65	0.65	0.65	0.65
Direct transaction costs (%)***	0.11	0.10	0.19	0.11	0.10	0.19
<b>Prices</b>						
Highest dealing price	83.16p	80.62p	77.37p	55.17p	55.84p	54.77p
Lowest dealing price	75.45p	68.55p	64.87p	48.73p	46.33p	46.81p

# Comparative Table (continued)

Financial year to 31 December	S Accumulation shares			S Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	248.90	245.22	212.35	49.60	51.02	46.02
Return before operating charges*	16.85	5.03	34.15	3.30	1.02	7.38
Operating charges	(1.42)	(1.35)	(1.28)	(0.28)	(0.28)	(0.28)
<b>Return after operating charges*</b>	<b>15.43</b>	<b>3.68</b>	<b>32.87</b>	<b>3.02</b>	<b>0.74</b>	<b>7.10</b>
Distributions**	(11.94)	(10.51)	(9.80)	(2.35)	(2.16)	(2.10)
Retained distributions**	11.94	10.51	9.80	-	-	-
<b>Closing net asset value</b>	<b>264.33</b>	<b>248.90</b>	<b>245.22</b>	<b>50.27</b>	<b>49.60</b>	<b>51.02</b>
*after direct transaction costs of	(0.27)	(0.25)	(0.44)	(0.05)	(0.05)	(0.10)
<b>Performance</b>						
Return after charges (%)	6.20	1.50	15.48	6.09	1.45	15.43
<b>Other information</b>						
Closing net asset value (£000's)	2	66	63	1,871	2,321	2,862
Closing number of shares	586	26,441	25,798	3,720,804	4,680,260	5,609,622
Operating charges (%)	0.55	0.55	0.55	0.55	0.55	0.55
Direct transaction costs (%)***	0.11	0.10	0.19	0.11	0.10	0.19
<b>Prices</b>						
Highest dealing price	270.00p	261.50p	250.80p	53.82p	54.43p	53.34p
Lowest dealing price	245.10p	222.50p	209.90p	47.55p	45.18p	45.52p



# Comparative Table (continued)

Financial year to 31 December	Z Accumulation shares			Z Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	257.99	254.68	221.23	162.70	167.70	151.74
Return before operating charges*	17.40	5.22	35.56	10.84	3.34	24.32
Operating charges	(2.00)	(1.91)	(2.11)	(1.24)	(1.24)	(1.44)
<b>Return after operating charges*</b>	<b>15.40</b>	<b>3.31</b>	<b>33.45</b>	<b>9.60</b>	<b>2.10</b>	<b>22.88</b>
Distributions**	(12.38)	(10.90)	(10.19)	(7.72)	(7.10)	(6.92)
Retained distributions**	12.38	10.90	10.19	-	-	-
<b>Closing net asset value</b>	<b>273.39</b>	<b>257.99</b>	<b>254.68</b>	<b>164.58</b>	<b>162.70</b>	<b>167.70</b>
*after direct transaction costs of	(0.28)	(0.25)	(0.46)	(0.18)	(0.17)	(0.31)
<b>Performance</b>						
Return after charges (%)	5.97	1.30	15.12	5.90	1.25	15.08
<b>Other information</b>						
Closing net asset value (£000's)	22,280	20,815	21,880	26,102	25,034	28,897
Closing number of shares	8,149,462	8,068,290	8,591,246	15,859,745	15,386,551	17,231,377
Operating charges (%)	0.75	0.75	0.75	0.75	0.75	0.75
Direct transaction costs (%)***	0.11	0.10	0.19	0.11	0.10	0.19
<b>Prices</b>						
Highest dealing price	279.80p	271.50p	260.70p	176.50p	178.80p	175.50p
Lowest dealing price	253.70p	230.70p	218.70p	155.80p	148.30p	150.00p

\*\* 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.

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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 31.12.23	Market Value £000's	% of net assets
<b>Equities 100.28% (99.96%)</b>			
<b>Basic Materials 9.08% (11.06%)</b>			
Anglo American	67,632	1,333	1.96
Glencore	520,062	2,455	3.61
Johnson Matthey	93,366	1,585	2.33
Victrex	52,498	799	1.18
		<b>6,172</b>	<b>9.08</b>
<b>Consumer Discretionary 15.76% (18.20%)</b>			
888 Holdings	594,503	564	0.83
Burberry Group	87,659	1,241	1.83
Cazoo Group <sup>^</sup>	21	0	0.00
Hollywood Bowl Group	585,852	1,793	2.64
ITV	498,365	315	0.46
Pearson	162,448	1,566	2.30
Pets at Home Group	571,249	1,818	2.68
RELX	63,508	1,974	2.90
Whitbread	39,397	1,440	2.12
		<b>10,711</b>	<b>15.76</b>
<b>Consumer Staples 5.39% (5.99%)</b>			
Cranswick	21,722	827	1.21
Diageo	21,101	603	0.89
Unilever	58,820	2,235	3.29
		<b>3,665</b>	<b>5.39</b>
<b>Energy 8.63% (8.77%)</b>			
BP	232,754	1,085	1.60
Shell	185,945	4,778	7.03
		<b>5,863</b>	<b>8.63</b>
<b>Financials 25.96% (22.70%)</b>			
3i Group	72,359	1,751	2.58
HSBC Holdings	480,349	3,052	4.49
Intermediate Capital Group	102,524	1,722	2.53
Legal & General Group	843,066	2,117	3.12
Lloyds Banking Group	3,956,845	1,888	2.78
M&G	618,370	1,375	2.02
Polar Capital Holdings <sup>#</sup>	122,593	571	0.84

	Holding at 31.12.23	Market Value £000's	% of net assets
Prudential	172,896	1,534	2.26
Standard Chartered	280,685	1,870	2.75
TP ICAP Group	467,959	911	1.34
XPS Pensions Group	365,465	851	1.25
		<b>17,642</b>	<b>25.96</b>
<b>Health Care 14.17% (12.35%)</b>			
AstraZeneca	43,527	4,613	6.79
ConvaTec Group	576,516	1,408	2.07
GSK	201,437	2,921	4.30
Smith & Nephew	63,575	685	1.01
		<b>9,627</b>	<b>14.17</b>
<b>Industrials 7.99% (9.23%)</b>			
Balfour Beatty	366,021	1,213	1.79
Bunzl	48,123	1,535	2.26
Inchcape	125,535	898	1.32
QinetiQ Group	576,778	1,781	2.62
		<b>5,427</b>	<b>7.99</b>
<b>Real Estate 3.24% (2.40%)</b>			
Assura REIT	1,564,558	753	1.11
British Land REIT	173,079	691	1.02
Empiric Student Property REIT	799,903	757	1.11
		<b>2,201</b>	<b>3.24</b>
<b>Telecommunications 2.47% (2.14%)</b>			
BT Group	1,359,995	1,677	2.47
		<b>1,677</b>	<b>2.47</b>
<b>Utilities 7.59% (7.12%)</b>			
Drax Group	268,574	1,315	1.93
National Grid	181,218	1,917	2.82
SSE	103,932	1,929	2.84
		<b>5,161</b>	<b>7.59</b>
<b>Equities total</b>		<b>68,146</b>	<b>100.28</b>
<b>Portfolio of investments</b>		<b>68,146</b>	<b>100.28</b>
<b>Net other liabilities</b>		<b>(190)</b>	<b>(0.28)</b>
<b>Net assets attributable to shareholders</b>		<b>67,956</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

# Security traded on another regulated market.

# Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital gains/(losses)	2		1,567		(2,449)
Revenue	3	3,465		3,748	
Expenses	4	(560)		(662)	
Net revenue before taxation		<b>2,905</b>		<b>3,086</b>	
Taxation	5	-		(3)	
Net revenue after taxation			<b>2,905</b>		<b>3,083</b>
<b>Total return before distributions</b>			<b>4,472</b>		<b>634</b>
Distributions	6		(3,448)		(3,731)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,024</b>		<b>(3,097)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		81,499		89,440
Amounts receivable on issue of shares	1,887		8,707	
Amounts payable on cancellation of shares	(17,957)		(15,302)	
		<b>(16,070)</b>		<b>(6,595)</b>
Dilution adjustment		3		23
Change in net assets attributable to shareholders from investment activities		1,024		(3,097)
Retained distribution on Accumulation shares		1,500		1,728
<b>Closing net assets attributable to shareholders</b>		<b>67,956</b>		<b>81,499</b>

# Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			68,146		81,467
<b>Current assets</b>					
Debtors	8		395		310
Cash and bank balances			263		695
<b>Total assets</b>			<b>68,804</b>		<b>82,472</b>
<b>Liabilities</b>					
<b>Creditors</b>					
Bank overdrafts			(16)		-
Distributions payable			(730)		(818)
Other creditors	9		(102)		(155)
<b>Total liabilities</b>			<b>(848)</b>		<b>(973)</b>
<b>Net assets attributable to shareholders</b>			<b>67,956</b>		<b>81,499</b>

# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder UK Alpha Income Fund are disclosed on pages 9 to 10.

### 2 Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	1,567	(2,448)
Foreign currency gains/(losses)	-	(1)
<b>Net capital gains/(losses)</b>	<b>1,567</b>	<b>(2,449)</b>

### 3 Revenue

	2023	2022
	£000's	£000's
UK dividends	2,984	3,585
Overseas dividends	352	45
Real estate income distributions	67	63
Scrip dividends	44	49
Bank interest	18	6
<b>Total revenue</b>	<b>3,465</b>	<b>3,748</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	560	662
<b>Total expenses</b>	<b>560</b>	<b>662</b>

<sup>1</sup> Audit fees including VAT for the year were £8,404 (2022 – £8,582).

# Notes to the Accounts

## For the year ended 31 December 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
Overseas withholding tax	-	3
<b>Total current tax (Note 5(b))</b>	<b>-</b>	<b>3</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 Open Ended Investment Companies 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>2,905</b>	<b>3,086</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	581	617
<b>Effects of:</b>		
Revenue not subject to corporation tax	(676)	(736)
Movement in excess management expenses	95	119
Overseas withholding tax	-	3
<b>Total tax charge for the year (Note 5(a))</b>	<b>-</b>	<b>3</b>

#### (c) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £8,036,492 (2022 – £7,941,524) in respect of unutilised management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

### 6 Distributions

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

	2023	2022
	£000's	£000's
Interim Dividend distribution	1,952	2,115
Final Dividend distribution	1,351	1,547
	<b>3,303</b>	<b>3,662</b>
Add: Revenue deducted on cancellation of shares	168	168
Deduct: Revenue received on issue of shares	(23)	(99)
<b>Distributions</b>	<b>3,448</b>	<b>3,731</b>
Net revenue after taxation	2,905	3,083
Expenses taken to capital	560	662
Marginal tax relief	(17)	(14)
<b>Distributions</b>	<b>3,448</b>	<b>3,731</b>

Details of the distributions per share are set out in the Distribution Tables on pages 113 to 114.

# Notes to the Accounts

## For the year ended 31 December 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	68,146	-	81,467	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	<b>68,146</b>	<b>-</b>	<b>81,467</b>	<b>-</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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023 £000's	2022 £000's
Amounts receivable for issue of shares	144	25
Accrued revenue	247	245
Overseas withholding tax recoverable	-	10
Income tax recoverable	4	30
<b>Total debtors</b>	<b>395</b>	<b>310</b>

### 9 Other creditors

	2023 £000's	2022 £000's
Amounts payable for cancellation of shares	61	103
Accrued expenses	41	52
<b>Total other creditors</b>	<b>102</b>	<b>155</b>

### 10 Contingent liabilities

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

### 11 Related party transactions

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

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

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

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 4.50% (2022 - 4.52%).

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 12 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 101 to 105.

The distributions per share class are given in the Distribution Tables on pages 113 to 114.

All classes have the same rights on winding up.

### 13 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, liquidity and interest rate risks. The Authorised Corporate Director'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 Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 shareholders would increase or decrease by approximately £6,814,600 (2022 - £8,146,700).

#### Foreign currency risk

At the year end date, the majority of the Fund's financial assets and liabilities were denominated in sterling. As a result, the Fund has no material exposure to currency movements.

#### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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.

At the year end date 0.36% (2022 - 0.85%) 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 bank overdraft 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.

### Global risk exposure

#### Commitment approach

When using derivatives, the Authorised Corporate Director 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 31 December 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				2022			
Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 14 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>						
Equities	15,435	8	60	15,503	0.05	0.39
<b>Sales</b>						
Equities	30,446	(12)	-	30,434	(0.04)	-
Total cost as a percentage of the Fund's average net asset value (%)		0.03	0.08			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	20,502	8	88	20,598	0.04	0.43
<b>Sales</b>						
Equities	26,663	(11)	-	26,652	(0.04)	-
Total cost as a percentage of the Fund's average net asset value (%)		0.02	0.10			

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.11% (2022 – 0.19%).

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.

### 15 Shares in issue reconciliation

	Number of shares in issue 31.12.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
A Accumulation shares	739,705	118,752	(190,845)	(80,873)	586,739
A Income shares	1,924,936	31,534	(228,497)	(935,225)	792,748
C Accumulation shares	2,703,431	11,882	(144,806)	(2,465,526)	104,981
C Income shares	4,653,951	8,650	(253,561)	(4,228,492)	180,548
L Accumulation shares	12,698,329	301,744	(4,497,170)	905,859	9,408,762
L Income shares	10,483,689	996,577	(1,965,572)	4,123,650	13,638,344
S Accumulation shares	26,441	-	(25,855)	-	586
S Income shares	4,680,260	-	(959,456)	-	3,720,804
Z Accumulation shares	8,068,290	71,421	(2,111,075)	2,120,826	8,149,462
Z Income shares	15,386,551	362,560	(3,483,326)	3,593,960	15,859,745



# Distribution Tables

## Interim distribution for the six months ended 30 June 2023

**Group 1** Shares purchased prior to 1 January 2023

**Group 2** Shares purchased on or after 1 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.8.23 per share	Distribution paid 31.8.22 per share
<b>A Accumulation shares</b>				
Group 1	5.8669p	-	5.8669p	5.1109p
Group 2	4.1912p	1.6757p	5.8669p	5.1109p
<b>A Income shares</b>				
Group 1	3.8475p	-	3.8475p	3.4999p
Group 2	2.2211p	1.6264p	3.8475p	3.4999p
<b>C Accumulation shares</b>				
Group 1	6.6035p	-	6.6035p	5.7128p
Group 2	6.6035p	-	6.6035p	5.7128p
<b>C Income shares</b>				
Group 1	4.2427p	-	4.2427p	3.8323p
Group 2	4.2427p	-	4.2427p	3.8323p
<b>L Accumulation shares</b>				
Group 1	2.0807p	-	2.0807p	1.7982p
Group 2	1.1469p	0.9338p	2.0807p	1.7982p
<b>L Income shares</b>				
Group 1	1.3804p	-	1.3804p	1.2456p
Group 2	0.7173p	0.6631p	1.3804p	1.2456p
<b>S Accumulation shares</b>				
Group 1	6.7561p	-	6.7561p	5.8330p
Group 2	6.7561p	-	6.7561p	5.8330p
<b>S Income shares</b>				
Group 1	1.3466p	-	1.3466p	1.2140p
Group 2	1.3466p	-	1.3466p	1.2140p
<b>Z Accumulation shares</b>				
Group 1	6.9989p	-	6.9989p	6.0549p
Group 2	4.1384p	2.8605p	6.9989p	6.0549p
<b>Z Income shares</b>				
Group 1	4.4150p	-	4.4150p	3.9880p
Group 2	2.0333p	2.3817p	4.4150p	3.9880p

## Final distribution for the six months ended 31 December 2023

**Group 1** Shares purchased prior to 1 July 2023

**Group 2** Shares purchased on or after 1 July 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 29.2.24 per share	Distribution paid 28.2.23 per share
<b>A Accumulation shares</b>				
Group 1	4.4933p	-	4.4933p	4.0811p
Group 2	4.1685p	0.3248p	4.4933p	4.0811p

# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 29.2.24 per share	Distribution paid 28.2.23 per share
<b>A Income shares</b>				
Group 1	2.8682p	-	2.8682p	2.7272p
Group 2	0.8241p	2.0441p	2.8682p	2.7272p
<b>C Accumulation shares</b>				
Group 1	5.0647p	-	5.0647p	4.5754p
Group 2	5.0647p	-	5.0647p	4.5754p
<b>C Income shares</b>				
Group 1	3.1673p	-	3.1673p	2.9952p
Group 2	1.6557p	1.5116p	3.1673p	2.9952p
<b>L Accumulation shares</b>				
Group 1	1.5990p	-	1.5990p	1.4408p
Group 2	0.8205p	0.7785p	1.5990p	1.4408p
<b>L Income shares</b>				
Group 1	1.0327p	-	1.0327p	0.9739p
Group 2	0.3019p	0.7308p	1.0327p	0.9739p
<b>S Accumulation shares</b>				
Group 1	5.1806p	-	5.1806p	4.6760p
Group 2	1.6890p	3.4916p	5.1806p	4.6760p
<b>S Income shares</b>				
Group 1	1.0080p	-	1.0080p	0.9496p
Group 2	1.0080p	-	1.0080p	0.9496p
<b>Z Accumulation shares</b>				
Group 1	5.3766p	-	5.3766p	4.8495p
Group 2	2.0315p	3.3451p	5.3766p	4.8495p
<b>Z Income shares</b>				
Group 1	3.3015p	-	3.3015p	3.1169p
Group 2	1.1454p	2.1561p	3.3015p	3.1169p

## Equalisation

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

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

# Schroder Strategic Credit Fund

## Fund Information

### Investment objective and policy

Schroder Strategic Credit Fund (the 'Fund') aims to provide income and capital growth in excess of the ICE BofA Sterling 3 Month Government Bill Index (after fees have been deducted) over a three to five year period by investing in fixed and floating rate securities of companies worldwide but this cannot be guaranteed and your capital is at risk.

The Fund is actively managed and invests at least 80% of its assets in fixed and floating rate securities denominated in sterling (or in other currencies and hedged back into sterling) issued by companies worldwide. The Fund may also invest in fixed and floating rate securities issued by governments, government agencies and supra-nationals worldwide.

The Fund may invest more than 50% of its assets in below investment grade securities (as measured by Standard & Poor's or any other equivalent credit rating agencies) or in unrated securities.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III, Section 10: Derivatives and Forwards of the Prospectus). The Fund may use leverage and take short positions.

### Fund characteristics

The Fund's performance should be assessed against its target benchmark the ICE BofA Sterling 3 Month Government Bill Index and compared against the Investment Association Strategic Bond 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 has been selected because the Investment Adviser and the ACD believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

**From 30 December 2022 to 29 December 2023, the price of Z Accumulation shares on a dealing price basis rose 11.85%. In the same period, the ICE BofA Sterling 3 Month Government Bill Index generated a total return of 4.66%<sup>1</sup>.**

The largest contributors to performance over the previous 12 months have been credit selection in defensive sectors such as Euro-denominated healthcare and basic industry. Financial services contributed positively as the sector rebounded following the collapse of Credit Suisse and SVB. Sentiment changed following the resilience of issuers due to more robust financial structuring compared to events experienced in 2008. Additionally, structurally low duration was beneficial versus our competitors as inflation control remained a key objective for the major central banks which aggressively hiked rates over the course of the year. We were pleased with our decision not to increase duration exposure during this period.

In terms of detractors, European real estate detracted from performance as the sector continues to suffer from contagion due to fundamental weakness from specific names. Other detractors came from idiosyncratic exposure to Dollar-denominated telecommunications.

In terms of portfolio changes, there has been a gradual shift from high yield towards investment grade, which has predominantly been through the purchase of BBB rated senior financials. This is as a result of positioning the portfolio for a slowdown in the economy. We're expecting slower growth in Europe, so have been improving the credit quality of the duration we have with a view to protecting the Fund.

Banking is a sector we have been positive on for some time, for three main reasons. Firstly, the common equity tier one ratio is very high. This is the amount of equity that banks have on the balance sheet relative to risk weighted assets, so balance sheets are very strong. We continue to feel that the fundamental picture for banks is healthy, with significantly improved regulations and ringfencing of assets. Secondly, banks are a direct beneficiary of higher interest rates. The outlook for earnings is very robust in this sector. Thirdly, valuations are very attractive. Through 2022 we saw some underperformance in the banking space despite the higher rates due to high levels of supply, which helped the entry point for credit spreads. The recent turmoil, which has brought to the forefront of investors' minds the importance of in-depth credit research, has made valuations even more attractive. The Fund has the majority of its banking exposure in the UK which is a more diversified market with higher deposit rates and lower commercial real estate exposure than the US, and is predominantly investment grade rated.

Exposure to telecommunications has been decreased as we saw leverage increase across the sector during a long period of quantitative easing, and their capital structure is not favoured by the current rising rate environment. Additionally, previous high barriers to entry have been weakened by regulatory change in some jurisdictions, emphasising the importance of on-the-ground credit research.

The final two months of the year saw a sharp rebound in excess returns, setting the stage for 2024 under the narrative of a soft landing. This is accompanied by stabilising growth expectations, with anticipated support from central banks, although this support may be tested throughout the year.

On a percentile range comparison, the euro investment grade (IG) remains the widest within the global IG space, indicating potential opportunities in this area. The favourable outlook is driven by three key factors: macroeconomic environment and central bank policy, bondholder-friendly actions, and valuations.

The European Central Bank (ECB) is likely at the peak of its rate hiking cycle, with market expectations leaning towards rate cuts in the upcoming year. This scenario, coupled with weak economic activity and declining inflation, sets a positive stage for credit and potential capital appreciation. While there might be a slight weakening in the labour market, it should not lead to a significant rise in unemployment. The European economy is showing signs of recovery from its low levels, with a possible resurgence in the manufacturing sector due to less restrictive monetary policy.

In addition to the macroeconomic environment and central bank policy looking more conducive to positive credit outcomes, the rise in interest rates has shifted economic value from shareholders to bondholders, incentivising corporations to decrease debt, cut costs, and reduce capital expenditure (Capex). This shift is likely to increase market dispersion, offering opportunities for active investors with a bottom-up focus. Additionally, the risk of mergers and acquisitions (M&A) is low, further enhancing the investment landscape.

Lastly, despite robust returns in 2023, the potential for future gains remains. Current valuations continue to be attractive, with yields and spreads not having significantly tightened from their high levels. The spread of the euro IG market is at the 76th percentile compared to the past decade, indicating a premium versus historical data. The euro IG market, having lagged other global IG markets this year, presents a compelling opportunity on a relative basis. The yields in euro IG still offer the potential for attractive future returns, appealing income, and a buffer against future volatility.

**Fund Manager:**  
**Peter Harvey**



Peter joined Schroders in July 2013 following the acquisition of Cazenove Capital

Having joined Cazenove Capital in 2005, where he was head of the European credit team, Peter is now part of the London based fixed income team at Schroders

He has 32 years' experience analysing and investing in corporate debt

Peter studied management and international relations at St Andrews University

<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 is based upon the Fund’s risk target and there is no guarantee that the Fund will achieve it. 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).

# Comparative Table

Financial year to 31 December	A Accumulation shares			A Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	167.29	183.14	176.79	75.19	87.00	87.79
Return before operating charges*	21.20	(13.84)	8.48	9.38	(6.61)	4.21
Operating charges	(2.06)	(2.01)	(2.13)	(0.91)	(0.94)	(1.05)
<b>Return after operating charges*</b>	<b>19.14</b>	<b>(15.85)</b>	<b>6.35</b>	<b>8.47</b>	<b>(7.55)</b>	<b>3.16</b>
Distributions**	(10.94)	(9.08)	(8.04)	(4.84)	(4.26)	(3.95)
Retained distributions**	10.94	9.08	8.04	4.84	-	-
<b>Closing net asset value</b>	<b>186.43</b>	<b>167.29</b>	<b>183.14</b>	<b>83.66</b>	<b>75.19</b>	<b>87.00</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	11.44	(8.65)	3.59	11.26	(8.68)	3.60
<b>Other information</b>						
Closing net asset value (£000's)	12,991	12,423	15,947	364	705	843
Closing number of shares	6,968,365	7,425,870	8,707,681	460,274	938,232	969,056
Operating charges (%)	1.17	1.17	1.17	1.17	1.17	1.17
Direct transaction costs (%)	-	-	-	-	-	-
<b>Prices</b>						
Highest dealing price	187.50p	184.20p	184.80p	81.82p	87.50p	90.99p
Lowest dealing price	168.70p	160.90p	178.10p	75.83p	74.46p	88.47p

# Comparative Table (continued)

Financial year to 31 December	C Accumulation shares <sup>1</sup>			C Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	173.65	189.34	182.05	78.51	90.47	90.92
Return before operating charges*	9.28	(14.31)	8.73	9.82	(6.88)	4.36
Operating charges	(1.39)	(1.38)	(1.44)	(0.63)	(0.65)	(0.71)
<b>Return after operating charges*</b>	<b>7.89</b>	<b>(15.69)</b>	<b>7.29</b>	<b>9.19</b>	<b>(7.53)</b>	<b>3.65</b>
Distributions**	-	(9.40)	(8.30)	(5.07)	(4.43)	(4.10)
Retained distributions**	-	9.40	8.30	5.07	-	-
Redemption value as at 30 May 2023	(181.54)	-	-	-	-	-
<b>Closing net asset value</b>	<b>-</b>	<b>173.65</b>	<b>189.34</b>	<b>87.70</b>	<b>78.51</b>	<b>90.47</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	4.54	(8.29)	4.00	11.71	(8.32)	4.01
<b>Other information</b>						
Closing net asset value (£000's)	-	577	1,102	22	1,694	2,028
Closing number of shares	-	332,497	582,017	26,274	2,157,360	2,241,710
Operating charges (%)	0.77	0.77	0.77	0.77	0.77	0.77
Direct transaction costs (%)	-	-	-	-	-	-
<b>Prices</b>						
Highest dealing price	182.40p	190.40p	190.90p	85.77p	90.99p	94.42p
Lowest dealing price	175.10p	166.90p	183.40p	79.18p	77.68p	91.63p

# Comparative Table (continued)

Financial year to 31 December	D Accumulation shares			D Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	60.43	65.78	63.15	40.50	46.60	46.76
Return before operating charges*	7.70	(4.99)	3.03	5.07	(3.54)	2.25
Operating charges	(0.40)	(0.36)	(0.40)	(0.26)	(0.27)	(0.30)
<b>Return after operating charges*</b>	<b>7.30</b>	<b>(5.35)</b>	<b>2.63</b>	<b>4.81</b>	<b>(3.81)</b>	<b>1.95</b>
Distributions**	(3.95)	(3.26)	(2.87)	(2.62)	(2.29)	(2.11)
Retained distributions**	3.95	3.26	2.87	2.62	-	-
<b>Closing net asset value</b>	<b>67.73</b>	<b>60.43</b>	<b>65.78</b>	<b>45.31</b>	<b>40.50</b>	<b>46.60</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	12.08	(8.13)	4.16	11.88	(8.18)	4.17
<b>Other information</b>						
Closing net asset value (£000's)	1	1	1	342	608	1,911
Closing number of shares	2,000	2,000	2,000	801,945	1,501,945	4,100,260
Operating charges (%)	0.62	0.62	0.62	0.62	0.62	0.62
Direct transaction costs (%)	-	-	-	-	-	-
<b>Prices</b>						
Highest dealing price	68.11p	66.15p	66.28p	44.32p	46.87p	48.60p
Lowest dealing price	60.93p	58.06p	63.64p	40.85p	40.06p	47.13p



# Comparative Table (continued)

Financial year to 31 December	L Accumulation shares			L Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	180.55	196.66	188.90	81.57	93.91	94.28
Return before operating charges*	22.93	(14.87)	9.06	10.21	(7.16)	4.52
Operating charges	(1.28)	(1.24)	(1.30)	(0.57)	(0.58)	(0.64)
<b>Return after operating charges*</b>	<b>21.65</b>	<b>(16.11)</b>	<b>7.76</b>	<b>9.64</b>	<b>(7.74)</b>	<b>3.88</b>
Distributions**	(11.84)	(9.77)	(8.61)	(5.27)	(4.60)	(4.25)
Retained distributions**	11.84	9.77	8.61	5.27	-	-
<b>Closing net asset value</b>	<b>202.20</b>	<b>180.55</b>	<b>196.66</b>	<b>91.21</b>	<b>81.57</b>	<b>93.91</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	11.99	(8.19)	4.11	11.82	(8.24)	4.12
<b>Other information</b>						
Closing net asset value (£000's)	208,045	181,504	273,816	310,614	250,752	266,397
Closing number of shares	102,889,500	100,530,823	139,232,947	361,415,042	307,390,194	283,668,376
Operating charges (%)	0.67	0.67	0.67	0.67	0.67	0.67
Direct transaction costs (%)	-	-	-	-	-	-
<b>Prices</b>						
Highest dealing price	203.40p	197.80p	198.20p	89.22p	94.45p	97.96p
Lowest dealing price	182.10p	173.50p	190.30p	82.27p	80.69p	95.02p

# Comparative Table (continued)

Financial year to 31 December	S Accumulation shares			S Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	175.13	190.38	182.50	41.77	47.99	48.08
Return before operating charges*	22.26	(14.40)	8.76	5.23	(3.65)	2.31
Operating charges	(0.87)	(0.85)	(0.88)	(0.20)	(0.21)	(0.23)
<b>Return after operating charges*</b>	<b>21.39</b>	<b>(15.25)</b>	<b>7.88</b>	<b>5.03</b>	<b>(3.86)</b>	<b>2.08</b>
Distributions**	(11.49)	(9.47)	(8.33)	(2.70)	(2.36)	(2.17)
Retained distributions**	11.49	9.47	8.33	2.70	-	-
<b>Closing net asset value</b>	<b>196.52</b>	<b>175.13</b>	<b>190.38</b>	<b>46.80</b>	<b>41.77</b>	<b>47.99</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	12.21	(8.01)	4.32	12.04	(8.04)	4.33
<b>Other information</b>						
Closing net asset value (£000's)	23,109	17,288	35,640	30,473	34,778	57,347
Closing number of shares	11,759,109	9,871,534	18,720,993	69,103,144	83,257,248	119,495,031
Operating charges (%)	0.47	0.47	0.47	0.47	0.47	0.47
Direct transaction costs (%)	-	-	-	-	-	-
<b>Prices</b>						
Highest dealing price	197.60p	191.50p	191.70p	45.78p	48.27p	50.01p
Lowest dealing price	176.60p	168.20p	183.90p	42.13p	41.30p	48.46p

# Comparative Table (continued)

Financial year to 31 December	Z Accumulation shares			Z Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	59.97	65.39	62.87	40.60	46.79	47.02
Return before operating charges*	7.61	(4.95)	3.02	5.08	(3.57)	2.26
Operating charges	(0.49)	(0.47)	(0.50)	(0.33)	(0.33)	(0.37)
<b>Return after operating charges*</b>	<b>7.12</b>	<b>(5.42)</b>	<b>2.52</b>	<b>4.75</b>	<b>(3.90)</b>	<b>1.89</b>
Distributions**	(3.93)	(3.25)	(2.87)	(2.62)	(2.29)	(2.12)
Retained distributions**	3.93	3.25	2.87	2.62	-	-
<b>Closing net asset value</b>	<b>67.09</b>	<b>59.97</b>	<b>65.39</b>	<b>45.35</b>	<b>40.60</b>	<b>46.79</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	11.87	(8.29)	4.01	11.70	(8.34)	4.02
<b>Other information</b>						
Closing net asset value (£000's)	64,768	48,179	44,495	22,300	21,078	16,311
Closing number of shares	96,533,004	80,340,746	68,049,165	52,189,142	51,918,769	34,863,589
Operating charges (%)	0.77	0.77	0.77	0.77	0.77	0.77
Direct transaction costs (%)	-	-	-	-	-	-
<b>Prices</b>						
Highest dealing price	67.48p	65.75p	65.91p	44.36p	47.05p	48.83p
Lowest dealing price	60.47p	57.64p	63.35p	40.95p	40.17p	47.38p

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

1 C Accumulation shares closed on 30 May 2023.

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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 31.12.23	Market Value £000's	% of net assets
<b>Corporate Bonds 96.73% (96.29%)</b>			
<b>Australia 0.05% (0.00%)</b>			
APA Infrastructure FRN 7.125% 09/11/2083	361,000	328	0.05
		<b>328</b>	<b>0.05</b>
<b>Austria 0.83% (0.95%)</b>			
Sappi Papier Holding 3.625% 15/03/2028	825,000	684	0.10
ams-OSRAM 12.25% 30/03/2029	688,000	600	0.09
Sappi Papier Holding 7.5% 15/06/2032	1,000,000	757	0.11
Lenzing FRN 5.75% Perpetual	4,800,000	3,575	0.53
		<b>5,616</b>	<b>0.83</b>
<b>Belgium 0.67% (0.33%)</b>			
Ontex Group 3.5% 15/07/2026	1,734,000	1,444	0.22
Manuchar Group 7.25% 30/06/2027	1,844,000	1,484	0.22
Azelis Finance 5.75% 15/03/2028	1,763,000	1,577	0.23
		<b>4,505</b>	<b>0.67</b>
<b>Bermuda 1.45% (1.50%)</b>			
Hiscox 6% 22/09/2027	450,000	462	0.07
Lancashire Holdings FRN 5.625% 18/09/2041	5,999,000	4,018	0.59
Hiscox FRN 6.125% 24/11/2045	5,343,000	5,240	0.78
Digicel 6.75% 03/03/2049	3,570,000	56	0.01
		<b>9,776</b>	<b>1.45</b>
<b>Canada 0.30% (0.00%)</b>			
Canadian Imperial Bank of Commerce FRN 5.873% 13/04/2026	2,000,000	2,001	0.30
		<b>2,001</b>	<b>0.30</b>
<b>Cayman Islands 0.58% (0.59%)</b>			
Sable International Finance 5.75% 07/09/2027	2,449,000	1,814	0.27
Avolon Holdings Funding 2.528% 18/11/2027	387,000	269	0.04
Seagate HDD 9.625% 01/12/2032	2,010,660	1,804	0.27
		<b>3,887</b>	<b>0.58</b>
<b>Denmark 0.48% (1.08%)</b>			
Danske Bank FRN 6.5% 23/08/2028	3,075,000	3,235	0.48
		<b>3,235</b>	<b>0.48</b>

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Finland 0.63% (0.27%)</b>			
Nordea Bank FRN 6% 02/06/2026	2,071,000	2,092	0.31
PHM Group Holding 4.75% 18/06/2026	1,599,000	1,261	0.19
PHM Group Holding FRN 11.42% 19/06/2026	1,000,000	873	0.13
		<b>4,226</b>	<b>0.63</b>
<b>France 5.42% (6.66%)</b>			
La Financiere Atalian 4% 15/05/2024	1,563,000	1,070	0.16
La Financiere Atalian 6.625% 15/05/2025	5,076,000	3,705	0.55
Novafives FRN 8.425% 15/06/2025	665,000	568	0.09
Forvia 7.25% 15/06/2026	204,000	187	0.03
iliad 2.375% 17/06/2026	2,300,000	1,904	0.28
Iliad Holding 6.5% 15/10/2026	454,000	355	0.05
Iliad Holding 5.125% 15/10/2026	327,000	282	0.04
Loxam 4.5% 15/02/2027	2,508,000	2,168	0.32
SNF 3.125% 15/03/2027	4,656,000	3,325	0.49
Kapla Holding FRN 9.465% 15/07/2027	914,000	805	0.12
CAB SELAS 3.375% 01/02/2028	3,314,000	2,553	0.38
Emeria 3.375% 31/03/2028	1,392,000	1,033	0.15
Emeria 7.75% 31/03/2028	6,582,000	5,502	0.82
Cerba Healthcare 3.5% 31/05/2028	1,292,000	933	0.14
Iliad Holding 7% 15/10/2028	954,000	745	0.11
Altice France 5.125% 15/01/2029	1,016,000	620	0.09
iliad 5.375% 15/02/2029	100,000	89	0.01
BPCE 6.125% 24/05/2029	1,300,000	1,345	0.20
Loxam 6.375% 31/05/2029	691,000	620	0.09
Altice France 5.5% 15/10/2029	2,820,000	1,734	0.26
Clariane FRN 4.125% Perpetual	6,200,000	3,286	0.49
Electricite de France FRN 6% Perpetual	3,100,000	3,009	0.45
Electricite de France FRN 5.875% Perpetual	700,000	639	0.10
		<b>36,477</b>	<b>5.42</b>

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets		Holding at 31.12.23	Market Value £000's	% of net assets
<b>Germany 10.42% (11.08%)</b>							
Deutsche Bank 2.625% 16/12/2024	500,000	484	0.07	Deutsche Bank FRN 6.125% 12/12/2030	2,700,000	2,732	0.41
Tele Columbus 3.875% 02/05/2025	2,539,000	1,393	0.21	Commerzbank FRN 8.625% 28/02/2033	3,000,000	3,187	0.47
Peach Property Finance 4.375% 15/11/2025	6,421,000	4,358	0.65	Commerzbank FRN 6.5% Perpetual	1,600,000	1,318	0.20
Deutsche Pfandbriefbank 7.625% 08/12/2025	2,000,000	1,969	0.29	Commerzbank FRN 6.125% Perpetual	800,000	668	0.10
ProGroup 3% 31/03/2026	2,669,000	2,238	0.33	Deutsche Bank FRN 7.125% Perpetual	2,600,000	2,470	0.37
Deutsche Bank FRN 4% 24/06/2026	2,000,000	1,944	0.29	Deutsche Bank FRN 4.5% Perpetual	1,000,000	719	0.11
ZF Finance 5.75% 03/08/2026	700,000	626	0.09	Deutsche Bank FRN 4.625% Perpetual	1,000,000	709	0.10
Nidda Healthcare Holding 7.5% 21/08/2026	8,247,000	7,352	1.09			<b>70,132</b>	<b>10.42</b>
Gruenthal 3.625% 15/11/2026	1,499,000	1,280	0.19	<b>Greece 0.21% (0.00%)</b>			
WEPA Hygienepro- dukte FRN 6.8% 15/12/2026	5,653,000	4,852	0.72	Piraeus Bank FRN 6.75% 05/12/2029	1,572,000	1,428	0.21
INEOS Styrolution Ludwigshafen 2.25% 16/01/2027	200,000	159	0.02			<b>1,428</b>	<b>0.21</b>
Cheplapharm Arzneimittel 3.5% 11/02/2027	5,893,000	4,934	0.73	<b>Guernsey 0.68% (0.55%)</b>			
IHO Verwaltungs 6% 15/05/2027	2,040,000	1,559	0.23	Summit Properties 2% 31/01/2025	5,657,000	4,585	0.68
IHO Verwaltungs FRN 3.875% 15/05/2027	940,000	796	0.12			<b>4,585</b>	<b>0.68</b>
ZF Finance 2.75% 25/05/2027	900,000	741	0.11	<b>Ireland 2.57% (1.39%)</b>			
WEPA Hygiene- produkte 2.875% 15/12/2027	916,000	740	0.11	CA Auto Bank 6% 06/12/2026	1,994,000	2,033	0.30
Cheplapharm Arzneimittel 5.5% 15/01/2028	2,784,000	2,067	0.31	Permanent TSB Group Holdings FRN 6.625% 25/04/2028	1,432,000	1,309	0.19
Cheplapharm Arzneimittel 4.375% 15/01/2028	593,000	500	0.07	Virgin Media Vendor Financing Notes III 4.875% 15/07/2028	6,290,000	5,780	0.86
Gruenthal 4.125% 15/05/2028	9,964,000	8,524	1.27	Energia Group ROI 6.875% 31/07/2028	6,041,000	5,421	0.81
IHO Verwaltungs FRN 8.75% 15/05/2028	4,655,996	4,387	0.65	Bank of Ireland Group FRN 7.594% 06/12/2032	2,129,000	2,217	0.33
ZF Finance 3.75% 21/09/2028	1,100,000	918	0.14	Roadster Finance 2.375% 08/12/2032	700,000	523	0.08
Cheplapharm Arzneimittel 7.5% 15/05/2030	3,839,000	3,538	0.53			<b>17,283</b>	<b>2.57</b>
Cheplapharm Arzneimittel FRN 8.752% 15/05/2030	1,200,000	1,064	0.16	<b>Isle of Man 0.15% (0.49%)</b>			
Gruenthal 6.75% 15/05/2030	2,078,000	1,906	0.28	Playtech 4.25% 07/03/2026	700,000	593	0.09
				Playtech 5.875% 28/06/2028	506,000	436	0.06
						<b>1,029</b>	<b>0.15</b>
				<b>Israel 0.72% (0.86%)</b>			
				Energear Israel Finance 4.875% 30/03/2026	2,234,000	1,612	0.24
				Energear Israel Finance 5.375% 30/03/2028	2,948,000	2,030	0.30
				Energear Israel Finance 5.875% 30/03/2031	168,966	112	0.02

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets
Energean Israel Finance 8.5% 30/09/2033	1,473,000	1,097	0.16
		<b>4,851</b>	<b>0.72</b>
<b>Italy 5.46% (5.06%)</b>			
Intesa Sanpaolo 7% 21/11/2025	1,106,000	889	0.13
Almaviva-The Italian Innovation 4.875% 30/10/2026	2,743,000	2,342	0.35
EVOCA FRN 8.218% 01/11/2026	1,453,000	1,240	0.18
Marcolin 6.125% 15/11/2026	4,218,000	3,487	0.52
Fiber Bidco 11% 25/10/2027	777,000	734	0.11
BPER Banca FRN 6.125% 01/02/2028	526,000	481	0.07
Limacorporate FRN 9.718% 01/02/2028	2,211,000	1,935	0.29
Telecom Italia 6.875% 15/02/2028	941,000	866	0.13
Bormioli Pharma FRN 9.502% 15/05/2028	4,575,000	3,940	0.58
Lottomatica 7.125% 01/06/2028	604,000	551	0.08
Lottomatica FRN 8.1% 01/06/2028	609,000	532	0.08
Guala Closures 3.25% 15/06/2028	520,000	422	0.06
Telecom Italia 7.875% 31/07/2028	573,000	551	0.08
Intesa Sanpaolo FRN 6.5% 14/03/2029	3,913,000	3,970	0.59
Kedrion 6.5% 01/09/2029	4,091,000	2,876	0.43
BPER Banca FRN 5.75% 11/09/2029	894,000	800	0.12
Intesa Sanpaolo 8.505% 20/09/2032	2,930,000	3,181	0.47
Intesa Sanpaolo 6.625% 31/05/2033	2,863,000	3,015	0.45
Assicurazioni Generali FRN 6.269% Perpetual	2,300,000	2,291	0.34
Assicurazioni Generali FRN 4.596% Perpetual	100,000	86	0.01
Enel FRN 6.375% Perpetual	1,475,000	1,335	0.20
UnipolSai Assicurazioni FRN 6.375% Perpetual	1,489,000	1,248	0.19
		<b>36,772</b>	<b>5.46</b>
<b>Japan 0.07% (0.08%)</b>			
SoftBank Group 3.125% 06/01/2025	600,000	452	0.07
		<b>452</b>	<b>0.07</b>

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Jersey 2.20% (2.48%)</b>			
AA Bond 6.5% 31/01/2026	742,000	705	0.11
Galaxy Bidco 6.5% 31/07/2026	5,441,000	5,251	0.78
Kane Bidco 6.5% 15/02/2027	5,839,000	5,410	0.80
CPUK Finance 4.5% 28/08/2027	1,200,000	1,056	0.16
AA Bond 3.25% 31/07/2050	262,000	222	0.03
AA Bond 5.5% 31/07/2050	2,265,000	2,150	0.32
		<b>14,794</b>	<b>2.20</b>
<b>Luxembourg 5.48% (6.25%)</b>			
Rossini FRN 7.827% 30/10/2025	5,548,000	4,820	0.72
Garfunkelux Holdco 3 7.75% 01/11/2025	607,000	464	0.07
Kleopatra Finco 4.25% 01/03/2026	762,000	542	0.08
Matterhorn Telecom 3.125% 15/09/2026	6,614,000	5,538	0.82
Cullinan Holdco 4.625% 15/10/2026	1,208,000	814	0.12
HSE Finance 5.625% 15/10/2026	1,301,000	611	0.09
Cirsa Finance International 10.375% 30/11/2027	771,000	728	0.11
CPI Property Group 2.75% 22/01/2028	2,376,000	1,658	0.25
Cidron Aida Finco 6.25% 01/04/2028	6,426,000	6,035	0.90
Cidron Aida Finco 5% 01/04/2028	406,000	338	0.05
Herens Holdco 4.75% 15/05/2028	3,305,000	2,127	0.31
Cirsa Finance International FRN 8.448% 31/07/2028	367,000	322	0.05
Vivion Investments 7.9% 31/08/2028	1,040,000	700	0.10
Lune Holdings 5.625% 15/11/2028	1,914,000	1,345	0.20
Vivion Investments 7.9% 28/02/2029	1,800,000	1,185	0.18
Altice Financing 5.75% 15/08/2029	437,000	305	0.04
Ephios Subco 3 7.875% 31/01/2031	1,848,000	1,655	0.24
Hidrovias International Finance 4.95% 08/02/2031	2,166,000	1,343	0.20
MC Brazil Downstream Trading 7.25% 30/06/2031	786,529	484	0.07

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets		Holding at 31.12.23	Market Value £000's	% of net assets
Telecom Italia Capital 7.2% 18/07/2036	346,000	273	0.04	Teva Pharmaceutical Finance Netherlands III 4.75% 09/05/2027	2,906,000	2,183	0.32
CPI Property Group FRN 3.75% Perpetual	932,000	186	0.03	United Group 4% 15/11/2027	203,000	166	0.03
Eurofins Scientific FRN 3.25% Perpetual	4,988,000	4,147	0.62	OI European Group 6.25% 15/05/2028	358,000	324	0.05
Eurofins Scientific FRN 6.75% Perpetual	1,438,000	1,295	0.19	IPD 3 8% 15/06/2028	546,000	504	0.08
		<b>36,915</b>	<b>5.48</b>	IPD 3 FRN 8.675% 15/06/2028	2,008,000	1,763	0.26
<b>Mexico 0.97% (1.30%)</b>				United Group 4.625% 15/08/2028	356,000	292	0.04
Total Play Teleco- municaciones 7.5% 12/11/2025	523,000	272	0.04	ZF Europe Finance 6.125% 13/03/2029	300,000	276	0.04
Petroleos Mexicanos 3.75% 16/11/2025	4,969,000	4,453	0.66	Prosus 1.288% 13/07/2029	600,000	421	0.06
Petroleos Mexicanos 3.625% 24/11/2025	500,000	405	0.06	Teva Pharmaceutical Finance Netherlands II 7.375% 15/09/2029	2,696,000	2,552	0.38
Electricidad Firme de Mexico Holdings 4.9% 20/11/2026	486,000	343	0.05	Ziggo 4.875% 15/01/2030	500,000	350	0.05
Petroleos Mexicanos 5.35% 12/02/2028	599,000	408	0.06	United Group 5.25% 01/02/2030	369,000	302	0.05
Total Play Telecomu- nicaciones 6.375% 20/09/2028	2,006,000	640	0.10	Ziggo Bond 5.125% 28/02/2030	253,000	166	0.03
		<b>6,521</b>	<b>0.97</b>	GTCR W-2 Merger Sub 8.5% 15/01/2031	3,118,000	3,367	0.50
<b>Netherlands 5.33% (4.14%)</b>				Telefonica Europe FRN 7.125% Perpetual	600,000	561	0.08
Heimstaden Bostad Treasury 0.25% 13/10/2024	114,000	93	0.01	Volkswagen International Finance FRN 3.748% Perpetual	400,000	325	0.05
Teva Pharmaceutical Finance Netherlands II 4.5% 01/03/2025	388,000	335	0.05	Volkswagen International Finance FRN 7.5% Perpetual	1,800,000	1,694	0.25
Kongsberg Actuation Systems 5% 15/07/2025	2,942,545	2,499	0.37	Volkswagen International Finance FRN 7.875% Perpetual	1,000,000	973	0.14
Heimstaden Bostad Treasury 0.625% 24/07/2025	187,000	143	0.02		<b>35,870</b>	<b>5.33</b>	
ZF Europe Finance 2% 23/02/2026	3,000,000	2,476	0.37	<b>Norway 0.47% (0.83%)</b>			
Q-Park Holding I FRN 5.975% 01/03/2026	2,926,000	2,523	0.38	Adevinta 2.625% 15/11/2025	1,670,000	1,432	0.22
Compact Bidco 5.75% 01/05/2026	706,000	287	0.04	Adevinta 3% 15/11/2027	1,971,000	1,698	0.25
Trivium Packaging Finance 5.5% 15/08/2026	3,965,000	3,052	0.45		<b>3,130</b>	<b>0.47</b>	
Teva Pharmaceutical Finance Netherlands III 3.15% 01/10/2026	949,000	689	0.10	<b>Spain 1.94% (1.88%)</b>			
Prosus 3.257% 19/01/2027	5,555,000	4,024	0.60	Via Celere Desarrollos Inmobiliarios 5.25% 01/04/2026	5,329,000	4,410	0.65
Prosus 3.257% 19/01/2027 (DEU)	1,550,000	1,123	0.17	NH Hotel Group 4% 02/07/2026	3,674,000	3,144	0.47
Teva Pharmaceutical Finance Netherlands II 3.75% 09/05/2027	2,886,000	2,407	0.36	Aedas Homes Opco 4% 15/08/2026	1,624,000	1,327	0.20
				Grifols 2.25% 15/11/2027	790,000	643	0.10

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets		Holding at 31.12.23	Market Value £000's	% of net assets
Green Bidco 10.25% 15/07/2028	348,000	264	0.04	UBS Group FRN 9.25% Perpetual	806,000	682	0.10
Banco de Sabadell FRN 5.25% 07/02/2029	900,000	805	0.12			<b>12,508</b>	<b>1.86</b>
Banco de Credito Social Cooperativo FRN 7.5% 14/09/2029	2,700,000	2,450	0.36				
		<b>13,043</b>	<b>1.94</b>	<b>United Kingdom 35.62% (36.96%)</b>			
<b>Supranational 1.64% (0.91%)</b>				Heathrow Finance 4.75% 01/03/2024	1,200,000	1,195	0.18
Highlands Holdings Bond Issuer 7.625% 15/10/2025	3,896,246	3,106	0.46	Saga 3.375% 12/05/2024	2,452,000	2,305	0.34
Clarios Global 4.375% 15/05/2026	1,620,000	1,392	0.21	Co-Operative Group 5.125% 17/05/2024	1,178,000	1,172	0.17
Clarios Global 6.25% 15/05/2026	617,000	484	0.07	TalkTalk Telecom Group 3.875% 20/02/2025	9,246,000	7,212	1.07
Ardagh Packaging Finance 4.125% 15/08/2026	1,540,000	1,102	0.16	Neptune Energy Bondco 6.625% 15/05/2025	5,149,000	4,003	0.60
Ardagh Packaging Finance 2.125% 15/08/2026	559,000	431	0.07	Neptune Energy Bondco 6.625% 15/05/2025	4,061,000	3,157	0.47
Canpack 2.375% 01/11/2027	5,042,000	3,978	0.59	Thames Water Utilities Finance 4% 19/06/2025	2,397,000	2,285	0.34
Canpack 3.875% 15/11/2029	819,000	551	0.08	Virgin Money UK FRN 3.125% 22/06/2025	436,000	427	0.06
		<b>11,044</b>	<b>1.64</b>	AGPS Bondco 4.25% 31/07/2025	3,700,000	2,253	0.33
<b>Sweden 0.97% (1.65%)</b>				Stonegate Pub Co. Financing 2019 8.25% 31/07/2025	900,000	878	0.13
Intrum 4.875% 15/08/2025	3,893,000	3,146	0.47	AGPS Bondco 6% 05/08/2025	1,200,000	377	0.06
Heimstaden 4.25% 09/03/2026	2,200,000	888	0.13	Pinewood Finance 3.25% 30/09/2025	11,358,000	11,011	1.64
Intrum 3.5% 15/07/2026	739,000	541	0.08	Phoenix Group Holdings 6.625% 18/12/2025	1,007,000	1,028	0.15
Verisure Holding 3.25% 15/02/2027	1,242,000	1,031	0.15	INEOS Quattro Finance 2 2.5% 15/01/2026	239,000	200	0.03
Verisure Holding 9.25% 15/10/2027	187,000	174	0.03	Jerrold Finco 4.875% 15/01/2026	5,268,000	5,065	0.75
Dometic Group 2% 29/09/2028	409,000	308	0.05	Bellis Acquisition 3.25% 16/02/2026	5,652,000	5,233	0.78
Heimstaden Bostad FRN 3.248% Perpetual	505,000	223	0.03	Bellis Acquisition 4.5% 16/02/2026	1,104,000	1,043	0.16
Heimstaden Bostad FRN 2.625% Perpetual	652,000	190	0.03	Travis Perkins 3.75% 17/02/2026	1,445,000	1,359	0.20
		<b>6,501</b>	<b>0.97</b>	INEOS Finance 3.375% 31/03/2026	1,600,000	1,357	0.20
<b>Switzerland 1.86% (1.93%)</b>				Gatwick Airport Finance 4.375% 07/04/2026	1,112,000	1,063	0.16
Credit Suisse 7.75% 10/03/2026	2,741,000	2,882	0.43	INEOS Finance 2.875% 01/05/2026	4,736,000	3,972	0.59
UBS Group FRN 6.327% 22/12/2027	2,301,000	1,861	0.27	Marks & Spencer 3.75% 19/05/2026	509,000	493	0.07
UBS Group FRN 7.75% 01/03/2029	2,622,000	2,616	0.39	Merlin Entertainments 5.75% 15/06/2026	11,999,000	9,318	1.38
UBS Group FRN 9.016% 15/11/2033	1,999,000	1,931	0.29	Rolls-Royce 3.375% 18/06/2026	375,000	356	0.05
Aryzta FRN 7.758% Perpetual	2,775,000	2,536	0.38				



# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets		Holding at 31.12.23	Market Value £000's	% of net assets
NatWest Markets 6.625% 22/06/2026	1,625,000	1,683	0.25	Coventry Building Society FRN 7% 07/11/2027	1,370,000	1,420	0.21
Punch Finance 6.125% 30/06/2026	5,513,000	5,120	0.76	NatWest Markets 6.375% 08/11/2027	2,789,000	2,938	0.44
Saga 5.5% 15/07/2026	5,302,000	4,242	0.63	Pinewood Finance 3.625% 15/11/2027	5,144,000	4,723	0.70
Victoria 3.625% 24/08/2026	257,000	177	0.03	Santander UK Group Holdings FRN 7.098% 16/11/2027	3,066,000	3,185	0.47
Virgin Money UK FRN 4% 25/09/2026	3,504,000	3,363	0.50	Nationwide Building Society FRN 6.178% 07/12/2027	3,438,000	3,528	0.52
Ocado Group 3.875% 08/10/2026	1,665,000	1,422	0.21	INEOS Finance 6.625% 15/05/2028	4,746,000	4,210	0.63
Harbour Energy 5.5% 15/10/2026	9,083,000	6,964	1.03	INEOS Finance 6.75% 15/05/2028	1,853,000	1,430	0.21
Premier Foods Finance 3.5% 15/10/2026	4,405,000	4,089	0.61	Investec FRN 1.875% 16/07/2028	2,074,000	1,776	0.26
Barclays FRN 7.325% 02/11/2026	1,663,000	1,348	0.20	RL Finance Bonds No. 3 6.125% 13/11/2028	1,745,000	1,780	0.26
NatWest Group FRN 7.472% 10/11/2026	2,046,000	1,661	0.25	BCP V Modular Services Finance II 6.125% 30/11/2028	926,000	826	0.12
AGPS Bondco 5.5% 13/11/2026	1,000,000	298	0.04	eG Global Finance 11% 30/11/2028	560,000	516	0.08
Sherwood Financing 6% 15/11/2026	7,054,000	6,281	0.93	eG Global Finance 12% 30/11/2028	200,000	167	0.03
Santander UK Group Holdings FRN 6.833% 21/11/2026	5,745,000	4,590	0.68	Vmed O2 UK Financing I 4% 31/01/2029	6,145,000	5,431	0.81
Jerrold Finco 5.25% 15/01/2027	821,000	763	0.11	Lloyds Banking Group FRN 5.871% 06/03/2029	993,000	799	0.12
TSB Bank FRN 5.82% 14/02/2027	4,436,000	4,439	0.66	HSBC Holdings FRN 6.161% 09/03/2029	3,115,000	2,524	0.38
Voyage Care BondCo 5.875% 15/02/2027	7,300,000	5,351	0.80	INEOS Quattro Finance 2 8.5% 15/03/2029	1,742,000	1,591	0.24
Intermediate Capital Group 1.625% 17/02/2027	1,905,000	1,521	0.23	INEOS Quattro Finance 2 9.625% 15/03/2029	915,000	766	0.11
NatWest Group FRN 5.847% 02/03/2027	1,253,000	991	0.15	Skipton Building Society FRN 6.25% 25/04/2029	1,787,000	1,805	0.27
Virgin Media Secured Finance 5% 15/04/2027	400,000	389	0.06	Phoenix Group Holdings 5.867% 13/06/2029	2,272,000	2,225	0.33
AGPS BondCo 5% 27/04/2027	900,000	255	0.04	Virgin Money UK FRN 7.625% 23/08/2029	970,000	1,030	0.15
Barclays FRN 5.829% 09/05/2027	4,020,000	3,183	0.47	Santander UK Group Holdings FRN 7.482% 29/08/2029	3,187,000	3,461	0.51
Deuce Finco 5.5% 15/06/2027	856,000	796	0.12	Intermediate Capital Group 2.5% 28/01/2030	100,000	76	0.01
Daily Mail & General Trust 6.375% 21/06/2027	3,700,000	3,509	0.52	Virgin Money UK FRN 5.125% 11/12/2030	3,418,000	3,277	0.49
Phoenix Group Holdings 5.375% 06/07/2027	933,000	697	0.10	Phoenix Group Holdings 5.625% 28/04/2031	1,454,000	1,373	0.20
Marks & Spencer 4.5% 10/07/2027	403,000	388	0.06				
Rolls-Royce 5.75% 15/10/2027	5,482,000	5,496	0.82				
Rolls-Royce 5.75% 15/10/2027	470,000	369	0.06				

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets		Holding at 31.12.23	Market Value £000's	% of net assets
Utmost Group 4% 15/12/2031	1,798,000	1,371	0.20	RL Finance Bonds No. 6 FRN 10.125% Perpetual	4,300,000	4,558	0.68
Barclays FRN 8.407% 14/11/2032	1,587,000	1,690	0.25	SSE FRN 3.74% Perpetual	1,857,000	1,744	0.26
Investec FRN 9.125% 06/03/2033	1,712,000	1,794	0.27			<b>239,732</b>	<b>35.62</b>
Quilter FRN 8.625% 18/04/2033	5,605,000	5,684	0.84	<b>United States of America 9.56% (7.07%)</b>			
Lloyds Banking Group FRN 6.625% 02/06/2033	830,000	847	0.13	Ford Motor Credit 2.748% 14/06/2024	1,502,000	1,480	0.22
NatWest Group FRN 7.416% 06/06/2033	2,471,000	2,579	0.38	Ford Motor Credit 4.535% 06/03/2025	3,784,000	3,725	0.55
Telereal Securitisation FRN 6.059% 10/12/2033	929,250	761	0.11	AT&T 5.539% 20/02/2026	6,079,000	4,770	0.71
Admiral Group 8.5% 06/01/2034	935,000	1,025	0.15	MPT Operating Partnership REIT 2.5% 24/03/2026	3,005,000	2,437	0.36
Aviva FRN 6.125% 14/11/2036	2,100,000	2,145	0.32	General Motors Financial 5.4% 06/04/2026	4,142,000	3,271	0.49
Dignity Finance 4.696% 31/12/2049	6,745,000	4,959	0.74	Ford Motor Credit 6.86% 05/06/2026	7,608,000	7,843	1.17
Aviva FRN 5.125% 04/06/2050	900,000	856	0.13	Millennium Escrow 6.625% 01/08/2026	1,557,000	867	0.13
Legal & General Group FRN 4.5% 01/11/2050	1,250,000	1,149	0.17	General Motors Financial 5.15% 15/08/2026	1,203,000	1,208	0.18
Aviva FRN 6.875% 27/11/2053	1,293,000	1,353	0.20	SCIL IV 5.375% 01/11/2026	1,681,000	1,266	0.19
Phoenix Group Holdings FRN 7.75% 06/12/2053	2,137,000	2,234	0.33	SCIL IV 4.375% 01/11/2026	100,000	84	0.01
Vodafone Group FRN 6.25% 03/10/2078	2,370,000	1,847	0.27	Bayer US Finance 6.125% 21/11/2026	1,720,000	1,373	0.20
British Telecom- munications FRN 8.375% 20/12/2083	1,725,000	1,819	0.27	Tapestry 7% 27/11/2026	3,260,000	2,653	0.39
Vodafone Group FRN 8% 30/08/2086	1,200,000	1,280	0.19	Frontier Communications Holdings 5.875% 15/10/2027	876,000	664	0.10
abrdrn FRN 5.25% Perpetual	404,000	340	0.05	Sotheby's 7.375% 15/10/2027	1,990,000	1,505	0.22
Barclays FRN 9.25% Perpetual	1,000,000	995	0.15	Organon 4.125% 30/04/2028	6,459,000	4,665	0.69
BP Capital Markets FRN 4.25% Perpetual	4,990,000	4,679	0.70	Organon 2.875% 30/04/2028	2,024,000	1,609	0.24
BP Capital Markets FRN 4.375% Perpetual	1,213,000	928	0.14	MPT Operating Partnership REIT 3.692% 05/06/2028	3,998,000	2,699	0.40
BUPA Finance FRN 4% Perpetual	615,000	410	0.06	Olympus Water US Holding 9.625% 15/11/2028	400,000	371	0.06
Just Group FRN 5% Perpetual	287,000	193	0.03	Bayer US Finance 6.25% 21/01/2029	3,985,000	3,198	0.48
Lloyds Banking Group FRN 7.875% Perpetual	3,544,000	3,467	0.52	ADT Security 4.125% 01/08/2029	3,680,000	2,655	0.39
Lloyds Banking Group FRN 8.5% Perpetual	1,000,000	1,015	0.15	180 Medical 3.875% 15/10/2029	2,300,000	1,625	0.24
Lloyds Banking Group FRN 8.5% Perpetual	999,000	1,006	0.15	UGI International 2.5% 01/12/2029	11,617,000	8,532	1.27
				Bayer US Finance 6.375% 21/11/2030	899,000	725	0.11

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets
Energy Transfer FRN 9.669% Perpetual	6,800,000	5,123	0.76
		<b>64,348</b>	<b>9.56</b>
<b>Corporate Bonds total</b>		<b>650,989</b>	<b>96.73</b>
<b>Government Bonds 1.05% (0.00%)</b>			
<b>United Kingdom 1.05% (0.00%)</b>			
UK Treasury Bill 0% 28/05/2024	7,250,000	7,100	1.05
		<b>7,100</b>	<b>1.05</b>
<b>Government Bonds total</b>		<b>7,100</b>	<b>1.05</b>
<b>Convertible Bonds 0.80% (0.96%)</b>			
<b>Austria 0.80% (0.96%)</b>			
ams-OSRAM 0% 05/03/2025	4,400,000	3,528	0.53
ams-OSRAM 2.13% 03/11/2027	2,700,000	1,839	0.27
		<b>5,367</b>	<b>0.80</b>
<b>Convertible Bonds total</b>		<b>5,367</b>	<b>0.80</b>
<b>Forward Foreign Currency Contracts 0.72% (0.18%)</b>			
Buy CHF 1,222,936 Sell GBP 1,124,848 30/01/2024		26	0.00
Buy EUR 6,096,496 Sell GBP 5,253,953 30/01/2024		50	0.01
Buy EUR 1,967,920 Sell GBP 1,723,586 30/01/2024		(12)	0.00
Buy EUR 2,329,287 Sell GBP 2,004,580 28/02/2024		24	0.00
Buy EUR 4,300,000 Sell GBP 3,748,637 28/02/2024		(4)	0.00
Buy USD 1,011,243 Sell GBP 810,583 30/01/2024		(17)	0.00
Buy USD 9,497,636 Sell GBP 7,510,488 28/02/2024		(61)	(0.01)
Sell CHF 3,843,713 Buy GBP 3,509,333 30/01/2024		(106)	(0.02)
Sell EUR 132,102,391 Buy GBP 115,374,988 30/01/2024		446	0.07
Sell EUR 11,189,230 Buy GBP 9,642,669 30/01/2024		(92)	(0.01)
Sell EUR 139,430,624 Buy GBP 122,181,457 28/02/2024		760	0.11
Sell USD 100,816,469 Buy GBP 81,865,246 30/01/2024		2,775	0.41
Sell USD 3,399,011 Buy GBP 2,661,024 30/01/2024		(5)	0.00
Sell USD 82,478,162 Buy GBP 65,759,894 28/02/2024		1,065	0.16
<b>Forward Foreign Currency Contracts total</b>		<b>4,849</b>	<b>0.72</b>

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Swaps 0.28% (0.18%)</b>			
Credit Default Swap Morgan Stanley Sell British Tele- communications 5.75% 07/12/2028 20/06/2024	2,750,908	9	0.00
Credit Default Swap J.P. Morgan Sell Cellnex Telecom 3.125% 27/07/2022 20/12/2024	552,070	22	0.00
Credit Default Swap BNP Paribas Sell Grifols 3.2% 01/05/2025 20/12/2024	1,392,823	49	0.01
Credit Default Swap Morgan Stanley Sell Grifols 3.2% 01/05/2025 20/12/2024	2,321,372	82	0.01
Credit Default Swap Bank of America Sell British Tele- communications 5.75% 07/12/2028 20/12/2024	1,000,000	7	0.00
Credit Default Swap Morgan Stanley Sell Cellnex Telecom 3.125% 27/07/2022 20/12/2025	2,000,000	154	0.02
Credit Default Swap BNP Paribas Sell Grifols 3.2% 01/05/2025 20/12/2025	2,145,000	127	0.02
Credit Default Swap Morgan Stanley Sell Grifols 3.2% 01/05/2025 20/12/2025	2,133,000	127	0.02
Credit Default Swap BNP Paribas Sell Cellnex Telecom 3.125% 27/07/2022 20/06/2026	1,260,000	117	0.02
Credit Default Swap Merrill Lynch Sell Faurecia 3.125% 15/06/2026 20/12/2026	864,400	77	0.01
Credit Default Swap Morgan Stanley Sell Faurecia 3.125% 15/06/2026 20/12/2026	2,161,000	193	0.03
Credit Default Swap Barclays Sell Modulaire Global Finance 6.5% 15/02/2023 20/12/2026	862,000	87	0.01
Credit Default Swap BNP Paribas Sell Faurecia 3.125% 15/06/2026 20/06/2027	866,310	83	0.01

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets		Holding at 31.12.23	Market Value £000's	% of net assets
Credit Default Swap Morgan Stanley Sell Faurecia 3.125% 15/06/2026 20/06/2027	414,000	40	0.01	Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 5.498% 13/06/2025	4,057,000	62	0.01
Credit Default Swap BNP Paribas Sell Grifols 3.2% 01/05/2025 20/06/2027	1,000,000	64	0.01	Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 5.61% 19/06/2025	4,057,000	70	0.01
Credit Default Swap Morgan Stanley Sell Grifols 3.2% 01/05/2025 20/06/2027	1,000,000	64	0.01	Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 4.1% 10/12/2025	2,800,000	2	0.00
Credit Default Swap Barclays Sell Fresenius 1.875% 15/02/2025 20/12/2027	1,052,007	7	0.00	Interest Rate Swap Morgan Stanley Pay fixed 1.15% Receive floating SONIA 1 day 24/03/2027	3,906,000	290	0.04
Credit Default Swap Morgan Stanley Sell Grifols 3.2% 01/05/2025 20/12/2027	1,000,000	61	0.01	Interest Rate Swap Morgan Stanley Pay fixed 3.82% Receive floating SONIA 1 day 03/03/2028	6,920,000	(91)	(0.01)
Credit Default Swap BNP Paribas Sell Jaguar Ld Rover Automotive 4.5% 15/01/2026 20/12/2028	1,000,000	63	0.01	<b>Swaps total</b>		<b>1,880</b>	<b>0.28</b>
Credit Default Swap J.P. Morgan Sell Jaguar Ld Rover Automotive 4.5% 15/01/2026 20/12/2028	500,000	31	0.01	<b>Equities 0.00% (0.00%)</b>			
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 5.241% 05/12/2024	6,000,000	24	0.00	<b>Luxembourg 0.00% (0.00%)</b>			
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 5.214% 07/06/2025	5,200,000	59	0.01	ADLER Group	35,098	14	0.00
						<b>14</b>	<b>0.00</b>
				<b>Equities total</b>		<b>14</b>	<b>0.00</b>
				<b>Futures (0.10)% (0.14%)</b>			
				Euro-Bobl March 2014	(92)	(136)	(0.02)
				Long Gilt March 2014	(101)	(723)	(0.11)
				US 2 Year Note March 2014	127	229	0.04
				US 5 Year Note March 2014	(20)	(42)	(0.01)
				<b>Futures total</b>		<b>(672)</b>	<b>(0.10)</b>
				<b>Portfolio of investments</b>		<b>669,527</b>	<b>99.48</b>
				<b>Net other assets</b>		<b>3,502</b>	<b>0.52</b>
				<b>Net assets attributable to shareholders</b>		<b>673,029</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

# Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital gains/(losses)	2		35,521		(85,204)
Revenue	3	40,283		32,795	
Expenses	4	(4,355)		(4,168)	
Net revenue before taxation		<b>35,928</b>		<b>28,627</b>	
Taxation	5	(307)		(105)	
Net revenue after taxation			<b>35,621</b>		<b>28,522</b>
<b>Total return before distributions</b>			<b>71,142</b>		<b>(56,682)</b>
Distributions	6		(39,960)		(32,664)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>31,182</b>		<b>(89,346)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		569,587		715,840
Amounts receivable on issue of shares	186,423		99,649	
Amounts payable on cancellation of shares	(132,520)		(172,445)	
		<b>53,903</b>		<b>(72,796)</b>
Dilution adjustment		517		322
Change in net assets attributable to shareholders from investment activities		31,182		(89,346)
Retained distribution on Accumulation shares		17,840		15,567
<b>Closing net assets attributable to shareholders</b>		<b>673,029</b>		<b>569,587</b>

# Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			670,816		561,164
<b>Current assets</b>					
Debtors	8		11,471		9,650
Cash and bank balances	9		7,868		14,189
<b>Total assets</b>			<b>690,155</b>		<b>585,003</b>
<b>Liabilities</b>					
Investment liabilities			(1,289)		(4,400)
<b>Creditors</b>					
Bank overdrafts	10		(2,270)		(835)
Distributions payable			(11,720)		(9,100)
Other creditors	11		(1,847)		(1,081)
<b>Total liabilities</b>			<b>(17,126)</b>		<b>(15,416)</b>
<b>Net assets attributable to shareholders</b>			<b>673,029</b>		<b>569,587</b>

# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder Strategic Credit Fund are disclosed on pages 9 to 10.

### 2 Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	20,941	(67,225)
Derivative contracts	387	5,640
Forward foreign currency contracts	14,276	(24,528)
Foreign currency (losses)/gains	(83)	909
<b>Net capital gains/(losses)</b>	<b>35,521</b>	<b>(85,204)</b>

### 3 Revenue

	2023	2022
	£000's	£000's
Overseas dividends	-	93
Interest on debt securities	38,375	31,190
Bank interest	382	113
Net revenue return from derivative contracts	1,526	1,399
<b>Total revenue</b>	<b>40,283</b>	<b>32,795</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	4,339	4,142
<b>Other expenses:</b>		
Interest payable	16	26
<b>Total expenses</b>	<b>4,355</b>	<b>4,168</b>

<sup>1</sup> Audit fees including VAT for the year were £8,404 (2022 – £11,508).

### 5 Taxation

Corporation tax has not been provided for as expenses and interest distributions 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
Overseas withholding tax	307	105
<b>Total current tax (Note 5(b))</b>	<b>307</b>	<b>105</b>

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### (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 Open Ended Investment Companies 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>35,928</b>	<b>28,627</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	7,186	5,725
<b>Effects of:</b>		
Revenue not subject to corporation tax	-	(19)
Interest distributions deductible for tax purposes	(7,186)	(5,706)
Overseas withholding tax	307	105
<b>Total tax charge for the year (Note 5(a))</b>	<b>307</b>	<b>105</b>

## 6 Distributions

The distributions, which are on an effective yield basis, take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2023	2022
	£000's	£000's
Interim Interest distribution	18,702	15,775
Final Interest distribution	21,350	16,522
	<b>40,052</b>	<b>32,297</b>
Add: Revenue deducted on cancellation of shares	2,502	1,818
Deduct: Revenue received on issue of shares	(2,594)	(1,451)
<b>Distributions</b>	<b>39,960</b>	<b>32,664</b>
Net revenue after taxation	35,621	28,522
Expenses taken to capital	4,339	4,142
<b>Distributions</b>	<b>39,960</b>	<b>32,664</b>

Details of the distributions per share are set out in the Distribution Tables on pages 142 to 143.

## 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	7,329	(901)	800	(1)
Level 2: Observable market data	663,473	(388)	560,364	(4,399)
Level 3: Unobservable data	14	-	-	-
<b>Total</b>	<b>670,816</b>	<b>(1,289)</b>	<b>561,164</b>	<b>(4,400)</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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 8 Debtors

	2023	2022
	£000's	£000's
Amounts receivable for issue of shares	1,342	1,641
Sales awaiting settlement	-	464
Amounts receivable on derivative contracts	217	55
Accrued revenue	9,899	7,490
Overseas withholding tax recoverable	13	-
<b>Total debtors</b>	<b>11,471</b>	<b>9,650</b>

### 9 Cash and bank balances

	2023	2022
	£000's	£000's
Cash and bank balances	5,877	13,953
Amounts held at futures clearing houses and brokers	1,991	236
<b>Total cash and bank balances</b>	<b>7,868</b>	<b>14,189</b>

### 10 Bank overdrafts

	2023	2022
	£000's	£000's
Amounts overdrawn at futures clearing houses and brokers	2,270	835
<b>Total bank overdrafts</b>	<b>2,270</b>	<b>835</b>

### 11 Other creditors

	2023	2022
	£000's	£000's
Amounts payable for cancellation of shares	1,482	754
Amounts payable on derivative contracts	-	4
Accrued expenses	365	323
<b>Total other creditors</b>	<b>1,847</b>	<b>1,081</b>

### 12 Contingent liabilities

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

### 13 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the Fund. The aggregate monies received through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 8.59% (2022 – 9.72%).

### 14 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 118 to 123.

The distributions per share class are given in the Distribution Tables on pages 142 to 143.

All classes have the same rights on winding up.



# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 15 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, derivative, foreign currency, liquidity, credit and interest rate risks. The Authorised Corporate Director'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 Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 shareholders would increase or decrease by approximately £66,952,700 (2022 - £55,676,400).

#### Derivative risk

Where a Fund trades in derivatives to achieve its investment objective, this involves a higher degree of risk and may lead to a higher volatility in the share prices of the Fund. The Authorised Corporate Director employs a risk management process to allow the Authorised Corporate Director to measure derivative and forward positions and their contribution to the overall risk profile of the Fund. As part of this risk management process the Authorised Corporate Director conducts daily value at risk analysis of the Fund and performs both stress and back testing of the Fund.

#### 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 Authorised Corporate Director 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.

#### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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.

#### Credit risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the Authorised Corporate Director as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

#### 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.

The Fund may invest in fixed and floating rate securities. The revenue of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of the Authorised Corporate Director being unable to secure similar returns on the expiry of contracts or sale of securities.

The value of interest bearing securities may be affected by interest rate movements or the expectation of such movements in the future.

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

#### Floating rate financial assets and financial liabilities

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

Euro denominated floating rate bonds bear interest at rates based on Euro Interbank Offer Rate.

US dollar denominated floating rate bonds bear interest at rates based on the US Secured Overnight Financing Rate.

#### 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

During the year the Fund entered into derivative contracts for specific investment purposes in addition to being used for efficient management.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### Global risk exposure

#### Absolute VaR approach

The approach used for the Funds managed with an absolute return target, an absolute volatility limit or a target of outperforming an interest rate benchmark.

#### Regulatory VaR limit utilisation

	2023			2022		
	Lowest	Highest	Average	Lowest	Highest	Average
	12.76%	21.97%	17.07%	10.73%	25.30%	19.24%

#### Information on VaR Model

Model type	Length of data history	2023			2022		
		Confidence level	Holding period	Length of data history	Confidence level	Holding period	
Parametric VaR	All available history	99.00%	20 days	All available history	99.00%	20 days	

### Leverage

#### Information on the limit usage and level of leverage

The level of leverage is an indication of the derivative usage and of any leverage generated by the reinvestment of cash received as collateral when using efficient portfolio management techniques. It does not take into account other physical assets directly held in the portfolio of the Fund. The figure is not representative of the maximum amount that a Fund could lose, as it includes the derivatives used to protect the Net Asset Value of a Fund as well as the derivatives backed by risk free assets and derivatives which do not generate any incremental exposure, leverage or market risk from an economic perspective. The reported leverage figure is therefore not a true representation of the economic leverage<sup>1</sup> in the Fund.

The level of leverage disclosed is based on the total notional value<sup>2</sup> of all derivative instruments held by a Fund and is expressed as a percentage of the Fund's Net Asset Value. For the purpose of this calculation the holdings and offset derivative positions (long and short positions) do not cancel each other out and the figure is a sum of the total holdings.

#### Leverage

	2023				2022			
	Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
	63.25%	136.51%	86.97%	75.40%	63.22%	147.59%	88.38%	73.20%

1 Where economic leverage is the sum of derivative commitments (calculated in line with European Securities and Markets Authority 10/788) and excludes derivatives used within hedging arrangements, derivatives whose commitments is covered by risk free assets and derivatives which are not considered to generate any incremental exposure and leverage or market risk.

2 Delta adjusted in line with European Securities and Markets Authority 10/788 when appropriate.

## 16 Debt securities credit analysis

	2023 £000's	2022 £000's
Investment grade securities	179,191	105,111
Below investment grade securities	449,713	436,325
Unrated securities	34,552	12,475
<b>Total debt securities</b>	<b>663,456</b>	<b>553,911</b>

The Fund invests in credit default swaps to adjust the credit risk profile of the Fund. Notional amounts for credit default swap positions are shown in the portfolio statement. All counterparties for credit default swap positions at the reporting date are investment grade.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 17 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>						
Bonds	259,189	-	-	259,189	-	-
<b>Sales</b>						
Bonds	172,946	-	-	172,946	-	-
Equities	41	-	-	41	-	-
	172,987	-	-	172,987		
Total cost as a percentage of the Fund's average net asset value (%)		-	-			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	133,071	-	-	133,071	-	-
<b>Sales</b>						
Bonds	189,658	-	-	189,658	-	-
Equities	1,559	-	-	1,559	-	-
	191,217	-	-	191,217		
Total cost as a percentage of the Fund's average net asset value (%)		-	-			

#### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.95% (2022 – 1.38%).

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.

### 18 Shares in issue reconciliation

	Number of shares in issue 31.12.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
A Accumulation shares	7,425,870	1,784,493	(1,959,553)	(282,445)	6,968,365
A Income shares	938,232	10,143	(30,049)	(458,052)	460,274
C Accumulation shares	332,497	18,338	(39,953)	(310,882)	-
C Income shares	2,157,360	-	(8,814)	(2,122,272)	26,274
D Accumulation shares	2,000	-	-	-	2,000
D Income shares	1,501,945	-	(700,000)	-	801,945
L Accumulation shares	100,530,823	30,707,363	(28,466,796)	118,110	102,889,500
L Income shares	307,390,194	88,697,574	(35,270,044)	597,318	361,415,042
S Accumulation shares	9,871,534	7,154,422	(5,232,773)	(34,074)	11,759,109
S Income shares	83,257,248	11,560,537	(25,804,423)	89,782	69,103,144
Z Accumulation shares	80,340,746	37,987,772	(23,052,379)	1,256,865	96,533,004
Z Income shares	51,918,769	22,971,528	(26,612,609)	3,911,454	52,189,142

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 19 Counterparty exposure

The types of non-exchange traded derivatives held at the balance sheet date were forward foreign currency contracts, credit default swaps and interest rate swaps. 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>ANZ</b>										
2023	(6)	-	-	-	-	-	-	-	-	(6)
2022	-	-	-	-	-	-	-	-	-	-
<b>Bank of America</b>										
2023	-	7	-	-	-	-	-	-	-	7
2022	108	5	-	-	-	-	-	-	-	113
<b>Barclays</b>										
2023	-	94	-	-	-	-	-	-	-	94
2022	-	(74)	-	-	-	-	-	-	-	(74)
<b>BNP Paribas</b>										
2023	70	503	-	-	-	-	-	-	-	573
2022	(23)	138	-	-	-	-	-	-	-	115
<b>Canadian Imperial Bank of Commerce</b>										
2023	30	-	-	-	-	-	-	-	-	30
2022	10	-	-	-	-	-	-	-	-	10
<b>Citigroup</b>										
2023	(20)	-	-	-	-	-	-	-	-	(20)
2022	(24)	(78)	-	-	-	-	-	-	-	(102)
<b>Credit Suisse</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	-	83	-	-	-	-	-	-	-	83
<b>Deutsche Bank</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	(14)	-	-	-	-	-	-	-	-	(14)
<b>Goldman Sachs</b>										
2023	24	-	-	-	-	-	-	-	-	24
2022	-	-	-	-	-	-	-	-	-	-
<b>HSBC</b>										
2023	1,017	-	-	-	-	-	-	-	-	1,017
2022	-	-	-	-	-	-	-	-	-	-
<b>J.P. Morgan</b>										
2023	(51)	53	-	-	-	-	-	-	-	2
2022	(85)	58	-	-	-	-	-	-	-	(27)
<b>Lloyds Bank</b>										
2023	3,087	-	-	-	-	-	-	-	-	3,087
2022	22	-	-	-	-	-	-	-	-	22
<b>Merrill Lynch</b>										
2023	-	77	-	-	-	-	-	-	-	77
2022	-	26	-	-	-	-	-	-	-	26
<b>Morgan Stanley</b>										
2023	715	730	-	-	416	-	-	-	-	1,861
2022	(2,156)	108	-	-	742	-	-	-	-	(1,306)
<b>Nomura</b>										
2023	13	-	-	-	-	-	-	-	-	13
2022	-	-	-	-	-	-	-	-	-	-

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

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>Royal Bank of Canada</b>										
2023	9	-	-	-	-	-	-	-	-	9
2022	(1,479)	-	-	-	-	-	-	-	-	(1,479)
<b>Standard Chartered</b>										
2023	39	-	-	-	-	-	-	-	-	39
2022	-	-	-	-	-	-	-	-	-	-
<b>State Street</b>										
2023	(108)	-	-	-	-	-	-	-	-	(108)
2022	(3)	-	-	-	-	-	-	-	-	(3)
<b>UBS</b>										
2023	30	-	-	-	-	-	-	-	-	30
2022	4,690	-	-	-	-	-	-	-	-	4,690

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

Counterparty	2023 £000's	2022 £000's
BNP Paribas	530	-
Morgan Stanley	1,240	538
<b>Total</b>	<b>1,770</b>	<b>538</b>

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

	2023 £000's	2022 £000's
Cash	1,770	538
<b>Total</b>	<b>1,770</b>	<b>538</b>

# Distribution Tables

## Interim distribution for the six months ended 30 June 2023

**Group 1** Shares purchased prior to 1 January 2023

**Group 2** Shares purchased on or after 1 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.8.23 per share	Distribution paid 31.8.22 per share
<b>A Accumulation shares</b>				
Group 1	5.1215p	-	5.1215p	4.2963p
Group 2	1.7722p	3.3493p	5.1215p	4.2963p
<b>A Income shares</b>				
Group 1	2.3038p	-	2.3038p	2.0422p
Group 2	0.9252p	1.3786p	2.3038p	2.0422p
<b>C Income shares</b>				
Group 1	2.4073p	-	2.4073p	2.1258p
Group 2	2.4073p	-	2.4073p	2.1258p
<b>D Accumulation shares</b>				
Group 1	1.8525p	-	1.8525p	1.5415p
Group 2	1.8525p	-	1.8525p	1.5415p
<b>D Income shares</b>				
Group 1	1.2425p	-	1.2425p	1.0955p
Group 2	1.2425p	-	1.2425p	1.0955p
<b>L Accumulation shares</b>				
Group 1	5.5340p	-	5.5340p	4.6194p
Group 2	3.2703p	2.2637p	5.5340p	4.6194p
<b>L Income shares</b>				
Group 1	2.5023p	-	2.5023p	2.2071p
Group 2	1.5013p	1.0010p	2.5023p	2.2071p
<b>S Accumulation shares</b>				
Group 1	5.3705p	-	5.3705p	4.4740p
Group 2	3.7610p	1.6095p	5.3705p	4.4740p
<b>S Income shares</b>				
Group 1	1.2820p	-	1.2820p	1.1284p
Group 2	0.8973p	0.3847p	1.2820p	1.1284p
<b>Z Accumulation shares</b>				
Group 1	1.8376p	-	1.8376p	1.5355p
Group 2	0.4497p	1.3879p	1.8376p	1.5355p
<b>Z Income shares</b>				
Group 1	1.2451p	-	1.2451p	1.0993p
Group 2	0.7418p	0.5033p	1.2451p	1.0993p

# Distribution Tables

## (continued)

### Final distribution for the six months ended 31 December 2023

**Group 1** Shares purchased prior to 1 July 2023

**Group 2** Shares purchased on or after 1 July 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 29.2.24 per share	Distribution paid 28.2.23 per share
<b>A Accumulation shares</b>				
Group 1	5.8187p	-	5.8187p	4.7819p
Group 2	2.5751p	3.2436p	5.8187p	4.7819p
<b>A Income shares</b>				
Group 1	2.5404p	-	2.5404p	2.2129p
Group 2	1.3464p	1.1940p	2.5404p	2.2129p
<b>C Income shares</b>				
Group 1	2.6602p	-	2.6602p	2.3081p
Group 2	2.6602p	-	2.6602p	2.3081p
<b>D Accumulation shares</b>				
Group 1	2.0975p	-	2.0975p	1.7190p
Group 2	2.0975p	-	2.0975p	1.7190p
<b>D Income shares</b>				
Group 1	1.3741p	-	1.3741p	1.1903p
Group 2	1.3741p	-	1.3741p	1.1903p
<b>L Accumulation shares</b>				
Group 1	6.3032p	-	6.3032p	5.1542p
Group 2	2.8879p	3.4153p	6.3032p	5.1542p
<b>L Income shares</b>				
Group 1	2.7664p	-	2.7664p	2.3977p
Group 2	1.3493p	1.4171p	2.7664p	2.3977p
<b>S Accumulation shares</b>				
Group 1	6.1231p	-	6.1231p	4.9971p
Group 2	3.3854p	2.7377p	6.1231p	4.9971p
<b>S Income shares</b>				
Group 1	1.4187p	-	1.4187p	1.2272p
Group 2	0.3209p	1.0978p	1.4187p	1.2272p
<b>Z Accumulation shares</b>				
Group 1	2.0920p	-	2.0920p	1.7124p
Group 2	0.8873p	1.2047p	2.0920p	1.7124p
<b>Z Income shares</b>				
Group 1	1.3757p	-	1.3757p	1.1936p
Group 2	0.4467p	0.9290p	1.3757p	1.1936p

### Equalisation

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

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

# Securities Financing Transactions (unaudited)

The Fund has not engaged in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, these include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions, margin lending transactions and Total Return Swaps). Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the accounting year ended 31 December 2023.



# Schroder European Sustainable Equity Fund

## Fund Information

### Investment objective and policy

Schroder European Sustainable Equity Fund (the 'Fund') aims to provide capital growth in excess of the FTSE World Series Europe ex UK (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of European companies, excluding the UK, which meet the Investment Manager's sustainability criteria.

The Fund is actively managed and invests at least 80% of its assets in a concentrated range of equity and equity related securities of European countries, excluding the UK, which meet the Investment Manager's sustainability criteria (please see the Fund Characteristics section of the prospectus for more details). The Fund typically holds 30 to 50 companies.

The Fund maintains a higher overall sustainability score than the FTSE World Series Europe ex UK (Gross Total Return) index, based on the Investment Manager's rating system. More details on the investment process used to achieve this can be found in the Fund Characteristics section.

The Fund does not directly invest in certain activities, industries or groups of issuers above certain limits listed under "Sustainability Information" on the Fund's webpage, accessed via <https://www.schroders.com/en-gb/uk/individual/fund-centre/>.

The Fund invests in companies that have good governance practices, as determined by the Investment Manager's rating criteria (please see the Fund Characteristics section of the prospectus for more details).

The Fund may invest in companies that the Investment Manager believes will improve their sustainability practices within a reasonable timeframe, typically up to three years.

The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website <https://www.schroders.com/en-gb/uk/individual/what-we-do/sustainable-investing/>.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries (including the UK), regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus).

*With effect from 21 June 2023 the Fund's Investment objective and policy changed, previously it was:*

Schroder European Sustainable Equity Fund (the 'Fund') aims to provide capital growth in excess of the FTSE World Series Europe ex UK (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of European companies, excluding the UK, which meet the Investment Manager's sustainability criteria.

The Fund is actively managed and invests at least 80% of its assets in a concentrated range of equity and equity related securities of European countries, excluding the UK, which meet the Investment Manager's sustainability criteria (please see the Fund Characteristics section of the prospectus for more details). The Fund typically holds 30 to 50 companies.

The Fund maintains a higher overall sustainability score than the FTSE World Series Europe ex UK (Gross Total Return) index, based on the Investment Manager's rating system. More details on the investment process used to achieve this can be found in the Fund Characteristics section of the prospectus.

The Fund does not invest in certain activities, industries or groups of issuers above certain limits listed under "Exclusion thresholds" in the Fund Characteristics section of the prospectus.

The Fund invests in companies that have good governance practices, as determined by the Investment Manager's rating criteria (please see the Fund Characteristics section of the prospectus for more details).

The Fund may invest in companies that the Investment Manager believes will improve their sustainability practices within a reasonable timeframe, typically up to three years.

The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website <https://www.schroders.com/en/uk/private-investor/strategic-capabilities/sustainability/>.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries (including the UK), regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus).

### Fund characteristics

The Fund's performance should be assessed against the target benchmark, being to exceed the FTSE World Series Europe ex UK (Gross Total Return) index, and compared against the Investment Association Europe ex UK sector average return. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Adviser and the ACD believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

**From 30 December 2022 to 29 December 2023, the price of Z Accumulation shares on a dealing price basis rose 8.59%. In the same period, the FTSE1 World Series Europe ex UK Index generated a total return of 15.68%<sup>2</sup> in sterling terms.**

European shares gained strongly over the period. The Fund also advanced but lagged the benchmark's robust gain.

While markets advanced over the year, there was extreme volatility around individual stocks. Siemens was the largest individual detractor. The alternative energy sector has been hit hard by rising interest rates alongside ongoing supply chain problems. The company said it was evaluating measures to strengthen its balance sheet. This prompted a share price fall amid fears it could mean a rights issue. However, the chairman later clarified that this referred to a need for government guarantees for long-term renewables projects.

Elsewhere, payments group Worldline was another detractor. The company guided down earnings due to lower consumer spending in Europe. Renewable fuels specialist Neste and streaming group Viaplay also weighed on relative returns.

Semiconductor equipment firm ASM International was the leading individual contributor. The anticipated structural demand trends in the semiconductor industry are playing out, especially given strong demand around artificial intelligence (AI). Also within the IT sector, software firm SAP was another positive contributor. It is increasingly recognised that AI is becoming a revenue generator for software firms.

In the paper & packaging sector, we have started new positions in Stora Enso and UPM-Kymmene. We have been looking for more exposure to a potential economic recovery. The pulp cycle looks particularly interesting having troughed in 2023 and both Stora Enso and UPM should see earnings rebound. Other new positions include doors and locks business Assa Abloy, and stainless steel producer, Acerinox. They offer quality and value options, respectively, on the construction cycle rebound.

**Fund Manager:**

**Nicholette MacDonald-Brown**



Head of the European Blend Team

Nicholette is responsible for the management of the Schroder ISF European Large Cap and is co-manager for the Schroder European Sustainable Equity Fund, Schroder ISF European Sustainable Equity, Schroder ISF Sustainable European Market Neutral and Schroder ISF European Dividend Maximiser

Joined Schroders in August 2011

Previously spent 11 years at Goldman Sachs. Responsible for number of sectors for Goldman Sachs Investment Partners, a global multi asset class hedge fund. Former roles included research and portfolio management responsibilities for Global, EAFE and single country products, and Co-Head of the UK and European Small Cap Equity Team

Degree in Economics and Politics from Bristol University

Chartered Financial Analyst

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<sup>2</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).

# Comparative Table

Financial year to 31 December	A Accumulation shares			A Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	207.10	238.01	210.01	148.91	175.71	157.31
Return before operating charges*	21.20	(27.35)	31.90	14.98	(20.23)	23.80
Operating charges	(3.53)	(3.56)	(3.90)	(2.54)	(2.59)	(2.91)
<b>Return after operating charges*</b>	<b>17.67</b>	<b>(30.91)</b>	<b>28.00</b>	<b>12.44</b>	<b>(22.82)</b>	<b>20.89</b>
Distributions**	(3.81)	(5.39)	(3.23)	(2.19)	(3.98)	(2.49)
Retained distributions**	3.81	5.39	3.23	-	-	-
<b>Closing net asset value</b>	<b>224.77</b>	<b>207.10</b>	<b>238.01</b>	<b>159.16</b>	<b>148.91</b>	<b>175.71</b>
*after direct transaction costs of	(0.09)	(0.08)	(0.34)	(0.06)	(0.06)	(0.25)
<b>Performance</b>						
Return after charges (%)	8.53	(12.99)	13.33	8.36	(12.99)	13.28
<b>Other information</b>						
Closing net asset value (£000's)	518	1,064	1,622	8	156	221
Closing number of shares	230,469	513,736	681,509	5,076	104,994	126,101
Operating charges (%)	1.61	1.67	1.67	1.61	1.67	1.67
Direct transaction costs (%)***	0.04	0.04	0.15	0.04	0.04	0.15
<b>Prices</b>						
Highest dealing price	230.79p	239.50p	251.20p	165.27p	176.80p	185.50p
Lowest dealing price	210.21p	184.50p	206.00p	148.84p	132.50p	154.30p

# Comparative Table (continued)

Financial year to 31 December	C Accumulation shares <sup>1</sup>			C Income shares <sup>2</sup>		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	220.25	248.92	217.99	159.48	185.35	164.69
Return before operating charges*	16.65	(26.55)	33.21	13.52	(20.11)	24.97
Operating charges	(2.16)	(2.12)	(2.28)	(1.56)	(1.55)	(1.70)
<b>Return after operating charges*</b>	<b>14.49</b>	<b>(28.67)</b>	<b>30.93</b>	<b>11.96</b>	<b>(21.66)</b>	<b>23.27</b>
Distributions**	(1.35)	(5.69)	(3.45)	(1.35)	(4.21)	(2.61)
Retained distributions**	1.35	5.69	3.45	-	-	-
Redemption value as at 26 May 2023	(234.74)	-	-	(170.09)	-	-
<b>Closing net asset value</b>	<b>-</b>	<b>220.25</b>	<b>248.92</b>	<b>-</b>	<b>159.48</b>	<b>185.35</b>
*after direct transaction costs of	(0.09)	(0.09)	(0.35)	(0.07)	(0.06)	(0.26)
<b>Performance</b>						
Return after charges (%)	6.58	(11.52)	14.19	7.50	(11.69)	14.13
<b>Other information</b>						
Closing net asset value (£000's)	-	214	233	-	40	47
Closing number of shares	-	97,128	93,531	-	25,131	25,131
Operating charges (%)	0.92	0.92	0.92	0.92	0.92	0.92
Direct transaction costs (%)***	0.04	0.04	0.15	0.04	0.04	0.15
<b>Prices</b>						
Highest dealing price	243.80p	250.50p	262.50p	176.60p	186.50p	195.50p
Lowest dealing price	222.70p	194.10p	214.10p	160.30p	140.60p	161.80p

# Comparative Table (continued)

Financial year to 31 December	GBP Hedged C Income shares <sup>3</sup>			GBP Hedged S Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	158.16	192.38	157.96	150.45	179.60	157.94
Return before operating charges*	20.87	(28.13)	38.81	18.95	(23.76)	25.17
Operating charges	(1.66)	(1.70)	(1.73)	(0.93)	(0.98)	(1.04)
<b>Return after operating charges*</b>	<b>19.21</b>	<b>(29.83)</b>	<b>37.08</b>	<b>18.02</b>	<b>(24.74)</b>	<b>24.13</b>
Distributions**	(1.35)	(4.39)	(2.66)	(4.60)	(4.41)	(2.47)
Redemption value as at 25 May 2023	(176.02)	-	-	-	-	-
<b>Closing net asset value</b>	<b>-</b>	<b>158.16</b>	<b>192.38</b>	<b>163.87</b>	<b>150.45</b>	<b>179.60</b>
*after direct transaction costs of	(0.07)	(0.07)	(0.26)	(0.06)	(0.06)	(0.25)
<b>Performance</b>						
Return after charges (%)	12.14	(15.51)	23.47	11.97	(13.78)	15.28
<b>Other information</b>						
Closing net asset value (£000's)	-	10	37	38	35	41
Closing number of shares	-	6,600	19,278	23,051	23,051	23,051
Operating charges (%)	0.96	0.96	0.96	0.58	0.58	0.58
Direct transaction costs (%)***	0.04	0.04	0.15	0.04	0.04	0.15
<b>Prices</b>						
Highest dealing price	179.80p	194.70p	200.40p	168.37p	181.80p	187.00p
Lowest dealing price	162.20p	141.50p	159.90p	151.96p	132.60p	152.30p

# Comparative Table (continued)

Financial year to 31 December	GBP Hedged Z Income shares			L Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	159.50	191.89	158.53	75.05	85.18	74.55
Return before operating charges*	21.21	(26.36)	37.72	7.38	(9.45)	11.35
Operating charges	(1.65)	(1.68)	(1.78)	(0.67)	(0.68)	(0.72)
<b>Return after operating charges*</b>	<b>19.56</b>	<b>(28.04)</b>	<b>35.94</b>	<b>6.71</b>	<b>(10.13)</b>	<b>10.63</b>
Distributions**	(4.24)	(4.35)	(2.58)	(2.05)	(1.94)	(1.16)
Retained distributions**	-	-	-	2.05	1.94	1.16
<b>Closing net asset value</b>	<b>174.82</b>	<b>159.50</b>	<b>191.89</b>	<b>81.76</b>	<b>75.05</b>	<b>85.18</b>
*after direct transaction costs of	(0.07)	(0.07)	(0.27)	(0.03)	(0.03)	(0.12)
<b>Performance</b>						
Return after charges (%)	12.26	(14.61)	22.67	8.94	(11.89)	14.26
<b>Other information</b>						
Closing net asset value (£000's)	1,145	1,639	3,252	2,971	3,152	7,478
Closing number of shares	654,630	1,027,455	1,694,638	3,633,692	4,199,432	8,778,979
Operating charges (%)	0.96	0.96	0.96	0.85	0.85	0.85
Direct transaction costs (%)***	0.04	0.04	0.15	0.04	0.04	0.15
<b>Prices</b>						
Highest dealing price	179.53p	194.20p	199.90p	83.49p	85.73p	89.82p
Lowest dealing price	161.85p	141.30p	160.40p	76.17p	66.46p	73.24p

# Comparative Table (continued)

Financial year to 31 December	L Income shares			Q2 Accumulation shares <sup>4</sup>	
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share
<b>Change in net asset value</b>					
Opening net asset value	57.34	66.83	59.33	46.21	50.00
Return before operating charges*	5.54	(7.46)	9.00	3.98	(3.57)
Operating charges	(0.51)	(0.52)	(0.57)	(0.22)	(0.22)
<b>Return after operating charges*</b>	<b>5.03</b>	<b>(7.98)</b>	<b>8.43</b>	<b>3.76</b>	<b>(3.79)</b>
Distributions**	(1.54)	(1.51)	(0.93)	(1.44)	(1.52)
Retained distributions**	-	-	-	1.44	1.52
<b>Closing net asset value</b>	<b>60.83</b>	<b>57.34</b>	<b>66.83</b>	<b>49.97</b>	<b>46.21</b>
*after direct transaction costs of	(0.02)	(0.02)	(0.10)	(0.02)	(0.02)
<b>Performance</b>					
Return after charges (%)	8.77	(11.94)	14.21	8.14	(7.58)
<b>Other information</b>					
Closing net asset value (£000's)	1,544	2,776	6,309	6,627	2,381
Closing number of shares	2,537,351	4,841,229	9,439,607	13,261,389	5,151,474
Operating charges (%)	0.85	0.85	0.85	0.45	0.45
Direct transaction costs (%)***	0.04	0.04	0.15	0.04	0.04
<b>Prices</b>					
Highest dealing price	63.41p	67.26p	70.47p	50.89p	50.04p
Lowest dealing price	57.08p	50.73p	58.30p	46.44p	40.42p



# Comparative Table (continued)

Financial year to 31 December	Q2 Income shares <sup>5</sup>		S Accumulation shares		
	2023 pence per share	2022 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>					
Opening net asset value	44.65	50.00	226.75	254.09	221.71
Return before operating charges*	3.92	(3.79)	19.91	(25.99)	33.78
Operating charges	(0.21)	(0.25)	(1.31)	(1.35)	(1.40)
<b>Return after operating charges*</b>	<b>3.71</b>	<b>(4.04)</b>	<b>18.60</b>	<b>(27.34)</b>	<b>32.38</b>
Distributions**	(1.35)	(1.31)	(6.84)	(6.89)	(2.64)
Retained distributions**	-	-	6.84	6.89	2.64
<b>Closing net asset value</b>	<b>47.01</b>	<b>44.65</b>	<b>245.35</b>	<b>226.75</b>	<b>254.09</b>
*after direct transaction costs of	(0.02)	(0.02)	(0.09)	(0.09)	(0.35)
<b>Performance</b>					
Return after charges (%)	8.30	(8.08)	8.20	(10.76)	14.60
<b>Other information</b>					
Closing net asset value (£000's)	1	1	19	29	19
Closing number of shares	3,000	3,000	7,729	12,654	7,314
Operating charges (%)	0.45	0.45	0.55	0.55	0.55
Direct transaction costs (%)***	0.04	0.04	0.04	0.04	0.15
<b>Prices</b>					
Highest dealing price	49.02p	50.04p	250.04p	255.70p	267.80p
Lowest dealing price	44.12p	39.30p	228.23p	198.70p	217.90p

# Comparative Table (continued)

Financial year to 31 December	S Income shares			Z Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	55.72	64.47	57.03	226.16	255.80	224.03
Return before operating charges*	5.02	(6.81)	8.66	21.20	(27.47)	34.11
Operating charges	(0.32)	(0.34)	(0.36)	(2.18)	(2.17)	(2.34)
<b>Return after operating charges*</b>	<b>4.70</b>	<b>(7.15)</b>	<b>8.30</b>	<b>19.02</b>	<b>(29.64)</b>	<b>31.77</b>
Distributions**	(1.67)	(1.60)	(0.86)	(5.96)	(5.77)	(3.55)
Retained distributions**	-	-	-	5.96	5.77	3.55
<b>Closing net asset value</b>	<b>58.75</b>	<b>55.72</b>	<b>64.47</b>	<b>245.18</b>	<b>226.16</b>	<b>255.80</b>
*after direct transaction costs of	(0.02)	(0.02)	(0.09)	(0.09)	(0.09)	(0.36)
<b>Performance</b>						
Return after charges (%)	8.43	(11.09)	14.55	8.41	(11.59)	14.18
<b>Other information</b>						
Closing net asset value (£000's)	307	388	449	16,545	17,549	22,337
Closing number of shares	522,152	697,165	697,165	6,748,017	7,759,570	8,732,115
Operating charges (%)	0.55	0.55	0.55	0.92	0.92	0.92
Direct transaction costs (%)***	0.04	0.04	0.15	0.04	0.04	0.15
<b>Prices</b>						
Highest dealing price	61.27p	64.89p	67.96p	250.49p	257.50p	269.80p
Lowest dealing price	55.15p	49.04p	56.06p	228.50p	199.50p	220.10p

# Comparative Table (continued)

Financial year to 31 December	Z Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>			
Opening net asset value	161.76	189.06	167.98
Return before operating charges*	15.96	(21.40)	25.48
Operating charges	(1.55)	(1.61)	(1.75)
<b>Return after operating charges*</b>	<b>14.41</b>	<b>(23.01)</b>	<b>23.73</b>
Distributions**	(4.25)	(4.29)	(2.65)
<b>Closing net asset value</b>	<b>171.92</b>	<b>161.76</b>	<b>189.06</b>
*after direct transaction costs of	(0.07)	(0.07)	(0.27)
<b>Performance</b>			
Return after charges (%)	8.91	(12.17)	14.13
<b>Other information</b>			
Closing net asset value (£000's)	5,547	7,174	24,242
Closing number of shares	3,226,856	4,434,931	12,822,330
Operating charges (%)	0.92	0.92	0.92
Direct transaction costs (%)***	0.04	0.04	0.15
<b>Prices</b>			
Highest dealing price	179.23p	190.30p	199.40p
Lowest dealing price	161.35p	143.40p	165.00p

\*\* 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 C Accumulation shares closed on 26 May 2023.

2 C Income shares closed on 26 May 2023.

3 GBP Hedged C Income shares closed on 25 May 2023.

4 Q2 Accumulation shares launched on 11 January 2022.

5 Q2 Income shares launched on 11 January 2022.

C Accumulation shares, C Income shares and GBP Hedged C Income shares converted into Z Accumulation shares, Z Income shares and GBP Hedged Z Income shares on 25 May 2023.

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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 31.12.23	Market Value £000's	% of net assets
<b>Equities 92.39% (90.04%)</b>			
<b>Belgium 1.05% (2.11%)</b>			
Azelis Group	19,307	371	1.05
		<b>371</b>	<b>1.05</b>
<b>Denmark 6.04% (4.16%)</b>			
Novo Nordisk	21,621	1,751	4.97
Novozymes	8,814	379	1.07
		<b>2,130</b>	<b>6.04</b>
<b>Finland 4.63% (5.51%)</b>			
Neste	24,754	692	1.96
Outokumpu	44,704	174	0.49
Stora Enso	32,260	349	0.99
UPM-Kymmene	14,193	418	1.19
		<b>1,633</b>	<b>4.63</b>
<b>France 14.14% (12.80%)</b>			
Accor	25,477	763	2.16
Antin Infrastructure Partners	30,173	358	1.02
Carrefour	25,563	367	1.04
Elis	31,653	518	1.47
Publicis Groupe	7,726	562	1.59
Sanofi	17,981	1,398	3.96
SPIE	31,086	761	2.16
Worldline	19,328	262	0.74
		<b>4,989</b>	<b>14.14</b>
<b>Germany 14.39% (14.03%)</b>			
Beiersdorf	8,210	963	2.73
GEA Group	13,764	448	1.27
HelloFresh	30,507	378	1.07
Puma	12,621	550	1.56
SAP	9,117	1,102	3.13
Siemens	9,402	1,382	3.92
Wacker Chemie	2,551	252	0.71
		<b>5,075</b>	<b>14.39</b>
<b>Ireland 2.45% (3.24%)</b>			
Bank of Ireland Group	121,334	863	2.45
		<b>863</b>	<b>2.45</b>
<b>Italy 5.39% (6.69%)</b>			
Intesa Sanpaolo	512,245	1,173	3.33
Moncler	6,234	301	0.85
Prysmian	12,027	428	1.21
		<b>1,902</b>	<b>5.39</b>
<b>Luxembourg 0.00% (0.97%)</b>			
<b>Netherlands 12.04% (9.50%)</b>			
ASM International	1,959	798	2.26
ASML Holding	2,569	1,517	4.30
Koninklijke KPN	351,073	947	2.69
Stellantis	53,742	984	2.79
		<b>4,246</b>	<b>12.04</b>
<b>Norway 1.71% (3.72%)</b>			
Norsk Hydro	114,511	604	1.71
		<b>604</b>	<b>1.71</b>

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Portugal 3.34% (3.36%)</b>			
EDP - Energias de Portugal	298,366	1,178	3.34
		<b>1,178</b>	<b>3.34</b>
<b>Spain 1.13% (0.00%)</b>			
Acerinox	43,148	398	1.13
		<b>398</b>	<b>1.13</b>
<b>Sweden 11.38% (11.62%)</b>			
AAK	40,195	701	1.99
Assa Abloy	20,598	464	1.31
Skandinaviska Enskilda Banken	104,862	1,133	3.21
SKF	48,285	757	2.15
Svenska Handelsbanken	112,525	958	2.72
		<b>4,013</b>	<b>11.38</b>
<b>Switzerland 14.70% (12.33%)</b>			
Alcon	8,214	502	1.43
Nestle	18,281	1,661	4.71
Novartis	22,798	1,803	5.11
Sandoz Group	15,689	396	1.12
Swiss Re	9,315	821	2.33
		<b>5,183</b>	<b>14.70</b>
<b>Equities total</b>		<b>32,585</b>	<b>92.39</b>
<b>Forward Foreign Currency Contracts (0.04)% ((0.06)%)</b>			
Buy CHF 1,340 Sell GBP 1,226 31/01/2024		0	0.00
Buy DKK 118 Sell GBP 14 31/01/2024		0	0.00
Buy DKK 26,645 Sell GBP 3,087 31/01/2024		0	0.00
Buy EUR 164 Sell GBP 143 31/01/2024		0	0.00
Buy EUR 7,163 Sell GBP 6,182 31/01/2024		0	0.00
Buy NOK 12,322 Sell GBP 943 31/01/2024		0	0.00
Buy SEK 335 Sell GBP 26 31/01/2024		0	0.00
Buy SEK 12,210 Sell GBP 944 31/01/2024		0	0.00
Sell CHF 6,172 Buy GBP 5,766 31/01/2024		0	0.00
Sell CHF 196,882 Buy GBP 179,771 31/01/2024		(5)	(0.01)
Sell DKK 669,366 Buy GBP 77,534 31/01/2024		(1)	0.00
Sell EUR 896,643 Buy GBP 773,412 31/01/2024		(7)	(0.02)
Sell NOK 4,693 Buy GBP 364 31/01/2024		0	0.00
Sell NOK 285,499 Buy GBP 21,747 31/01/2024		0	0.00
Sell SEK 38,325 Buy GBP 3,023 31/01/2024		0	0.00
Sell SEK 1,815,289 Buy GBP 140,386 31/01/2024		(2)	(0.01)
<b>Forward Foreign Currency Contracts total</b>		<b>(15)</b>	<b>(0.04)</b>
<b>Portfolio of investments</b>		<b>32,570</b>	<b>92.35</b>
<b>Net other assets</b>		<b>2,699</b>	<b>7.65</b>
<b>Net assets attributable to shareholders</b>		<b>35,269</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

# Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital gains/(losses)	2		2,188		(9,115)
Revenue	3	1,153		1,214	
Expenses	4	(314)		(438)	
Net revenue before taxation		<b>839</b>		<b>776</b>	
Taxation	5	74		290	
Net revenue after taxation			<b>913</b>		<b>1,066</b>
<b>Total return before distributions</b>			<b>3,101</b>		<b>(8,049)</b>
Distributions	6		(913)		(1,198)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>2,188</b>		<b>(9,247)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		36,608		66,287
Amounts receivable on issue of shares	5,574		10,612	
Amounts payable on cancellation of shares	(9,751)		(31,840)	
		<b>(4,177)</b>		<b>(21,228)</b>
Dilution adjustment		1		19
Change in net assets attributable to shareholders from investment activities		2,188		(9,247)
Retained distribution on Accumulation shares		649		777
<b>Closing net assets attributable to shareholders</b>		<b>35,269</b>		<b>36,608</b>

# Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			32,585		32,962
<b>Current assets</b>					
Debtors	8		1,406		2,497
Cash and bank balances			1,466		1,250
<b>Total assets</b>			<b>35,457</b>		<b>36,709</b>
<b>Liabilities</b>					
Investment liabilities			(15)		(21)
<b>Creditors</b>					
Distributions payable			(43)		(1)
Other creditors	9		(130)		(79)
<b>Total liabilities</b>			<b>(188)</b>		<b>(101)</b>
<b>Net assets attributable to shareholders</b>			<b>35,269</b>		<b>36,608</b>

# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder European Sustainable Equity Fund are disclosed on pages 9 to 10.

### 2 Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	2,140	(9,103)
Forward foreign currency contracts	56	(33)
Foreign currency (losses)/gains	(8)	21
<b>Net capital gains/(losses)</b>	<b>2,188</b>	<b>(9,115)</b>

### 3 Revenue

	2023	2022
	£000's	£000's
Overseas dividends	1,129	1,213
Bank interest	24	1
<b>Total revenue</b>	<b>1,153</b>	<b>1,214</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	308	406
<b>Other expenses:</b>		
Professional fee	6	28
Interest payable	-	4
	<b>6</b>	<b>32</b>
<b>Total expenses</b>	<b>314</b>	<b>438</b>

<sup>1</sup> Audit fees including VAT for the year were £8,404 (2022 – £8,582).

# Notes to the Accounts

## For the year ended 31 December 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 credit for the year

	2023	2022
	£000's	£000's
Overseas withholding tax	(74)	(290)
<b>Total current tax (Note 5(b))</b>	<b>(74)</b>	<b>(290)</b>

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

The tax assessed for the year is different from that calculated with the standard rate of corporation tax for Open Ended Investment Companies 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>839</b>	<b>776</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	168	155
<b>Effects of:</b>		
Revenue not subject to corporation tax	(216)	(229)
Movement in excess management expenses	48	76
Overseas withholding tax	(74)	(290)
Expensed withholding tax incurred	-	(2)
<b>Total tax credit for the year (Note 5(a))</b>	<b>(74)</b>	<b>(290)</b>

#### (c) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £9,188,478 (2022 – £9,140,356) in respect of unutilised management expenses and loan relationship debits. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

### 6 Distributions

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

	2023	2022
	£000's	£000's
Quarterly Dividend distribution	183	317
Interim Dividend distribution	457	858
Quarterly Dividend distribution	76	103
Final Dividend distribution	182	16
	<b>898</b>	<b>1,294</b>
Add: Revenue deducted on cancellation of shares	28	38
Deduct: Revenue received on issue of shares	(13)	(134)
<b>Distributions</b>	<b>913</b>	<b>1,198</b>
Net revenue after taxation	913	1,066
Deficit taken to capital	-	132
<b>Distributions</b>	<b>913</b>	<b>1,198</b>

Details of the distributions per share are set out in the Distribution Tables on pages 164 to 168.

# Notes to the Accounts

## For the year ended 31 December 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	32,585	-	32,962	-
Level 2: Observable market data	-	(15)	-	(21)
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	<b>32,585</b>	<b>(15)</b>	<b>32,962</b>	<b>(21)</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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023 £000's	2022 £000's
Amounts receivable for issue of shares	44	37
Overseas withholding tax recoverable	1,362	2,460
<b>Total debtors</b>	<b>1,406</b>	<b>2,497</b>

### 9 Other creditors

	2023 £000's	2022 £000's
Amounts payable for cancellation of shares	107	52
Accrued expenses	23	27
<b>Total other creditors</b>	<b>130</b>	<b>79</b>

### 10 Contingent liabilities

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

### 11 Related party transactions

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

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

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

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 22.25% (2022 - 23.24%).



# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 12 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 148 to 155.

The distributions per share class are given in the Distribution Tables on pages 164 to 168.

All classes have the same rights on winding up.

### 13 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, foreign currency, liquidity and interest rate risks. The Authorised Corporate Director'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 Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 shareholders would increase or decrease by approximately £3,257,000 (2022 - £3,294,100).

#### 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 Authorised Corporate Director 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
Danish krone	2,055	1,693
Euro	21,012	23,256
Norwegian krone	583	1,296
Sterling	2,752	2,034
Swedish krona	3,868	4,042
Swiss franc	4,999	4,287

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 shareholders will increase or decrease by approximately £3,251,700 (2022 - £3,457,400).

#### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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.

At the year end date 4.16% (2022 - 3.42%) 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 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.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### Global risk exposure

#### Commitment approach

When using derivatives, the Authorised Corporate Director 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 31 December 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				2022			
	Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
	0.00%	1.34%	0.06%	0.00%	0.00%	12.57%	0.26%	0.00%

### 14 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>						
Equities	10,719	3	7	10,729	0.03	0.07
<b>Sales</b>						
Equities	13,249	(4)	-	13,245	(0.03)	-
Total cost as a percentage of the Fund's average net asset value (%)		0.02	0.02			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	21,649	6	11	21,666	0.03	0.05
<b>Sales</b>						
Equities	42,188	(11)	-	42,177	(0.03)	-
Total cost as a percentage of the Fund's average net asset value (%)		0.04	0.02			

#### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.07% (2022 – 0.11%).

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.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 15 Shares in issue reconciliation

	Number of shares in issue 31.12.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
A Accumulation shares	513,736	12,045	(71,338)	(223,974)	230,469
A Income shares	104,994	761	(12,181)	(88,498)	5,076
C Accumulation shares	97,128	860	-	(97,988)	-
C Income shares	25,131	-	(11,564)	(13,567)	-
GBP Hedged C Income shares	6,600	-	-	(6,600)	-
GBP Hedged S Income shares	23,051	-	-	-	23,051
GBP Hedged Z Income shares	1,027,455	9,529	(388,965)	6,611	654,630
L Accumulation shares	4,199,432	851,627	(1,403,409)	(13,958)	3,633,692
L Income shares	4,841,229	20,841	(2,333,033)	8,314	2,537,351
Q2 Accumulation shares	5,151,474	9,376,869	(1,266,954)	-	13,261,389
Q2 Income shares	3,000	-	-	-	3,000
S Accumulation shares	12,654	889	(5,814)	-	7,729
S Income shares	697,165	-	(175,013)	-	522,152
Z Accumulation shares	7,759,570	67,249	(1,384,781)	305,979	6,748,017
Z Income shares	4,434,931	99,831	(1,399,951)	92,045	3,226,856

### 16 Counterparty exposure

The types of non-exchange traded derivatives held at the balance sheet date were forward foreign currency contracts. 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>HSBC</b>										
2023	(15)	-	-	-	-	-	-	-	-	(15)
2022	(21)	-	-	-	-	-	-	-	-	(21)

At the balance sheet date no collateral was held or pledged by the Fund or on behalf of the counterparties in respect of the above.

# Distribution Tables

## Quarterly distribution for the three months ended 31 March 2023

**Group 1** Shares purchased prior to 1 January 2023

**Group 2** Shares purchased on or after 1 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.5.23 per share	Distribution paid 31.5.22 per share
<b>A Accumulation shares</b>				
Group 1	0.6735p	-	0.6735p	1.4109p
Group 2	0.6735p	-	0.6735p	1.4109p
<b>A Income shares</b>				
Group 1	0.4514p	-	0.4514p	1.0380p
Group 2	0.4514p	-	0.4514p	1.0380p
<b>C Accumulation shares</b>				
Group 1	1.1521p	-	1.1521p	1.4801p
Group 2	1.1521p	-	1.1521p	1.4801p
<b>C Income shares</b>				
Group 1	0.7719p	-	0.7719p	1.1018p
Group 2	0.7719p	-	0.7719p	1.1018p
<b>GBP Hedged C Income shares</b>				
Group 1	0.8383p	-	0.8383p	1.1555p
Group 2	0.8383p	-	0.8383p	1.1555p
<b>GBP Hedged S Income shares</b>				
Group 1	0.9356p	-	0.9356p	1.0801p
Group 2	0.9356p	-	0.9356p	1.0801p
<b>GBP Hedged Z Income shares</b>				
Group 1	0.8284p	-	0.8284p	1.1520p
Group 2	0.8283p	0.0001p	0.8284p	1.1520p
<b>L Accumulation shares</b>				
Group 1	0.4033p	-	0.4033p	0.5061p
Group 2	0.3689p	0.0344p	0.4033p	0.5061p
<b>L Income shares</b>				
Group 1	0.3062p	-	0.3062p	0.3972p
Group 2	0.2998p	0.0064p	0.3062p	0.3972p
<b>Q2 Accumulation shares</b>				
Group 1	0.2995p	-	0.2995p	0.3218p
Group 2	0.2363p	0.0632p	0.2995p	0.3218p
<b>Q2 Income shares</b>				
Group 1	0.2786p	-	0.2786p	0.3230p
Group 2	0.2786p	-	0.2786p	0.3230p
<b>S Accumulation shares</b>				
Group 1	1.3977p	-	1.3977p	1.5119p
Group 2	1.2732p	0.1245p	1.3977p	1.5119p
<b>S Income shares</b>				
Group 1	0.3414p	-	0.3414p	0.3836p
Group 2	0.3414p	-	0.3414p	0.3836p
<b>Z Accumulation shares</b>				
Group 1	1.1737p	-	1.1737p	1.5188p
Group 2	1.0787p	0.0950p	1.1737p	1.5188p

# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.5.23 per share	Distribution paid 31.5.22 per share
<b>Z Income shares</b>				
Group 1	0.8412p	–	0.8412p	1.1236p
Group 2	0.8014p	0.0398p	0.8412p	1.1236p

### Interim distribution for the three months ended 30 June 2023

**Group 1** Shares purchased prior to 1 April 2023

**Group 2** Shares purchased on or after 1 April 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.8.23 per share	Distribution paid 31.8.22 per share
<b>A Accumulation shares</b>				
Group 1	2.4304p	–	2.4304p	3.4443p
Group 2	0.2045p	2.2259p	2.4304p	3.4443p
<b>A Income shares</b>				
Group 1	1.7402p	–	1.7402p	2.5421p
Group 2	1.0441p	0.6961p	1.7402p	2.5421p
<b>GBP Hedged S Income shares</b>				
Group 1	2.2310p	–	2.2310p	2.6164p
Group 2	2.2310p	–	2.2310p	2.6164p
<b>GBP Hedged Z Income shares</b>				
Group 1	2.2127p	–	2.2127p	2.7794p
Group 2	0.0390p	2.1737p	2.2127p	2.7794p
<b>L Accumulation shares</b>				
Group 1	1.0443p	–	1.0443p	1.2397p
Group 2	0.4433p	0.6010p	1.0443p	1.2397p
<b>L Income shares</b>				
Group 1	0.7931p	–	0.7931p	0.9691p
Group 2	0.1091p	0.6840p	0.7931p	0.9691p
<b>Q2 Accumulation shares</b>				
Group 1	0.6857p	–	0.6857p	0.7723p
Group 2	0.2336p	0.4521p	0.6857p	0.7723p
<b>Q2 Income shares</b>				
Group 1	0.6540p	–	0.6540p	0.7380p
Group 2	0.6540p	–	0.6540p	0.7380p
<b>S Accumulation shares</b>				
Group 1	3.3085p	–	3.3085p	3.7162p
Group 2	1.5279p	1.7806p	3.3085p	3.7162p
<b>S Income shares</b>				
Group 1	0.8107p	–	0.8107p	0.9364p
Group 2	0.8107p	–	0.8107p	0.9364p
<b>Z Accumulation shares</b>				
Group 1	3.0903p	–	3.0903p	3.7014p
Group 2	1.4959p	1.5944p	3.0903p	3.7014p

# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.8.23 per share	Distribution paid 31.8.22 per share
<b>Z Income shares</b>				
Group 1	2.2113p	-	2.2113p	2.7403p
Group 2	0.6106p	1.6007p	2.2113p	2.7403p

### Quarterly distribution for the three months ended 30 September 2023

**Group 1** Shares purchased prior to 1 July 2023

**Group 2** Shares purchased on or after 1 July 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 30.11.23 per share	Distribution paid 30.11.22 per share
<b>A Accumulation shares</b>				
Group 1	-	-	-	0.5337p
Group 2	-	-	-	0.5337p
<b>A Income shares</b>				
Group 1	-	-	-	0.3970p
Group 2	-	-	-	0.3970p
<b>GBP Hedged S Income shares</b>				
Group 1	0.4750p	-	0.4750p	0.4056p
Group 2	0.4750p	-	0.4750p	0.4056p
<b>GBP Hedged Z Income shares</b>				
Group 1	0.3417p	-	0.3417p	0.4142p
Group 2	0.3417p	-	0.3417p	0.4142p
<b>L Accumulation shares</b>				
Group 1	0.1863p	-	0.1863p	0.1925p
Group 2	0.1853p	0.0010p	0.1863p	0.1925p
<b>L Income shares</b>				
Group 1	0.1251p	-	0.1251p	0.1476p
Group 2	0.1235p	0.0016p	0.1251p	0.1476p
<b>Q2 Accumulation shares</b>				
Group 1	0.1564p	-	0.1564p	0.1270p
Group 2	0.1371p	0.0193p	0.1564p	0.1270p
<b>Q2 Income shares</b>				
Group 1	0.1380p	-	0.1380p	0.1140p
Group 2	0.1380p	-	0.1380p	0.1140p
<b>S Accumulation shares</b>				
Group 1	0.7081p	-	0.7081p	0.5929p
Group 2	0.6884p	0.0197p	0.7081p	0.5929p
<b>S Income shares</b>				
Group 1	0.1709p	-	0.1709p	0.1472p
Group 2	0.1709p	-	0.1709p	0.1472p
<b>Z Accumulation shares</b>				
Group 1	0.4876p	-	0.4876p	0.5488p
Group 2	0.3727p	0.1149p	0.4876p	0.5488p

# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 30.11.23 per share	Distribution paid 30.11.22 per share
<b>Z Income shares</b>				
Group 1	0.3427p	-	0.3427p	0.4219p
Group 2	0.3257p	0.0170p	0.3427p	0.4219p

### Final distribution for the three months ended 31 December 2023

**Group 1** Shares purchased prior to 1 October 2023

**Group 2** Shares purchased on or after 1 October 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share	Distribution paid 28.2.23 per share
<b>A Accumulation shares</b>				
Group 1	0.7041p	-	0.7041p	-
Group 2	0.7041p	-	0.7041p	-
<b>A Income shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>GBP Hedged S Income shares</b>				
Group 1	0.9542p	-	0.9542p	0.3109p
Group 2	0.9542p	-	0.9542p	0.3109p
<b>GBP Hedged Z Income shares</b>				
Group 1	0.8534p	-	0.8534p	-
Group 2	0.8346p	0.0188p	0.8534p	-
<b>L Accumulation shares</b>				
Group 1	0.4167p	-	0.4167p	-
Group 2	0.3846p	0.0321p	0.4167p	-
<b>L Income shares</b>				
Group 1	0.3120p	-	0.3120p	-
Group 2	0.2753p	0.0367p	0.3120p	-
<b>Q2 Accumulation shares</b>				
Group 1	0.3028p	-	0.3028p	0.2948p
Group 2	0.2590p	0.0438p	0.3028p	0.2948p
<b>Q2 Income shares</b>				
Group 1	0.2760p	-	0.2760p	0.1310p
Group 2	0.2760p	-	0.2760p	0.1310p
<b>S Accumulation shares</b>				
Group 1	1.4284p	-	1.4284p	1.0658p
Group 2	1.3665p	0.0619p	1.4284p	1.0658p
<b>S Income shares</b>				
Group 1	0.3437p	-	0.3437p	0.1356p
Group 2	0.3437p	-	0.3437p	0.1356p
<b>Z Accumulation shares</b>				
Group 1	1.2079p	-	1.2079p	-
Group 2	1.1776p	0.0303p	1.2079p	-

# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share	Distribution paid 28.2.23 per share
<b>Z Income shares</b>				
Group 1	0.8522p	-	0.8522p	-
Group 2	0.8258p	0.0264p	0.8522p	-

### Equalisation

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

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



# Schroder Global Recovery Fund

## Fund Information

### Investment objective and policy

Schroder Global Recovery Fund (the 'Fund') aims to provide capital growth in excess of the MSCI World (Net Total Return) Index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of companies worldwide which are considered to be undervalued relative to their long term earnings potential.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of companies worldwide that have suffered a set back in either share price or profitability, but where long term prospects are believed to be good.

The Fund applies a disciplined value investment approach, seeking to invest in a select portfolio of companies that the Investment Adviser believes are significantly undervalued relative to their long-term earnings potential.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivative instruments for investment purposes as well as for efficient portfolio management (for more information please refer to Appendix III. Section 10: Derivatives and Forwards).

### Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the MSCI World (Net Total Return) index, and compared against the MSCI World Value (Net Total Return) index and the Investment Association Global sector average return. The Investment Manager invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmarks have been selected because the Investment Adviser and the ACD believe that these benchmarks are suitable comparisons for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

**From 30 December 2022 to 29 December 2023, the price of Z Accumulation shares on a dealing price basis rose 13.81%. In the same period, MSCI World index generated a net return of 16.81%<sup>1</sup>.**

Global shares gained in the 12-month period, despite rising inflation and interest rate increases in many major developed markets.

The portfolio posted a positive absolute return but underperformed the MSCI World index over the period. On a relative basis, the Fund's positioning in the technology and communication services sectors accounted for the Fund's underperformance. Not owning some of the largest and most expensively priced companies in the index, including Nvidia, Apple and Microsoft, which performed strongly, detracted from performance relative to the index.

US-listed drug retailer Walgreens-Boots Alliance was a detractor. Its results disappointed the market, and it announced that it will accelerate its cost-cutting programme by closing an additional three hundred stores in the US and the UK. The share price discounts a continuation of margin pressure in the core business; we believe this is overly pessimistic given what it has already gone through. The dividend yield is also attractive in a US market context.

On the positive side, Italian bank Unicredit continued to perform well. Banks have benefited from rising bond yields (enabling them to reprice loans at higher rates), which has supported profitability. Unicredit reported record profits for 2022 and plans to return €16 billion to shareholders by the end of 2024. We exited the position towards the end of the period, following good performance. We used proceeds to add to positions in NatWest Group and Citigroup.

Two new positions in the portfolio are pharmaceutical groups Pfizer and Bristol Myers Squibb. Pfizer's shares have been weak after reporting that Covid-19 related sales were falling much faster than expected. The group has a decent track record of commercializing its pipeline drugs, which should bode well for future revenue growth. Bristol Myers Squibb has similarly experienced share price weakness, largely related to lower revenue guidance for oncology drug Revlimid. It also faces a number of key products going off patent in the coming years. However, it appears to be doing a reasonable job of replacing the lost revenues. We think the market is now pricing a very pessimistic scenario around profit margins.

## Co-Fund Managers:

**Nick Kirrage – Co-head of Schroder Global Value Team**



Co-manager of Global Recovery and Global Income strategies  
Managed value portfolios at Schroders since 2006

Founding member of the Global Value Team in 2013

Investment career commenced in 2001 within Schroders' Pan European research team

Previously analyst responsible for a number of sectors including Transport, Metals & Mining and Aerospace and Defence sectors

Chartered Financial Analyst

Degree in Aeronautical Engineering, Bristol University

**Simon Adler – Fund Manager, Schroder Global Value Team**



Co-manager of Global Recovery, Global Income and Global Sustainable strategies

Joined the Global Value Team in July 2016 to manage value portfolios

Investment career commenced in 2008, at Schroders as a UK equity analyst

Previously sector analyst responsible for Chemicals, Media, Transport, Travel & Leisure and Utilities

Global Sustainability Specialist in Global Equity team until 2016

Chartered Financial Analyst

MA in Politics, Edinburgh University

**Liam Nunn – Fund Manager, Schroder Global Value Team**



Co-manager of Global Recovery, Global Income and Global Sustainable strategies

Managed value portfolios at Schroders since 2020

Joined the Global Value team in January 2019 as an analyst

Investment career commenced in 2011 at Schroders as a Pan European sector analyst

Moved to Merian Global Investors (formerly Old Mutual Global Investors) in 2015 as an equity analyst/fund manager

Chartered Financial Analyst

Degree in Politics, Philosophy and Economics, Durham University

<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 simulated 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).

# Comparative Table

Financial year to 31 December	L Accumulation shares			L Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	94.93	93.45	75.26	82.51	83.62	68.75
Return before operating charges*	13.91	2.29	18.95	12.14	2.08	17.33
Operating charges	(0.89)	(0.81)	(0.76)	(0.78)	(0.72)	(0.70)
<b>Return after operating charges*</b>	<b>13.02</b>	<b>1.48</b>	<b>18.19</b>	<b>11.36</b>	<b>1.36</b>	<b>16.63</b>
Distributions**	(2.43)	(2.76)	(1.93)	(2.11)	(2.47)	(1.76)
Retained distributions**	2.43	2.76	1.93	-	-	-
<b>Closing net asset value</b>	<b>107.95</b>	<b>94.93</b>	<b>93.45</b>	<b>91.76</b>	<b>82.51</b>	<b>83.62</b>
*after direct transaction costs of	(0.05)	(0.05)	(0.13)	(0.05)	(0.04)	(0.12)
<b>Performance</b>						
Return after charges (%)	13.72	1.58	24.17	13.77	1.63	24.19
<b>Other information</b>						
Closing net asset value (£000's)	184,222	118,811	148,677	5,400	3,628	7,341
Closing number of shares	170,657,083	125,158,396	159,101,263	5,884,301	4,396,715	8,778,801
Operating charges (%)	0.87	0.87	0.87	0.87	0.87	0.87
Direct transaction costs (%)***	0.05	0.05	0.15	0.05	0.05	0.15
<b>Prices</b>						
Highest dealing price	108.30p	99.99p	94.51p	94.22p	89.50p	86.34p
Lowest dealing price	96.63p	85.42p	75.58p	84.04p	76.46p	69.06p

# Comparative Table (continued)

Financial year to 31 December	S Income shares			X Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	63.89	64.74	53.22	64.31	62.78	50.13
Return before operating charges*	9.42	1.63	13.42	9.60	1.56	12.68
Operating charges	(0.40)	(0.37)	(0.36)	(0.03)	(0.03)	(0.03)
<b>Return after operating charges*</b>	<b>9.02</b>	<b>1.26</b>	<b>13.06</b>	<b>9.57</b>	<b>1.53</b>	<b>12.65</b>
Distributions**	(1.85)	(2.11)	(1.54)	(2.40)	(2.38)	(1.79)
Retained distributions**	-	-	-	2.40	2.38	1.79
<b>Closing net asset value</b>	<b>71.06</b>	<b>63.89</b>	<b>64.74</b>	<b>73.88</b>	<b>64.31</b>	<b>62.78</b>
*after direct transaction costs of	(0.04)	(0.03)	(0.10)	(0.04)	(0.03)	(0.09)
<b>Performance</b>						
Return after charges (%)	14.12	1.95	24.54	14.88	2.44	25.23
<b>Other information</b>						
Closing net asset value (£000's)	97,773	94,788	656,593	1	1	47,903
Closing number of shares	137,591,765	148,372,647	1,014,274,428	2,000	2,000	76,307,446
Operating charges (%)	0.57	0.57	0.57	0.04	0.04	0.04
Direct transaction costs (%)***	0.05	0.05	0.15	0.05	0.05	0.15
<b>Prices</b>						
Highest dealing price	73.18p	69.31p	67.00p	74.15p	67.16p	63.37p
Lowest dealing price	65.07p	59.34p	53.46p	65.47p	57.65p	50.37p

# Comparative Table (continued)

Financial year to 31 December	X Income shares <sup>1</sup>		Z Accumulation shares		
	2023 pence per share	2022 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>					
Opening net asset value	49.07	50.00	94.45	93.04	74.99
Return before operating charges*	7.15	0.18	13.84	2.28	18.87
Operating charges	(0.02)	(0.01)	(0.96)	(0.87)	(0.82)
<b>Return after operating charges*</b>	<b>7.13</b>	<b>0.17</b>	<b>12.88</b>	<b>1.41</b>	<b>18.05</b>
Distributions**	(1.68)	(1.10)	(2.35)	(2.68)	(1.86)
Retained distributions**	-	-	2.35	2.68	1.86
<b>Closing net asset value</b>	<b>54.52</b>	<b>49.07</b>	<b>107.33</b>	<b>94.45</b>	<b>93.04</b>
*after direct transaction costs of	(0.03)	(0.02)	(0.05)	(0.05)	(0.13)
<b>Performance</b>					
Return after charges (%)	14.53	0.34	13.64	1.52	24.07
<b>Other information</b>					
Closing net asset value (£000's)	27,741	31,856	276,584	190,127	234,022
Closing number of shares	50,884,305	64,922,678	257,706,500	201,308,120	251,531,976
Operating charges (%)	0.04	0.04	0.94	0.94	0.94
Direct transaction costs (%)***	0.05	0.05	0.05	0.05	0.15
<b>Prices</b>					
Highest dealing price	55.60p	52.25p	107.70p	99.54p	94.10p
Lowest dealing price	49.96p	44.42p	96.14p	85.00p	75.31p

# Comparative Table (continued)

Financial year to 31 December	Z Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>			
Opening net asset value	82.43	83.54	68.69
Return before operating charges*	12.13	2.08	17.30
Operating charges	(0.84)	(0.78)	(0.75)
<b>Return after operating charges*</b>	<b>11.29</b>	<b>1.30</b>	<b>16.55</b>
Distributions**	(2.05)	(2.41)	(1.70)
<b>Closing net asset value</b>	<b>91.67</b>	<b>82.43</b>	<b>83.54</b>
*after direct transaction costs of	(0.05)	(0.04)	(0.12)
<b>Performance</b>			
Return after charges (%)	13.70	1.56	24.09
<b>Other information</b>			
Closing net asset value (£000's)	30,322	29,948	27,743
Closing number of shares	33,078,925	36,332,806	33,210,307
Operating charges (%)	0.94	0.94	0.94
Direct transaction costs (%)***	0.05	0.05	0.15
<b>Prices</b>			
Highest dealing price	94.06p	89.40p	86.21p
Lowest dealing price	83.95p	76.35p	68.99p

\*\* 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 X Income shares launched on 13 May 2022.

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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).

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# Portfolio Statement

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Equities 96.64% (98.25%)</b>			
<b>Australia 0.00% (1.52%)</b>			
<b>Belgium 1.53% (1.51%)</b>			
Ageas	279,114	9,508	1.53
		<b>9,508</b>	<b>1.53</b>
<b>Cayman Islands 1.60% (1.88%)</b>			
Alibaba Group Holding	1,310,000	9,942	1.60
		<b>9,942</b>	<b>1.60</b>
<b>France 5.32% (5.79%)</b>			
AXA	481,189	12,296	1.98
Renault	286,066	9,148	1.47
Sanofi	150,078	11,667	1.87
		<b>33,111</b>	<b>5.32</b>
<b>Germany 8.11% (9.37%)</b>			
BASF	306,731	12,959	2.08
Bayer	315,200	9,188	1.48
Continental	281,383	18,745	3.01
Schaeffler Preference	1,970,122	9,560	1.54
		<b>50,452</b>	<b>8.11</b>
<b>Italy 1.60% (7.04%)</b>			
Eni	746,891	9,932	1.60
		<b>9,932</b>	<b>1.60</b>
<b>Japan 15.22% (13.65%)</b>			
Citizen Watch	1,737,400	8,120	1.30
DeNA	948,800	7,264	1.17
Dentsu Group	567,600	11,398	1.83
H.U. Group Holdings	508,100	7,523	1.21
KDDI	582,700	14,483	2.33
Medipal Holdings	940,500	11,934	1.92
NHK Spring	1,664,200	11,052	1.78
Nikon	878,500	6,817	1.10
Nippon Television Holdings	857,900	7,346	1.18
Tokai Rika	724,100	8,731	1.40
		<b>94,668</b>	<b>15.22</b>
<b>Jersey 1.72% (2.30%)</b>			
WPP	1,424,688	10,717	1.72
		<b>10,717</b>	<b>1.72</b>
<b>Netherlands 1.50% (2.00%)</b>			
ING Groep	799,243	9,368	1.50
		<b>9,368</b>	<b>1.50</b>
<b>Russia 0.00% (0.00%)</b>			
Alrosa <sup>a</sup>	17,451,635	0	0.00
		<b>0</b>	<b>0.00</b>
<b>Singapore 0.00% (2.17%)</b>			
<b>South Africa 1.51% (1.64%)</b>			
Tiger Brands	1,090,448	9,411	1.51
		<b>9,411</b>	<b>1.51</b>
<b>South Korea 3.66% (3.16%)</b>			
Hankook Tire & Technology	444,039	12,238	1.97
Samsung Electronics	220,082	10,510	1.69
		<b>22,748</b>	<b>3.66</b>

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Spain 1.22% (1.59%)</b>			
Repsol	651,978	7,596	1.22
		<b>7,596</b>	<b>1.22</b>
<b>Switzerland 2.59% (0.00%)</b>			
Adecco Group	199,535	7,675	1.23
Swatch Group	39,629	8,443	1.36
		<b>16,118</b>	<b>2.59</b>
<b>United Kingdom 15.79% (22.10%)</b>			
Anglo American	500,959	9,872	1.59
Barclays	6,298,242	9,685	1.55
BT Group	10,695,368	13,193	2.12
GSK	749,570	10,870	1.75
International Distributions Services	4,543,112	12,362	1.99
NatWest Group	6,252,641	13,712	2.20
Noble	148,993	5,656	0.91
Standard Chartered	1,940,141	12,925	2.08
Tesco	3,424,277	9,944	1.60
		<b>98,219</b>	<b>15.79</b>
<b>United States of America 35.27% (22.53%)</b>			
AMC Networks	526,607	7,729	1.24
Bristol-Myers Squibb	266,507	10,683	1.72
Citigroup	347,807	14,002	2.25
eBay	289,313	9,872	1.59
Intel	341,443	13,502	2.17
La-Z-Boy	360,222	10,475	1.68
ManpowerGroup	185,644	11,609	1.87
Micron Technology	156,768	10,528	1.69
Mohawk Industries	185,268	15,077	2.42
Molson Coors Beverage	277,212	13,276	2.13
Nordstrom	603,652	8,727	1.40
Pfizer	475,413	10,670	1.72
Sally Beauty Holdings	1,421,001	14,825	2.38
Stanley Black & Decker	196,969	15,165	2.44
Verizon Communications	515,729	15,211	2.45
Viatis	1,239,236	10,518	1.69
Walgreens Boots Alliance	480,790	9,772	1.57
Western Digital	238,766	9,857	1.59
Western Union	845,055	7,875	1.27
		<b>219,373</b>	<b>35.27</b>
<b>Equities total</b>		<b>601,163</b>	<b>96.64</b>
<b>Collective Investment Schemes 1.21% (1.44%)</b>			
<b>Emerging Markets Equity Funds 1.21% (1.44%)</b>			
Schroder ISF Emerging Markets Value Fund Class I Accumulation USD	56,788	7,490	1.21
		<b>7,490</b>	<b>1.21</b>
<b>Collective Investment Schemes total</b>		<b>7,490</b>	<b>1.21</b>
<b>Portfolio of investments</b>		<b>608,653</b>	<b>97.85</b>
<b>Net other assets</b>		<b>13,390</b>	<b>2.15</b>
<b>Net assets attributable to shareholders</b>		<b>622,043</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2022.

Unless otherwise stated, all securities are admitted to official stock exchange listings or are permitted collective investment schemes.



# Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital gains/(losses)	2		55,643		(19,606)
Revenue	3	19,749		32,364	
Expenses	4	(4,454)		(5,560)	
Net revenue before taxation		<b>15,295</b>		<b>26,804</b>	
Taxation	5	(1,832)		(2,346)	
Net revenue after taxation			<b>13,463</b>		<b>24,458</b>
<b>Total return before distributions</b>			<b>69,106</b>		<b>4,852</b>
Distributions	6		(13,463)		(23,743)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>55,643</b>		<b>(18,891)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		469,159		1,122,279
Amounts receivable on issue of shares	166,106		147,509	
Amounts payable on cancellation of shares	(79,142)		(791,075)	
		<b>86,964</b>		<b>(643,566)</b>
Dilution adjustment		81		480
Change in net assets attributable to shareholders from investment activities		55,643		(18,891)
Retained distribution on Accumulation shares		10,196		8,857
<b>Closing net assets attributable to shareholders</b>		<b>622,043</b>		<b>469,159</b>

# Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			608,653		467,697
<b>Current assets</b>					
Debtors	8		4,152		2,022
Cash and bank balances			13,121		4,334
<b>Total assets</b>			<b>625,926</b>		<b>474,053</b>
<b>Liabilities</b>					
<b>Creditors</b>					
Distributions payable			(3,485)		(4,326)
Other creditors	9		(398)		(568)
<b>Total liabilities</b>			<b>(3,883)</b>		<b>(4,894)</b>
<b>Net assets attributable to shareholders</b>			<b>622,043</b>		<b>469,159</b>

# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder Global Recovery Fund are disclosed on pages 9 to 10.

### 2 Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	55,606	(20,001)
Forward foreign currency contracts	37	384
Foreign currency gains	-	11
<b>Net capital gains/(losses)</b>	<b>55,643</b>	<b>(19,606)</b>

### 3 Revenue

	2023	2022
	£000's	£000's
UK dividends	3,735	7,798
Overseas dividends	15,080	24,188
Franked distributions	348	337
Bank interest	584	39
Annual management charge rebates	2	2
<b>Total revenue</b>	<b>19,749</b>	<b>32,364</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	4,454	5,554
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Dividend expenses	-	5
<b>Other expenses:</b>		
Interest payable	-	1
<b>Total expenses</b>	<b>4,454</b>	<b>5,560</b>

<sup>1</sup> Audit fees including VAT for the year were £8,404 (2022 – £9,648).

# Notes to the Accounts

## For the year ended 31 December 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
Overseas withholding tax	1,832	2,346
<b>Total current tax (Note 5(b))</b>	<b>1,832</b>	<b>2,346</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 Open Ended Investment Companies 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>15,295</b>	<b>26,804</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	3,059	5,361
<b>Effects of:</b>		
Revenue not subject to corporation tax	(3,833)	(6,474)
Movement in excess management expenses	774	897
Overseas withholding tax	1,832	2,346
Movement in revenue taxable in different periods	-	216
<b>Total tax charge for the year (Note 5(a))</b>	<b>1,832</b>	<b>2,346</b>

#### (c) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £2,631,455 (2022 – £1,857,685) in respect of unutilised management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

### 6 Distributions

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

	2023	2022
	£000's	£000's
Quarterly Dividend distribution	256	-
Interim Dividend distribution	291	253
Quarterly Dividend distribution	222	480
Final Dividend distribution	13,681	13,183
	<b>14,450</b>	<b>13,916</b>
Add: Revenue deducted on cancellation of shares	905	11,178
Deduct: Revenue received on issue of shares	(1,892)	(1,351)
<b>Distributions</b>	<b>13,463</b>	<b>23,743</b>
Net revenue after taxation	13,463	24,458
Movement in undistributed revenue	-	1
Equalisation on conversions	-	(716)
<b>Distributions</b>	<b>13,463</b>	<b>23,743</b>

Details of the distributions per share are set out in the Distribution Tables on pages 184 to 185.

# Notes to the Accounts

## For the year ended 31 December 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	601,163	-	460,962	-
Level 2: Observable market data	7,490	-	6,735	-
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	<b>608,653</b>	<b>-</b>	<b>467,697</b>	<b>-</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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023 £000's	2022 £000's
Amounts receivable for issue of shares	2,185	346
Accrued revenue	918	643
Overseas withholding tax recoverable	1,049	1,033
<b>Total debtors</b>	<b>4,152</b>	<b>2,022</b>

### 9 Other creditors

	2023 £000's	2022 £000's
Amounts payable for cancellation of shares	4	263
Accrued expenses	394	305
<b>Total other creditors</b>	<b>398</b>	<b>568</b>

### 10 Contingent liabilities

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

### 11 Related party transactions

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

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

Annual management charge rebates received or receivable from the Authorised Corporate Director of £1,402 (2022 - £2,127) are disclosed under Net capital gains/(losses) and Revenue in the Notes to the Accounts. Amounts due from the Authorised Corporate Director at the balance sheet date of £115 (2022- £109) are included under Debtors in the Notes to the Accounts.

The Authorised Corporate Director acts as principal on all transactions of shares in the Fund. The aggregate monies received through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 6.68% (2022 - 10.03%).

Certain directors or close family members of directors own units in the fund. At the balance sheet date, L Accumulation units held were 57,096.99 and distributions payable in respect of such unit holdings were £1,387.46.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 12 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 172 to 175.

The distributions per share class are given in the Distribution Tables on pages 184 to 185.

All classes have the same rights on winding up.

### 13 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, foreign currency, liquidity and interest rate risks. The Authorised Corporate Director'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 Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 shareholders would increase or decrease by approximately £60,865,300 (2022 - £46,769,700).

#### 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 Authorised Corporate Director 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	-	7,132
Danish krone	-	8,333
Egyptian pound	2	2
Euro	121,042	129,108
Hong Kong dollar	10,071	8,831
Japanese yen	94,834	64,200
Singapore dollar	-	10,189
South African rand	9,411	7,709
South Korean won	22,973	15,009
Sterling	114,940	106,194
Swiss franc	16,118	-
US dollar	232,652	112,452

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 shareholders will increase or decrease by approximately £50,710,300 (2022 - £36,296,500).

#### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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.

At the year end date 2.11% (2022 - 0.92%) 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 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.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### Global risk exposure

#### Commitment approach

When using derivatives, the Authorised Corporate Director 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 31 December 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				2022			
	Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
	0.00%	4.36%	0.19%	0.00%	0.00%	3.38%	0.12%	0.00%

### 14 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>						
Equities	255,968	83	173	256,224	0.03	0.07
<b>Sales</b>						
Equities	171,319	(77)	(19)	171,223	(0.04)	(0.01)
Total cost as a percentage of the Fund's average net asset value (%)		0.03	0.03			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	267,223	95	195	267,513	0.04	0.07
Funds	337	-	-	337	-	-
	267,560	95	195	267,850		
<b>Sales</b>						
Equities	879,116	(288)	(50)	878,778	(0.03)	(0.01)
Total cost as a percentage of the Fund's average net asset value (%)		0.05	0.03			

#### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.12% (2022 – 0.14%).

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.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 15 Shares in issue reconciliation

	Number of shares in issue 31.12.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
L Accumulation shares	125,158,396	61,124,054	(15,711,825)	86,458	170,657,083
L Income shares	4,396,715	2,491,711	(1,071,349)	67,224	5,884,301
S Income shares	148,372,647	536,838	(11,346,426)	28,706	137,591,765
X Accumulation shares	2,000	-	-	-	2,000
X Income shares	64,922,678	-	(14,038,373)	-	50,884,305
Z Accumulation shares	201,308,120	96,723,712	(38,601,148)	(1,724,184)	257,706,500
Z Income shares	36,332,806	3,961,818	(9,001,647)	1,785,948	33,078,925

# Distribution Tables

## Quarterly distribution for the three months ended 31 March 2023

**Group 1** Shares purchased prior to 1 January 2023

**Group 2** Shares purchased on or after 1 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.5.23 per share	Distribution paid per share
<b>X Income shares</b>				
Group 1	0.4025p	-	0.4025p	-
Group 2	0.4025p	-	0.4025p	-

## Interim distribution for the three months ended 30 June 2023

**Group 1** Shares purchased prior to 1 April 2023

**Group 2** Shares purchased on or after 1 April 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.8.23 per share	Distribution paid 31.8.22 per share
<b>X Income shares</b>				
Group 1	0.5641p	-	0.5641p	0.2659p
Group 2	0.5641p	-	0.5641p	0.2659p

## Quarterly distribution for the three months ended 30 September 2023

**Group 1** Shares purchased prior to 1 July 2023

**Group 2** Shares purchased on or after 1 July 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 30.11.23 per share	Distribution paid 30.11.22 per share
<b>X Income shares</b>				
Group 1	0.4321p	-	0.4321p	0.5044p
Group 2	0.4321p	-	0.4321p	0.5044p

## Final distribution for the three months ended 29 December 2023

**Group 1** Shares purchased prior to 2 January 2023

**Group 2** Shares purchased on or after 2 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 29.2.24 per share	Distribution paid 28.2.23 per share
<b>X Income shares</b>				
Group 1	0.2777p	-	0.2777p	0.3324p
Group 2	0.2777p	-	0.2777p	0.3324p



# Distribution Tables

## (continued)

### Final distribution for the year ended 29 December 2023

**Group 1** Shares purchased prior to 2 January 2023

**Group 2** Shares purchased on or after 2 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 29.2.24 per share	Distribution paid 28.2.23 per share
<b>L Accumulation shares</b>				
Group 1	2.4311p	-	2.4311p	2.7610p
Group 2	1.1944p	1.2367p	2.4311p	2.7610p
<b>L Income shares</b>				
Group 1	2.1143p	-	2.1143p	2.4714p
Group 2	0.7981p	1.3162p	2.1143p	2.4714p
<b>S Income shares</b>				
Group 1	1.8470p	-	1.8470p	2.1070p
Group 2	0.2709p	1.5761p	1.8470p	2.1070p
<b>X Accumulation shares</b>				
Group 1	2.3995p	-	2.3995p	2.3770p
Group 2	2.3995p	-	2.3995p	2.3770p
<b>Z Accumulation shares</b>				
Group 1	2.3466p	-	2.3466p	2.6830p
Group 2	1.1700p	1.1766p	2.3466p	2.6830p
<b>Z Income shares</b>				
Group 1	2.0488p	-	2.0488p	2.4099p
Group 2	1.0511p	0.9977p	2.0488p	2.4099p

### Equalisation

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

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

# Schroder Multi-Asset Total Return Fund

## Fund Information

### Significant events

On 5 July 2023, Schroder Multi-Asset Total Return Fund was closed. The last dealing of shares in Schroder Multi-Asset Total Return Fund was on 5 July 2023.

# Review of Investment Activities

**From 30 December 2022 to 05 July 2023, the price of Z Accumulation shares on a dealing price basis rose 2.35%. In the same period, ICE BofA Sterling 3 Month Government Bill Index plus 4% generated a total return of 5.99%<sup>1</sup>.**

In the first half of the period, we favoured government bonds over riskier assets. We expected to see mild recessions in the most developed regions as the lags between policy changes and economic effects came to light. This relationship is uncertain, but one of the ways in which higher interest rates bite is by exposing recklessness and speculation. This leads to a cooling of animal spirits, lower market valuations, and slower economic activity overall. The turbulence in the banking sector over spring was a stark illustration of these dynamics. Later in the period, this view was challenged as labour market conditions remained tight and all major central banks surprised markets with higher rates or hawkish comments.

From a portfolio activity perspective, in the first half of the period we switched some of our risk reducing allocation from the US dollar into government bonds, as we prepared for a slowdown in economic activity. This decision benefitted the portfolio as government bonds contributed positively over the period. In return seeking assets, we reduced equity risk, preferring to maintain our exposure to emerging market (EM) debt, where EM central banks were ahead in their hiking cycles and fight against inflation. Our allocations to investment grade credit and high yield exposure benefitted performance as spreads tightened. In the second half of the period, equity markets broke out of their recent range and rate markets fully reversed any expectation of a Fed pivot. We took this opportunity to adjust the composition of the portfolio. Within the US, we increased exposure to the Russell 2000, as we expected US small caps to do well in the event of a soft landing, rather than a recession. In diversifiers, we increased risk exposure to our FX strategies; we did not expect to be rewarded for a strong directional view and focused on strategies that delivered a positive carry. We were rewarded for this decision as our carry, EM, and growth FX strategies contributed positively to returns over the 3 months to June. On balance, we increased exposure to the US 10 year in May, as entry-levels improved and yields moved higher. This contributed negatively to performance as inflation remained persistent and the Fed remained hawkish. Within return seeking assets, our global equity portfolio performed well as an AI revolution drove equity markets. Concurrently, our short hedges on US large caps detracted.

The Fund performed positively on an absolute basis over the first half of 2023. However, the defensive positioning we assumed in the first quarter of 2023 resulted in the Fund not capturing as much upside as we might have otherwise hoped as equity markets rallied through the first half of the year. Equity market performance was driven by a small handful of stocks; this concentration and our defensive stance led to a relative underperformance compared to the benchmark.

<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.**

**Co-Head of Investment and Group Chief Investment Officer:**

**Johanna Kyrklund, CFA**



Joined Schroders in March 2007 and is based in London

As Group CIO, Johanna oversees investment performance, philosophy and process for all asset classes (excluding private assets), reinforcing a culture of collaboration across all desks

In addition, Johanna leads the Multi-Asset Investments division, is a member of the Group Management Committee (GMC) and Chairs Global Asset Allocation Committee

Responsible for investments on behalf of Multi-Asset clients globally and is the lead portfolio manager of the Schroder Diversified Growth Strategy

Prior to joining Schroders, Johanna specialised in tactical asset allocation strategies

From 2005 she worked at Insight Investment where she managed an unconstrained global macro absolute return fund. From 1997 to 2005 she worked at Deutsche Asset Management where she was Head of Asset Allocation in the UK and fund manager of the Deutsche tactical asset allocation fund

CFA Charterholder

Degree in Philosophy, Politics and Economics from Oxford University

Johanna is a member of the Cambridge University Investment Board and the Railpen Investment Board

**Co-Fund Manager:**

**Merrick Styles**



Merrick Styles is Senior Fund Manager at Schroders, which involves management of the DGF and Total Return Products. He joined Schroders in 2019 and is based in London

Merrick was Senior Fund Manager at Barings from 2015 to 2019, which involved management of multi-asset portfolios. Chair of the asset allocation and fixed income groups

He was Co-Head of Investments at Amundi from 2012 to 2015, which involved management of currency, global fixed income and multi-asset portfolios. One of 5 senior portfolio architects to set the team views

He was Head of Absolute Return at Amundi from 2005 to 2012, which involved management of currency, global fixed income and multi-asset portfolios. One of 5 senior portfolio architects to set the team views

MSc in Investment Management from CASS Business School; PhD in Automotive Engineering from Cranfield University; BSc in Mechanical Engineering from University of Southampton

# Comparative Table

Financial year to 31 December	I Income shares <sup>1</sup>			L Accumulation shares <sup>1</sup>		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	47.16	52.85	50.57	49.14	54.27	51.41
Return before operating charges*	1.43	(4.63)	3.21	1.74	(4.73)	3.28
Operating charges	(0.30)	(0.32)	(0.34)	(0.39)	(0.40)	(0.42)
<b>Return after operating charges*</b>	<b>1.13</b>	<b>(4.95)</b>	<b>2.87</b>	<b>1.35</b>	<b>(5.13)</b>	<b>2.86</b>
Distributions**	(0.23)	(0.74)	(0.59)	(0.21)	(0.71)	(0.54)
Retained distributions**	-	-	-	-	0.71	0.54
Redemption value as at 5 July 2023	(48.06)	-	-	(50.28)	-	-
<b>Closing net asset value</b>	<b>-</b>	<b>47.16</b>	<b>52.85</b>	<b>-</b>	<b>49.14</b>	<b>54.27</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	2.31	(9.37)	5.68	2.75	(9.45)	5.56
<b>Other information</b>						
Closing net asset value (£000's)	-	16,136	18,084	-	203	228
Closing number of shares	-	34,215,099	34,215,099	-	412,676	420,831
Operating charges (%)	0.63	0.65	0.66	0.77	0.79	0.80
Direct transaction costs (%)	-	-	-	-	-	-
<b>Prices</b>						
Highest dealing price	48.74p	52.92p	53.98p	50.77p	54.34p	54.83p
Lowest dealing price	47.34p	46.71p	50.34p	49.32p	47.92p	51.17p

# Comparative Table (continued)

Financial year to 31 December	L Income shares <sup>1</sup>			S Accumulation shares <sup>1,2</sup>	
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share
<b>Change in net asset value</b>					
Opening net asset value	47.21	52.85	50.57	49.25	50.00
Return before operating charges*	1.47	(4.61)	3.23	1.43	(0.67)
Operating charges	(0.37)	(0.39)	(0.41)	(0.21)	(0.08)
<b>Return after operating charges*</b>	<b>1.10</b>	<b>(5.00)</b>	<b>2.82</b>	<b>1.22</b>	<b>(0.75)</b>
Distributions**	(0.20)	(0.64)	(0.54)	(0.28)	(0.65)
Retained distributions**	-	-	-	0.28	0.65
Redemption value as at 5 July 2023	(48.11)	-	-	(50.47)	-
<b>Closing net asset value</b>	<b>-</b>	<b>47.21</b>	<b>52.85</b>	<b>-</b>	<b>49.25</b>
*after direct transaction costs of	-	-	-	-	-
<b>Performance</b>					
Return after charges (%)	2.33	(9.46)	5.58	2.48	(1.50)
<b>Other information</b>					
Closing net asset value (£000's)	-	22	40	-	35
Closing number of shares	-	46,155	75,503	-	71,503
Operating charges (%)	0.77	0.79	0.80	0.42	0.44
Direct transaction costs (%)	-	-	-	-	-
<b>Prices</b>					
Highest dealing price	48.78p	52.92p	53.93p	50.90p	50.15p
Lowest dealing price	47.39p	46.67p	50.33p	49.43p	48.00p

# Comparative Table (continued)

Financial year to 31 December	X Accumulation shares <sup>1</sup>			X Income shares <sup>1</sup>		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	50.71	55.70	52.48	47.21	52.93	50.63
Return before operating charges*	1.72	(4.94)	3.27	0.95	(4.71)	3.18
Operating charges	(0.04)	(0.05)	(0.05)	(0.04)	(0.01)	(0.02)
<b>Return after operating charges*</b>	<b>1.68</b>	<b>(4.99)</b>	<b>3.22</b>	<b>0.91</b>	<b>(4.72)</b>	<b>3.16</b>
Distributions**	(0.36)	(1.02)	(0.85)	(0.35)	(1.00)	(0.86)
Retained distributions**	-	1.02	0.85	0.35	-	-
Redemption value as at 5 July 2023	(52.03)	-	-	(48.12)	-	-
<b>Closing net asset value</b>	<b>-</b>	<b>50.71</b>	<b>55.70</b>	<b>-</b>	<b>47.21</b>	<b>52.93</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	3.31	(8.96)	6.14	1.93	(8.92)	6.24
<b>Other information</b>						
Closing net asset value (£000's)	-	19,106	37,760	-	1	1
Closing number of shares	-	37,679,514	67,792,042	-	2,000	2,000
Operating charges (%)	0.08	0.10	0.11	0.08	0.10	0.11
Direct transaction costs (%)	-	-	-	-	-	-
<b>Prices</b>						
Highest dealing price	52.42p	55.77p	56.23p	48.81p	53.00p	54.29p
Lowest dealing price	50.90p	49.40p	52.28p	47.40p	46.97p	50.45p

# Comparative Table (continued)

Financial year to 31 December	Z Accumulation shares <sup>1</sup>			Z Income shares <sup>1</sup>		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	48.98	54.14	51.31	47.12	52.83	50.56
Return before operating charges*	1.55	(4.72)	3.29	1.49	(4.60)	3.24
Operating charges	(0.42)	(0.44)	(0.46)	(0.40)	(0.42)	(0.42)
<b>Return after operating charges*</b>	<b>1.13</b>	<b>(5.16)</b>	<b>2.83</b>	<b>1.09</b>	<b>(5.02)</b>	<b>2.82</b>
Distributions**	(0.20)	(0.69)	(0.52)	(0.19)	(0.69)	(0.55)
Retained distributions**	0.20	0.69	0.52	-	-	-
Redemption value as at 5 July 2023	(50.11)	-	-	(48.02)	-	-
<b>Closing net asset value</b>	<b>-</b>	<b>48.98</b>	<b>54.14</b>	<b>-</b>	<b>47.12</b>	<b>52.83</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	2.31	(9.53)	5.52	2.31	(9.50)	5.58
<b>Other information</b>						
Closing net asset value (£000's)	-	158	308	-	5	3
Closing number of shares	-	322,417	569,954	-	10,964	5,771
Operating charges (%)	0.84	0.86	0.87	0.84	0.86	0.87
Direct transaction costs (%)	-	-	-	-	-	-
<b>Prices</b>						
Highest dealing price	50.61p	54.20p	54.69p	48.69p	52.90p	53.93p
Lowest dealing price	49.17p	47.77p	51.07p	47.30p	46.62p	50.32p

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

1 The Fund closed on 5 July 2023.

2 S Accumulation shares 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 share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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 31.12.23	Market Value £000's	% of net assets
Collective Investment Scheme	0.00%	(68.71%)	
Absolute Return Funds	0.00%	(7.61%)	
Asia Pacific Fixed Interest Funds	0.00%	(4.63%)	
Cash Funds	0.00%	(4.45%)	
Emerging Markets Fixed Interest Funds	0.00%	(0.98%)	
Global Equity Funds	0.00%	(19.20%)	
Global Fixed Interest Funds	0.00%	(27.36%)	
Other Funds	0.00%	(4.48%)	

	Holding at 31.12.23	Market Value £000's	% of net assets
Government Bond	0.00%	(27.25%)	
Brazil	0.00%	(1.05%)	
Mexico	0.00%	(1.05%)	
United Kingdom	0.00%	(25.15%)	
Forward Foreign Currency Contracts	0.00%	(0.34%)	
Swaps	0.00%	((0.01)%)	
Futures	0.00%	((0.17)%)	
Portfolio of investments		-	0.00
Net other liabilities		-	100.00
Net assets attributable to shareholders		-	100.00

The comparative percentage figures in brackets are as at 31 December 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.



# Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital gains/(losses)	2		679		(5,300)
Revenue	3	363		937	
Expenses	4	(66)		(131)	
Interest payable and similar charges	5	-		(1)	
Net revenue before taxation		<b>297</b>		<b>805</b>	
Taxation	6	(65)		(127)	
Net revenue after taxation			<b>232</b>		<b>678</b>
<b>Total return before distributions</b>			<b>911</b>		<b>(4,622)</b>
Distributions	7		(212)		(678)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>699</b>		<b>(5,300)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		35,666		56,424
Amounts receivable on issue of shares	104		1,658	
Amounts payable on cancellation of shares	(36,574)		(17,505)	
Amount payable to shareholders	(26)		-	
		<b>(36,496)</b>		<b>(15,847)</b>
Dilution adjustment		5		-
Change in net assets attributable to shareholders from investment activities		699		(5,300)
Retained distribution on Accumulation shares		126		389
<b>Closing net assets attributable to shareholders</b>		<b>-</b>		<b>35,666</b>

# Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			-		34,833
<b>Current assets</b>					
Debtors	9		-		11
Cash and bank balances	10		85		1,768
<b>Total assets</b>			<b>85</b>		<b>36,612</b>
<b>Liabilities</b>					
Investment liabilities			-		(550)
<b>Creditors</b>					
Bank overdrafts	11		-		(7)
Distributions payable			-		(255)
Other creditors	12		(85)		(134)
<b>Total liabilities</b>			<b>(85)</b>		<b>(946)</b>
<b>Net assets attributable to shareholders</b>			<b>-</b>		<b>35,666</b>

# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder Multi Asset Total Return Fund are disclosed on pages 9 to 10.

### 2 Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	308	(2,162)
Derivative contracts	(460)	(1,039)
Forward foreign currency contracts	774	(2,638)
Foreign currency gains	57	538
Annual management charge rebates	-	1
<b>Net capital gains/(losses)</b>	<b>679</b>	<b>(5,300)</b>

### 3 Revenue

	2023	2022
	£000's	£000's
Franked distributions	-	188
Interest distributions	97	540
Interest on debt securities	187	132
Bank interest	60	8
Net revenue return from derivative contracts	16	72
Annual management charge rebates	3	(3)
<b>Total revenue</b>	<b>363</b>	<b>937</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	63	131
<b>Other expenses:</b>		
Interest payable	3	-
<b>Total expenses</b>	<b>66</b>	<b>131</b>

<sup>1</sup> Audit fees including VAT for the year were £8,404 (2022 - £12,572).

### 5 Interest payable and similar charges

	2023	2022
	£000's	£000's
Interest payable	-	1
<b>Total interest payable and similar charges</b>	<b>-</b>	<b>1</b>

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 6 Taxation

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

	2023	2022
	£000's	£000's
Corporation tax	59	124
Overseas withholding tax	-	3
Prior year adjustment	6	-
<b>Total current tax (Note 6(b))</b>	<b>65</b>	<b>127</b>

Corporation tax has been provided for at a rate of 20% (2022 – 20%).

#### (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 Open Ended Investment Companies 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>297</b>	<b>805</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	59	161
<b>Effects of:</b>		
Revenue not subject to corporation tax	-	(37)
Overseas withholding tax	-	3
Prior year adjustment	6	-
<b>Total tax charge for the year (Note 6(a))</b>	<b>65</b>	<b>127</b>

### 7 Distributions

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

	2023	2022
	£000's	£000's
Monthly Dividend distribution	204	-
Final Dividend distribution	-	644
	<b>204</b>	<b>644</b>
Add: Revenue deducted on cancellation of shares	8	49
Deduct: Revenue received on issue of shares	-	(15)
<b>Distributions</b>	<b>212</b>	<b>678</b>
Net revenue after taxation	232	678
Undistributed revenue transferred to capital	(20)	-
<b>Distributions</b>	<b>212</b>	<b>678</b>

Details of the distributions per share are set out in the Distribution Table on page 201.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 8 Fair value hierarchy

Instruments held at the year end are presented in line with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland 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	-	-	9,447	(189)
Level 2: Observable market data	-	-	25,386	(361)
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	-	-	<b>34,833</b>	<b>(550)</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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

### 9 Debtors

	2023 £000's	2022 £000's
Accrued revenue	-	11
<b>Total debtors</b>	-	<b>11</b>

### 10 Cash and bank balances

	2023 £000's	2022 £000's
Cash and bank balances	85	1,301
Amounts held at futures clearing houses and brokers	-	467
<b>Total cash and bank balances</b>	<b>85</b>	<b>1,768</b>

### 11 Bank overdrafts

	2023 £000's	2022 £000's
Amounts overdrawn at futures clearing houses and brokers	-	7
<b>Total bank overdrafts</b>	-	<b>7</b>

### 12 Other creditors

	2023 £000's	2022 £000's
Amount to be transferred to shareholders	26	-
Accrued expenses	-	10
Corporation tax payable	59	124
<b>Total other creditors</b>	<b>85</b>	<b>134</b>

### 13 Contingent liabilities

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

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 14 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the Fund. The aggregate monies paid through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Other creditors in the Notes to the Accounts.

### 15 Share classes

The Fund currently has no share classes as the Fund closed on 5 July 2023.

### 16 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, derivative, foreign currency, liquidity, credit and interest rate risks. The Authorised Corporate Director'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 Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 shareholders would increase or decrease by approximately £Nil (2022 - £3,428,300).

#### Derivative risk

Where a Fund trades in derivatives to achieve its investment objective, this involves a higher degree of risk and may lead to a higher volatility in the share prices of the Fund. The Authorised Corporate Director employs a risk management process to allow the Authorised Corporate Director to measure derivative and forward positions and their contribution to the overall risk profile of the Fund. As part of this risk management process the Authorised Corporate Director conducts daily value at risk analysis of the Fund and performs both stress and back testing of the Fund.

#### Foreign currency risk

Where a portion of the net assets of the Company are denominated in currencies other than sterling the balance sheet and total return can be affected by currency movements. Therefore the Authorised Corporate Director 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.

#### 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.

#### Credit risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the Authorised Corporate Director as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

#### 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.

The Fund may invest in fixed and floating rate securities. The revenue of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of the Authorised Corporate Director being unable to secure similar returns on the expiry of contracts or sale of securities.

The value of interest bearing securities may be affected by interest rate movements or the expectation of such movements in the future.

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

#### Floating rate financial assets and financial liabilities

Sterling denominated bank balances bear interest at rates based on the Sterling Overnight Index Average Rate. Sterling denominated floating rate bonds, foreign currency bank balances and amounts held or overdrawn 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

During the year the Fund entered into derivative contracts for specific investment purposes in addition to being used for efficient management.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### Global risk exposure

#### Absolute VaR approach

The approach used for the Funds managed with an absolute return target, an absolute volatility limit or a target of outperforming an interest rate benchmark.

#### Regulatory VaR limit utilisation

	2023			2022		
	Lowest	Highest	Average	Lowest	Highest	Average
	0.02%	17.47%	14.44%	13.80%	19.69%	16.65%

#### Information on VaR Model

Model type	Length of data history	2023		Holding period	2022	
		Confidence level	Holding period		Confidence level	Holding period
Parametric VaR	All available History	99.00%	20 days	All available History	99.00%	20 days

### Leverage

#### Information on the limit usage and level of leverage

The level of leverage is an indication of the derivative usage and of any leverage generated by the reinvestment of cash received as collateral when using efficient portfolio management techniques. It does not take into account other physical assets directly held in the portfolio of the Fund. The figure is not representative of the maximum amount that a Fund could lose, as it includes the derivatives used to protect the Net Asset Value of a Fund as well as the derivatives backed by risk free assets and derivatives which do not generate any incremental exposure, leverage or market risk from an economic perspective. The reported leverage figure is therefore not a true representation of the economic leverage<sup>1</sup> in the Fund.

The level of leverage disclosed is based on the total notional value<sup>2</sup> of all derivative instruments held by a Fund and is expressed as a percentage of the Fund's Net Asset Value. For the purpose of this calculation the holdings and offset derivative positions (long and short positions) do not cancel each other out and the figure is a sum of the total holdings.

#### Leverage

	2023				2022			
	Lowest	Highest	Average	Leverage 5 July	Lowest	Highest	Average	Leverage 31 December
	0.00%	511.60%	248.26%	0.27%	167.12%	595.15%	280.43%	209.11%

1 Where economic leverage is the sum of derivative commitments (calculated in line with European Securities and Markets Authority 10/788) and excludes derivatives used within hedging arrangements, derivatives whose commitments is covered by risk free assets and derivatives which are not considered to generate any incremental exposure and leverage or market risk.

2 Delta adjusted in line with European Securities and Markets Authority 10/788 when appropriate.

## 17 Debt securities credit analysis

	2023 £000's	2022 £000's
Investment grade securities	-	9,718
<b>Total debt securities</b>	<b>-</b>	<b>9,718</b>

## 18 Direct transaction costs

No transaction costs on the purchase or sale of investments were incurred by the Fund during the year or prior year.

2023	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	9,193	-	-	9,193	-	-
Equities	360	-	-	360	-	-
Funds	79	-	-	79	-	-
	9,632	-	-	9,632		

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

2023	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	19,071	-	-	19,071	-	-
Equities	350	-	-	350	-	-
Funds	25,010	-	-	25,010	-	-
	44,431	-	-	44,431		
Total cost as a percentage of the Fund's average net asset value (%)						
		-	-			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	23,662	-	-	23,662	-	-
Equities	944	-	-	944	-	-
Funds	2,950	-	-	2,950	-	-
	27,556	-	-	27,556		
<b>Sales</b>						
Bonds	26,349	-	-	26,349	-	-
Equities	890	-	-	890	-	-
Funds	18,808	-	-	18,808	-	-
	46,047	-	-	46,047		
Total cost as a percentage of the Fund's average net asset value (%)						
		-	-			

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was Nil (2022 - Nil).

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.

## 19 Shares in issue reconciliation

	Number of shares in issue 31.12.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
I Income shares	34,215,099	-	(34,215,099)	-	-
L Accumulation shares	412,676	80,167	(492,843)	-	-
L Income shares	46,155	6,642	(52,797)	-	-
S Accumulation shares	71,503	-	(71,503)	-	-
X Accumulation shares	37,679,514	82,971	(37,762,485)	-	-
X Income shares	2,000	-	(2,000)	-	-
Z Accumulation shares	322,417	29,477	(351,894)	-	-
Z Income shares	10,964	2,156	(13,120)	-	-

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 20 Counterparty exposure

The types of non-exchange traded derivatives held at the prior year balance sheet date were forward foreign currency contracts and commodity index swaps. 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	Commodity index total return swaps £000's	Inflation linked swaps £000's	Options contracts £000's	Swaption contracts £000's	Total £000's
<b>Bank of America</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	(16)	-	-	-	-	-	-	-	-	(16)
<b>Barclays</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	(2)	-	-	-	-	-	-	-	-	(2)
<b>BNP Paribas</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	2	-	-	-	-	-	-	-	-	2
<b>Goldman Sachs</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	(12)	-	-	-	-	-	-	-	-	(12)
<b>HSBC</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	1	-	-	-	-	-	-	-	-	1
<b>J.P. Morgan</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	(48)	-	-	-	-	(2)	-	-	-	(50)
<b>Morgan Stanley</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	37	-	-	-	-	-	-	-	-	37
<b>Standard Chartered</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	7	-	-	-	-	-	-	-	-	7
<b>State Street</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	(11)	-	-	-	-	-	-	-	-	(11)
<b>UBS</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	163	-	-	-	-	-	-	-	-	163

At the balance sheet date no collateral was held or pledged by the Fund or on behalf of the counterparties in respect of the above.



# Distribution Table

## Final distribution for the year ended 5 July 2023

**Group 1** Shares purchased prior to 1 January 2023

**Group 2** Shares purchased on or after 1 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 5.9.23 per share
<b>I Income shares</b>			
Group 1	0.2299p	-	0.2299p
Group 2	0.2299p	-	0.2299p
<b>L Accumulation shares</b>			
Group 1	0.2098p	-	0.2098p
Group 2	0.1728p	0.0370p	0.2098p
<b>L Income shares</b>			
Group 1	0.2031p	-	0.2031p
Group 2	0.1737p	0.0294p	0.2031p
<b>S Accumulation shares</b>			
Group 1	0.2832p	-	0.2832p
Group 2	0.2832p	-	0.2832p
<b>X Accumulation shares</b>			
Group 1	0.3642p	-	0.3642p
Group 2	0.1183p	0.2459p	0.3642p
<b>X Income shares</b>			
Group 1	0.3470p	-	0.3470p
Group 2	0.3470p	-	0.3470p
<b>Z Accumulation shares</b>			
Group 1	0.1956p	-	0.1956p
Group 2	0.1524p	0.0432p	0.1956p
<b>Z Income shares</b>			
Group 1	0.1942p	-	0.1942p
Group 2	0.1680p	0.0262p	0.1942p

## Equalisation

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

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

# Securities Financing Transactions (unaudited)

The Fund engaged in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, these include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions, margin lending transactions and Total Return Swaps). In accordance with Article 13 of the Regulation, the Fund's involvement in and exposures related to Securities Financing Transactions (SFTs) for the year ended 31 December 2023 are detailed below.

## Global data

### Amount of assets engaged in each type of SFTs and Total Return Swaps

As at 31 December 2023, there are no Total Return Swaps held by the Fund.

## Concentration data

### Ten largest collateral issuers

As at 31 December 2023, there are no collateral securities and commodities received in respect of Total Return Swaps.

### Top ten counterparties

As at 31 December 2023, there are no Total Return Swaps held by the Fund.

## Aggregate transaction data

### Type and quality of collateral

As at the balance sheet date, no collateral was received in respect of Total Return Swaps.

### Maturity tenor of collateral

As at the balance sheet date, no collateral was received in respect of Total Return Swaps.

### Currency of collateral

As at the balance sheet date, no collateral was received in respect of Total Return Swaps.

### Maturity tenor of SFTs and Total Return Swaps

As at 31 December 2023, there are no Total Return Swaps held by the Fund.

### Country in which counterparties are established

As at 31 December 2023, there are no Total Return Swaps held by the Fund.

## Safekeeping of collateral

### Collateral received

As at the balance sheet date, no collateral was received in respect of Total Return Swaps.

### Collateral granted

As at the balance sheet date, no collateral was granted in respect of Total Return Swaps.

## Return and cost

### Gross Return

All returns from Total Return Swaps transactions accrue to the Fund and are not subject to any returns sharing arrangements with the Authorised Corporate Director or any other third party.

	Total Return Swaps return* £000's	% of overall returns
Net realised losses	71	97.26
Net change in unrealised losses	2	2.74
<b>Total</b>	<b>73</b>	<b>100.00</b>

\*Expressed in absolute terms.

# Schroder India Equity Fund

## Fund Information

### Investment objective and policy

Schroder India Equity Fund (the 'Fund') aims to provide capital growth in excess of the MSCI India (Net Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of Indian companies.

The Fund invests at least 80% of its assets in equity and equity related securities of Indian companies or companies which have their principal business activities in India. Typically, the Fund holds 30 to 70 companies.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including other Schroder funds), warrants and money market instruments, and hold cash.

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

### Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the MSCI India (Net Total Return) index. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of this benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide.

# Review of Investment Activities

**From 30 December 2022 to 29 December 2023, the price of Z Accumulation shares on a dealing price basis rose 12.55%. In the same period, the MSCI India Index generated a net return of 13.99%<sup>1</sup> in sterling terms.**

Over the period, the Fund has increased its overweight in communication, and rotated its exposure to technology and utilities from underweight to overweight. Meanwhile, the Fund maintained its nil exposure to energy and real estate. The Fund added to its position new names, such as Bharti Airtel, Sun Pharma and Tata Elxsi among others across different sectors. On the other side, the Fund exited positions in Motherson Sumi Wiring, TKK Prestige and Sumitomo Chemical India amongst others, while other positions were also trimmed.

Indian equities performed well in 2023. Small and mid-cap stocks have done even better in face of ongoing inflows into domestic mutual funds. As we entered 2024, we remain mindful that much of the mid and small cap segment are now trading at higher end of premium relative to large caps, and in many cases these elevated multiples are pricing in a high-level of growth expectations. Fundamentally, India continues to be one of the few geographies globally that continues to offer strong GDP growth, sustained by multiple positive drivers such as its young demographic, improving infrastructure, formalization of the economy and rising digitization, which should continue to attract foreign capital to the Indian market over time. The allocations to stocks across portfolios reflect assessments of individual company earnings potential and their respective ability to outperform broader sectors over the medium to long term. The strategy remains stock specific and sector or index agnostic.

## **Fund Manager: Asian Investment Team**

The Fund is managed by the Schroders Asian investment team and advised by Axis AMC, who have thirteen investment professionals based in Mumbai

Axis AMC is a joint venture between Axis Bank and Schroders

<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 simulated historical performance data and may not be a reliable indicator of the Fund's future risk profile. The Company'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).

# Comparative Table

Financial year to 31 December	L Accumulation shares			X Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	61.46	69.36	56.22	63.17	70.72	56.88
Return before operating charges*	8.26	(7.35)	13.66	8.53	(7.52)	13.87
Operating charges	(0.55)	(0.55)	(0.52)	(0.03)	(0.03)	(0.03)
<b>Return after operating charges*</b>	<b>7.71</b>	<b>(7.90)</b>	<b>13.14</b>	<b>8.50</b>	<b>(7.55)</b>	<b>13.84</b>
Distributions**	-	-	-	(0.38)	(0.31)	(0.25)
Retained distributions**	-	-	-	0.38	0.31	0.25
<b>Closing net asset value</b>	<b>69.17</b>	<b>61.46</b>	<b>69.36</b>	<b>71.67</b>	<b>63.17</b>	<b>70.72</b>
*after direct transaction costs of	(0.05)	(0.05)	(0.07)	(0.05)	(0.05)	(0.07)
<b>Performance</b>						
Return after charges (%)	12.54	(11.39)	23.37	13.46	(10.68)	24.33
<b>Other information</b>						
Closing net asset value (£000's)	1	1	1	8,601	26,112	36,307
Closing number of shares	2,000	2,000	2,000	12,000,000	41,337,000	51,337,000
Operating charges (%)	0.87	0.87	0.87	0.05	0.05	0.05
Direct transaction costs (%)***	0.08	0.08	0.11	0.08	0.08	0.11
<b>Prices</b>						
Highest dealing price	71.47p	71.48p	72.81p	74.05p	73.30p	74.17p
Lowest dealing price	55.87p	57.55p	53.77p	57.54p	58.90p	54.43p

# Comparative Table (continued)

Financial year to 31 December	Z Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>			
Opening net asset value	61.24	69.18	56.14
Return before operating charges*	8.21	(7.32)	13.65
Operating charges	(0.59)	(0.62)	(0.61)
<b>Return after operating charges*</b>	<b>7.62</b>	<b>(7.94)</b>	<b>13.04</b>
Distributions**	-	-	-
Retained distributions**	-	-	-
<b>Closing net asset value</b>	<b>68.86</b>	<b>61.24</b>	<b>69.18</b>
*after direct transaction costs of	(0.05)	(0.05)	(0.07)
<b>Performance</b>			
Return after charges (%)	12.44	(11.48)	23.23
<b>Other information</b>			
Closing net asset value (£000's)	2,260	1,920	2,071
Closing number of shares	3,281,879	3,134,347	2,993,081
Operating charges (%)	0.95	0.95	0.95
Direct transaction costs (%)***	0.08	0.08	0.11
<b>Prices</b>			
Highest dealing price	71.16p	71.25p	72.64p
Lowest dealing price	55.66p	57.38p	53.69p

\*\* 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.

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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 31.12.23	Market Value £000's	% of net assets
<b>Equities 102.83% (97.60%)</b>			
<b>Basic Materials 13.29% (13.33%)</b>			
Clean Science & Technology	9,282	136	1.25
Navin Fluorine International	2,354	85	0.78
PI Industries	14,186	470	4.33
Pidilite Industries	19,300	493	4.54
Tube Investments of India	7,806	260	2.39
		<b>1,444</b>	<b>13.29</b>
<b>Consumer Discretionary 18.43% (19.71%)</b>			
Avenue Supermarts	19,775	757	6.97
Bajaj Auto	589	38	0.35
Indian Hotels A	35,283	146	1.34
Mahindra & Mahindra	23,288	379	3.49
Schaeffler India	783	23	0.21
Sona Blw Precision Forgings	55,370	336	3.09
Tata Motors	36,248	266	2.45
Titan	1,655	57	0.53
		<b>2,002</b>	<b>18.43</b>
<b>Consumer Staples 5.05% (4.84%)</b>			
Nestle India	2,182	548	5.05
		<b>548</b>	<b>5.05</b>
<b>Financials 24.42% (27.98%)</b>			
Bajaj Finance	11,360	783	7.21
Bajaj Finserv	3,856	61	0.56
Cholamandalam Investment and Finance	44,450	527	4.85
HDFC Bank	32,964	531	4.89
Kotak Mahindra Bank	8,368	150	1.38
MAS Financial Services	8,094	67	0.62
Sundaram Finance	16,241	534	4.91
		<b>2,653</b>	<b>24.42</b>

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Health Care 8.61% (8.05%)</b>			
Apollo Hospitals Enterprise	6,380	343	3.16
Divi's Laboratories	7,572	279	2.57
Mankind Pharma	7,929	148	1.36
Sun Pharmaceutical Industries	8,028	96	0.88
Vijaya Diagnostic Centre	10,859	69	0.64
		<b>935</b>	<b>8.61</b>
<b>Industrials 8.85% (5.63%)</b>			
Astral	17,565	315	2.90
CG Power & Industrial Solutions	59,710	254	2.34
Shree Cement	1,455	392	3.61
		<b>961</b>	<b>8.85</b>
<b>Technology 17.77% (14.24%)</b>			
Coforge	1,277	75	0.69
Info Edge India	11,865	574	5.28
Persistent Systems	2,077	145	1.34
Tata Consultancy Services	19,757	707	6.51
Tata Elxsi	2,967	244	2.25
Zomato	158,694	185	1.70
		<b>1,930</b>	<b>17.77</b>
<b>Telecommunications 1.03% (0.00%)</b>			
Bharti Airtel	11,510	112	1.03
		<b>112</b>	<b>1.03</b>
<b>Utilities 5.38% (3.82%)</b>			
Torrent Power	66,437	584	5.38
		<b>584</b>	<b>5.38</b>
<b>Equities total</b>		<b>11,169</b>	<b>102.83</b>
<b>Portfolio of investments</b>		<b>11,169</b>	<b>102.83</b>
<b>Net other liabilities</b>		<b>(307)</b>	<b>(2.83)</b>
<b>Net assets attributable to shareholders</b>		<b>10,862</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.



## Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital gains/(losses)	2		4,017		(4,913)
Revenue	3	276		205	
Expenses	4	(33)		(34)	
Net revenue before taxation		<b>243</b>		<b>171</b>	
Taxation	5	(672)		555	
Net (expense)/revenue after taxation			<b>(429)</b>		<b>726</b>
<b>Total return before distributions</b>			<b>3,588</b>		<b>(4,187)</b>
Distributions	6		(196)		(138)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>3,392</b>		<b>(4,325)</b>

## Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		28,033		38,379
Amounts receivable on issue of shares	1,222		747	
Amounts payable on cancellation of shares	(21,885)		(6,912)	
		<b>(20,663)</b>		<b>(6,165)</b>
Dilution adjustment		55		15
Change in net assets attributable to shareholders from investment activities		3,392		(4,325)
Retained distribution on Accumulation shares		45		129
<b>Closing net assets attributable to shareholders</b>		<b>10,862</b>		<b>28,033</b>

## Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			11,169		27,361
<b>Current assets</b>					
Debtors	8		1,696		7
Cash and bank balances			158		1,248
<b>Total assets</b>			<b>13,023</b>		<b>28,616</b>
<b>Liabilities</b>					
Provisions for liabilities	9		(365)		(580)
<b>Creditors</b>					
Other creditors	10		(1,796)		(3)
<b>Total liabilities</b>			<b>(2,161)</b>		<b>(583)</b>
<b>Net assets attributable to shareholders</b>			<b>10,862</b>		<b>28,033</b>

# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder India Equity Fund are disclosed on pages 9 to 10.

### 2 Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	4,055	(4,806)
Derivative contracts	(1)	-
Foreign currency losses	(37)	(107)
<b>Net capital gains/(losses)</b>	<b>4,017</b>	<b>(4,913)</b>

### 3 Revenue

	2023	2022
	£000's	£000's
Overseas dividends	255	202
Bank interest	21	3
<b>Total revenue</b>	<b>276</b>	<b>205</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	33	34
<b>Total expenses</b>	<b>33</b>	<b>34</b>

<sup>1</sup> Audit fees including VAT for the year were £8,404 (2022 - £12,572).

### 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/(credit) for the year

	2023	2022
	£000's	£000's
Indian capital gains tax	833	378
Overseas withholding tax	54	42
<b>Total current tax</b>	<b>887</b>	<b>420</b>
<b>Deferred tax (Note 5(c))</b>		
Indian capital gains tax	(215)	(975)
<b>Total taxation (Note 5(b))</b>	<b>672</b>	<b>(555)</b>

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

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

The tax assessed for the year is different from that calculated with the standard rate of corporation tax for Open Ended Investment Companies 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>243</b>	<b>171</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	49	34
<b>Effects of:</b>		
Revenue not subject to corporation tax	(51)	(40)
Movement in excess management expenses	2	6
Overseas withholding tax	54	42
Overseas capital gains tax	618	(597)
<b>Total tax charge/(credit) for the year (Note 5(a))</b>	<b>672</b>	<b>(555)</b>

### (c) Provision for deferred tax

	2023	2022
	£000's	£000's
Provision at the start of the year	580	1,555
Movement in deferred tax for the year (Note 5(a))	(215)	(975)
<b>Provision at the end of the year</b>	<b>365</b>	<b>580</b>

At the balance sheet date, there is a potential deferred tax asset of £18,174 (2022 – £15,846) in respect of unutilised management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

## 6 Distributions

The distributions take account of revenue deducted on the cancellation of shares, and comprise:

	2023	2022
	£000's	£000's
Final Dividend distribution	45	129
Add: Revenue deducted on cancellation of shares	152	9
Deduct: Revenue received on issue of shares	(1)	-
<b>Distributions</b>	<b>196</b>	<b>138</b>
Net (expense)/revenue after taxation	(429)	726
Indian capital gains tax	618	(597)
Deficit taken to capital	7	9
<b>Distributions</b>	<b>196</b>	<b>138</b>

Details of the distributions per share are set out in the Distribution Table on page 215.

## 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	11,169	-	27,361	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	<b>11,169</b>	<b>-</b>	<b>27,361</b>	<b>-</b>

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

## 8 Debtors

	2023	2022
	£000's	£000's
Amounts receivable for issue of shares	2	7
Sales awaiting settlement	1,689	-
Accrued revenue	5	-
<b>Total debtors</b>	<b>1,696</b>	<b>7</b>

## 9 Provision for liabilities

	2023	2022
	£000's	£000's
Provision for Indian capital gains tax	365	580
<b>Total provisions for liabilities</b>	<b>365</b>	<b>580</b>

The deferred tax liability provision at the balance sheet date of £365,000 (2022 – £580,000) relates to a potential liability for Indian capital gains tax that may arise on the Fund's Indian investments should they be sold in the future, based on the net unrealised taxable capital gain at the period end and on enacted Indian tax rates. The amount of any future tax amounts payable may differ from this provision, depending on the value and timing of any future sales of such investments and future Indian tax rates.

## 10 Other creditors

	2023	2022
	£000's	£000's
Amounts payable for cancellation of shares	1,794	-
Accrued expenses	2	3
<b>Total other creditors</b>	<b>1,796</b>	<b>3</b>

## 11 Contingent liabilities

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

## 12 Related party transactions

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

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

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

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 79.21% (2022 – 49.58%).

## 13 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 206 to 207.

The distributions per share class are given in the Distribution Table on page 215.

All classes have the same rights on winding up.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 14 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, foreign currency, liquidity and interest rate risks. The Authorised Corporate Director'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 Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 shareholders would increase or decrease by approximately £1,116,900 (2022 - £2,736,100).

#### 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 Authorised Corporate Director 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:

	2023	2022
Currency	£000's	£000's
Indian rupee	10,775	27,361
Sterling	85	672
US dollar	2	-

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 shareholders will increase or decrease by approximately £1,077,700 (2022 - £2,736,100).

#### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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.

At the year end date 1.45% (2022 - 4.45%) 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 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.

#### Global risk exposure

##### Commitment approach

When using derivatives, the Authorised Corporate Director 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 31 December 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				2022			
Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 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>						
Equities	6,705	5	7	6,717	0.07	0.10
<b>Sales</b>						
Equities	27,012	(19)	(30)	26,963	(0.07)	(0.11)
Total cost as a percentage of the Fund's average net asset value (%)		0.09	0.13			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	6,524	5	7	6,536	0.08	0.11
<b>Sales</b>						
Equities	13,457	(10)	(15)	13,432	(0.07)	(0.11)
Total cost as a percentage of the Fund's average net asset value (%)		0.04	0.07			

#### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.16% (2022 – 0.10%).

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 Shares in issue reconciliation

	Number of shares in issue 31.12.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
L Accumulation shares	2,000	-	-	-	2,000
X Accumulation shares	41,337,000	-	(29,337,000)	-	12,000,000
Z Accumulation shares	3,134,347	1,963,589	(1,816,057)	-	3,281,879

# Distribution Table

## Final distribution for the year ended 31 December 2023

**Group 1** Shares purchased prior to 2 January 2023

**Group 2** Shares purchased on or after 2 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share	Distribution paid 28.2.23 per share
<b>L Accumulation shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>X Accumulation shares</b>				
Group 1	0.3778p	-	0.3778p	0.3119p
Group 2	0.3778p	-	0.3778p	0.3119p
<b>Z Accumulation shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-

## Equalisation

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

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

# Schroder Islamic Global Equity Fund

## Fund Information

### Investment objective and policy

Schroder Islamic Global Equity Fund (the 'Fund') aims to provide capital growth in excess of the Dow Jones Islamic Market World (Net Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity-related securities of companies worldwide.

The Fund is actively managed and invests its assets in equity and equity-related securities of Shariah compliant companies worldwide. The Fund also focuses on a range of equity factors (also commonly known as investment styles). Companies will be simultaneously assessed on all targeted equity factors using a fully integrated systematic, bottom-up investment approach.

The Fund will focus on a range of equity factors (also commonly known as investment styles) that may include the following:

**Low volatility** – involves evaluating indicators such as share price movement and historical performance to determine those securities that the Investment Adviser believes will experience smaller price movements than the global equity markets on average.

**Momentum** – involves evaluating trends in stocks, sectors or countries within the relevant equity market.

**Quality** – involves evaluating indicators such as a company's profitability, stability and financial strength.

**Value** – involves evaluating indicators such as cash flows, dividends and earnings to identify securities that the Investment Adviser believes have been undervalued by the market.

**Small cap** – involves investing in small-sized companies being companies that, at the time of purchase, are considered to be in the bottom 30% by market capitalisation of the global equity market and exhibit attractive characteristics based on the styles described above.

The Fund may also hold cash.

The Fund may also hold warrants acquired as a result of corporate actions performed by the issuers of the Fund's equity holdings. The Fund will not otherwise invest in warrants.

The Fund will not use derivatives.

The Fund is limited to investing in accordance with the composition of the benchmark but has the discretion to vary the weightings in the benchmark's securities.

### Fund characteristics

The Fund's performance should be assessed against its constraining benchmark being the Dow Jones Islamic Market World (Net Total Return) index and compared against the Investment Association Global sector average return. The Investment Adviser is limited to investing in accordance with the composition of the benchmark but has the discretion to vary the weightings in the benchmark's securities. The benchmark has been selected because the Investment Adviser is constrained by reference to the value, price or components of that benchmark as stated in the investment objective. The comparator benchmark has been selected because the Investment Manager and the Manager believe that the benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.



# Review of Investment Activities

**From 30 December 2022 to 29 December 2023, the price of Z Accumulation shares on a dealing price basis rose 19.02%. In the same period, the Dow Jones Islamic Market World Index generated a return of 19.86%<sup>1</sup>.**

The Fund underperformed its benchmark over the reference period. To summarise, the strategy underperformed in the first half of the period, with stock selection in the US, particularly within the Technology sector being the primary detractor from performance. Relative performance improved in the third quarter. The strategy's emphasis on companies with strong fundamentals and attractive valuations was rewarded in a 'risk-off' environment dominated by inflation concerns. Finally, despite a mixed environment for factors, the strategy kept pace with the benchmark in the last quarter of the year.

In the first quarter, the strategy experienced mixed performance. January saw underperformance as markets rallied, but the strategy recovered in February as economic data suggested a delay in interest rate rises. However, the strategy lagged slightly in March due to a decrease in risk appetite caused by turbulence in the financial sector. Overall, the quarter was characterized by challenging stock selection in the US, offset by outperformance in the UK and Emerging Markets. From a factor perspective, Profitability was the top contributor whilst Momentum continued to struggle.

In the second quarter, the strategy also struggled. Factor performance was generally favourable, but relative positioning in certain stocks impacted performance, especially in May when investor appetite for technology stocks dominated the market. Indeed, the strategy's underperformance was primarily driven by stock selection within the Technology sector, where performance was driven by a small number of companies. Despite these challenges, the strategy recovered in June, outperforming its benchmark with most factor exposures contributing to performance.

In the third quarter, the strategy outperformed its benchmark. Market direction was largely influenced by views on inflation, with markets rallying in July amid signs of slowing global inflation and selling off in August and September when inflationary concerns resumed. Overall, factors such as Value, Profitability, and Low Volatility played significant roles in driving our performance during the third quarter. Valuation and Profitability measures were strong throughout the quarter, where the focus on fundamentals and valuations benefitted the strategy's relative performance. Stock selection within sectors like Industrials and Materials contributed positively, while challenges were faced in areas such as Technology.

In the fourth quarter, the strategy delivered comparable performance to its benchmark. Equity markets experienced declines in October due to conflict in the Middle East, with defensive factors outperforming. In November, global equity markets rallied on positive economic momentum and falling inflation. December saw a strong finish for equity markets, with Technology stocks once again contributing significantly to performance. Our factor exposures were unable to generate significant performance over the quarter as the market favoured cyclical stocks and embraced risk. Underperformance primarily stemmed from stock selection within the US.

Overall, the Fund had a mixed performance throughout the year, with variations in factor performance, stock selection, and regional market conditions impacting results. Despite some underperformance in certain quarters, the strategy maintained a strong relative performance since inception.

## Fund Manager:

### Schroders Systematic Investment Team

The Schroders Systematic Investments Team was established in 2011 and manages around £17 billion (as at 31 December 2023) across a range of quantitative equity strategies

The investment team consists of 13 members based in London

<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 simulated 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).

# Comparative Table

Financial year to 31 December	Q2 Accumulation shares			Z Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	57.57	65.47	52.09	55.69	63.42	50.54
Return before operating charges*	11.23	(7.66)	13.61	10.89	(7.41)	13.21
Operating charges	(0.25)	(0.24)	(0.23)	(0.34)	(0.32)	(0.33)
<b>Return after operating charges*</b>	<b>10.98</b>	<b>(7.90)</b>	<b>13.38</b>	<b>10.55</b>	<b>(7.73)</b>	<b>12.88</b>
Distributions**	(0.76)	(1.02)	(0.84)	(0.64)	(0.90)	(0.73)
Retained distributions**	0.76	1.02	0.84	0.64	0.90	0.73
<b>Closing net asset value</b>	<b>68.55</b>	<b>57.57</b>	<b>65.47</b>	<b>66.24</b>	<b>55.69</b>	<b>63.42</b>
*after direct transaction costs of	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
<b>Performance</b>						
Return after charges (%)	19.07	(12.07)	25.69	18.94	(12.19)	25.48
<b>Other information</b>						
Closing net asset value (£000's)	159,378	134,246	156,786	14,539	9,293	5,492
Closing number of shares	232,496,284	233,167,653	239,464,861	21,950,230	16,688,651	8,658,559
Operating charges (%)	0.40	0.40	0.40	0.55	0.55	0.55
Direct transaction costs (%)	0.06	0.07	0.06	0.06	0.07	0.06
<b>Prices</b>						
Highest dealing price	68.89p	65.69p	65.95p	66.52p	63.64p	63.90p
Lowest dealing price	57.93p	54.80p	52.03p	56.03p	53.05p	50.48p

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

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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 31.12.23	Market Value £000's	% of net assets
<b>Equities 98.78% (99.32%)</b>			
<b>Australia 3.31% (2.71%)</b>			
BHP Group (AUD)	19,767	533	0.31
BHP Group (GBP)	62,112	1,671	0.96
Brambles	156,500	1,139	0.65
Deterra Royalties	239,920	675	0.39
Fortescue	56,733	881	0.51
Sonic Healthcare	49,715	854	0.49
		<b>5,753</b>	<b>3.31</b>
<b>Bermuda 0.23% (0.00%)</b>			
Orient Overseas International	14,000	153	0.09
VTech Holdings	50,400	238	0.14
		<b>391</b>	<b>0.23</b>
<b>Brazil 0.47% (0.38%)</b>			
Auren Energia	63,219	136	0.08
CSN Mineracao	75,380	95	0.05
Gerdau	7,514	26	0.02
Odontoprev	185,739	348	0.20
Vale	17,242	215	0.12
		<b>820</b>	<b>0.47</b>
<b>Canada 0.37% (1.03%)</b>			
Constellation Software	232	452	0.26
Constellation Software (Constellation Software Inc/ Canada) Warrant 31/03/2040 <sup>a</sup>	265	0	0.00
Enerplus	12,680	153	0.09
Magna International	513	24	0.01
Parex Resources	1,048	16	0.01
		<b>645</b>	<b>0.37</b>
<b>Cayman Islands 2.19% (2.41%)</b>			
Greentown Management Holdings	299,000	161	0.09
JS Global Lifestyle	295,000	46	0.03
KE Holdings ADR	58,777	751	0.43
Kuaishou Technology	32,700	174	0.10
Li Auto	80,300	1,186	0.68
SITC International Holdings	98,000	132	0.08
Tencent Holdings	25,000	736	0.42
Topsports International Holdings	1,027,000	625	0.36
		<b>3,811</b>	<b>2.19</b>
<b>China 0.77% (1.16%)</b>			
BYD	28,500	614	0.35
Haier Smart Home	251,200	555	0.32
Nongfu Spring	34,000	154	0.09
Sinopec Engineering Group	60,500	24	0.01
		<b>1,347</b>	<b>0.77</b>

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Denmark 1.08% (1.30%)</b>			
Novo Nordisk	23,276	1,885	1.08
		<b>1,885</b>	<b>1.08</b>
<b>Finland 0.00% (0.51%)</b>			
<b>France 1.84% (2.09%)</b>			
Hermes International	561	933	0.54
L'Oreal	2,091	816	0.47
Safran	8,743	1,208	0.69
Schneider Electric	1,560	245	0.14
		<b>3,202</b>	<b>1.84</b>
<b>Germany 1.29% (0.76%)</b>			
Brenntag	5,271	379	0.22
SAP	9,150	1,107	0.63
TeamViewer	62,935	765	0.44
		<b>2,251</b>	<b>1.29</b>
<b>Greece 0.00% (0.05%)</b>			
<b>Guernsey 0.05% (0.06%)</b>			
Amdocs	1,184	81	0.05
		<b>81</b>	<b>0.05</b>
<b>Hong Kong 0.10% (0.09%)</b>			
China Nonferrous Mining	99,000	51	0.03
Sinotruk Hong Kong	78,500	121	0.07
		<b>172</b>	<b>0.10</b>
<b>India 0.90% (0.95%)</b>			
Dr. Reddy's Laboratories ADR	4,201	229	0.13
Infosys ADR	92,325	1,329	0.77
		<b>1,558</b>	<b>0.90</b>
<b>Indonesia 0.21% (0.36%)</b>			
Unilever Indonesia	2,012,300	362	0.21
		<b>362</b>	<b>0.21</b>
<b>Ireland 1.39% (2.44%)</b>			
Accenture	3,135	862	0.49
Eaton	4,540	856	0.49
Linde	320	103	0.06
Medtronic	9,307	602	0.35
		<b>2,423</b>	<b>1.39</b>
<b>Italy 0.04% (0.03%)</b>			
Salvatore Ferragamo	6,172	65	0.04
		<b>65</b>	<b>0.04</b>
<b>Japan 1.83% (2.54%)</b>			
Astellas Pharma	29,100	273	0.16
Canon	32,000	643	0.37
Daito Trust Construction	900	82	0.05
Hoya	3,300	322	0.18
Japan Lifeline	3,100	22	0.01
Kao	8,500	274	0.16
NET One Systems	42,300	564	0.32
Oracle	8,100	489	0.28
Recruit Holdings	6,800	225	0.13
Subaru	12,800	184	0.11

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets
Takuma	11,000	109	0.06
		<b>3,187</b>	<b>1.83</b>
<b>Jersey 0.00% (0.01%)</b>			
<b>Malaysia 0.08% (0.01%)</b>			
Mah Sing Group	219,700	31	0.02
Petronas Dagangan	8,000	30	0.02
United Plantations	23,200	70	0.04
		<b>131</b>	<b>0.08</b>
<b>Netherlands 1.58% (2.72%)</b>			
ASML Holding	4,026	2,377	1.37
BE Semiconductor Industries	2,195	260	0.15
Wolters Kluwer	982	109	0.06
		<b>2,746</b>	<b>1.58</b>
<b>New Zealand 0.00% (0.42%)</b>			
<b>Portugal 0.61% (1.04%)</b>			
Jeronimo Martins	53,039	1,058	0.61
		<b>1,058</b>	<b>0.61</b>
<b>South Africa 0.37% (1.16%)</b>			
Kumba Iron Ore	24,307	638	0.37
		<b>638</b>	<b>0.37</b>
<b>South Korea 1.48% (2.31%)</b>			
F&F	910	49	0.03
Hyundai Rotem	31,529	511	0.29
Kia	14,266	868	0.50
Samsung Electronics	23,718	1,133	0.65
Wonik Materials	1,008	18	0.01
		<b>2,579</b>	<b>1.48</b>
<b>Spain 1.03% (0.69%)</b>			
Industria de Diseno Textil	52,470	1,793	1.03
		<b>1,793</b>	<b>1.03</b>
<b>Sweden 1.31% (0.77%)</b>			
H & M Hennes & Mauritz	34,268	470	0.27
Trelleborg	68,828	1,806	1.04
		<b>2,276</b>	<b>1.31</b>
<b>Switzerland 3.07% (3.14%)</b>			
ALSO Holding	1,666	390	0.22
Cie Financiere Richemont	6,136	661	0.38
Geberit	2,203	1,106	0.64
Kuehne + Nagel International	3,014	813	0.47
Nestle	5,653	514	0.29
Novartis	5,276	417	0.24
Roche Holding	3,891	887	0.51
SGS	850	57	0.03
Stadler Rail	2,410	68	0.04
TE Connectivity	3,902	430	0.25
		<b>5,343</b>	<b>3.07</b>
<b>Taiwan 3.27% (2.59%)</b>			
ASE Technology Holding	230,000	791	0.45
Asustek Computer	79,000	988	0.57
Chicony Electronics	12,000	54	0.03

	Holding at 31.12.23	Market Value £000's	% of net assets
International Games System	40,000	740	0.42
ITE Technology	5,000	19	0.01
MediaTek	51,000	1,317	0.76
Novatek Microelectronics	34,000	448	0.26
Taiwan Semiconductor Manufacturing	88,000	1,332	0.77
		<b>5,689</b>	<b>3.27</b>
<b>Thailand 0.37% (0.11%)</b>			
Bangkok Chain Hospital NVDR	1,250,600	644	0.37
		<b>644</b>	<b>0.37</b>
<b>Turkey 0.63% (0.66%)</b>			
Baskent Dogalgaz Dagitim Gayrimenkul Yatirim Ortakligi	636,547	316	0.18
Logo Yazilim Sanayi ve Ticaret	69,300	133	0.08
Turk Traktor ve Ziraat Makineleri	34,355	649	0.37
		<b>1,098</b>	<b>0.63</b>
<b>United Kingdom 3.46% (3.33%)</b>			
Anglo American	19,951	393	0.23
AstraZeneca	5,123	543	0.31
Bunzl	2,192	70	0.04
Burberry Group	55,207	782	0.45
Compass Group	13,079	281	0.16
Dunelm Group	46,133	506	0.29
Howden Joinery Group	28,535	232	0.14
Pagegroup	72,149	351	0.20
Rightmove	300,057	1,727	0.99
Rio Tinto	15,941	931	0.54
Unilever	5,102	194	0.11
		<b>6,010</b>	<b>3.46</b>
<b>United States of America 65.45% (61.49%)</b>			
3M	14,225	1,218	0.70
A O Smith	1,482	96	0.06
Abbott Laboratories	8,289	715	0.41
AbbVie	22,524	2,730	1.57
Adobe	4,338	2,026	1.16
Agilent Technologies	657	72	0.04
Airbnb	8,092	864	0.50
Alphabet	44,204	4,832	2.78
Amazon.com	33,741	4,027	2.32
Apple	82,781	12,465	7.17
Applied Materials	1,093	139	0.08
Atlassian	5,158	966	0.56
Autodesk	4,776	915	0.53
AutoZone	313	630	0.36
Best Buy	5,984	367	0.21
Booking Holdings	800	2,222	1.28
Bristol-Myers Squibb	16,919	678	0.39
Broadcom	4,035	3,539	2.03

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets		Holding at 31.12.23	Market Value £000's	% of net assets
Builders FirstSource	14,441	1,893	1.09	Merck	19,408	1,658	0.95
Cadence Design Systems	2,217	473	0.27	Meta Platforms	16,682	4,625	2.66
Cardinal Health	20,042	1,585	0.91	Mettler-Toledo International	503	478	0.27
CF Industries Holdings	11,915	741	0.43	Microchip Technology	12,788	906	0.52
CH Robinson Worldwide	24,870	1,682	0.97	Microsoft	35,956	10,568	6.08
Chevron	4,961	581	0.33	MSC Industrial Direct	17,686	1,403	0.81
Chord Energy	1,548	203	0.12	NIKE	4,767	406	0.23
Cintas	417	197	0.11	Nucor	12,976	1,772	1.02
Cisco Systems	63,057	2,492	1.43	NVIDIA	10,312	3,974	2.28
Coca-Cola	20,126	928	0.53	NVR	226	1,230	0.71
Cognizant Technology Solutions	11,360	670	0.39	O'Reilly Automotive	999	742	0.43
ConocoPhillips	7,304	666	0.38	Otis Worldwide	11,656	819	0.47
Danaher	506	92	0.05	Palantir Technologies	12,343	167	0.10
DocuSign	1,181	55	0.03	PepsiCo	6,524	868	0.50
Dropbox	68,409	1,587	0.91	Pfizer	29,354	659	0.38
Eli Lilly	1,859	848	0.49	Premier	3,383	59	0.03
EOG Resources	4,255	404	0.23	Procter & Gamble	6,477	743	0.43
Equinix REIT	204	129	0.07	Prologis REIT	2,921	308	0.18
Etsy	22,152	1,408	0.81	Public Storage REIT	98	23	0.01
Expeditors International of Washington	16,441	1,634	0.94	QUALCOMM	1,251	142	0.08
Exxon Mobil	23,030	1,806	1.04	Regeneron Pharmaceuticals	1,199	826	0.47
Fair Isaac	113	103	0.06	Robert Half	20,158	1,388	0.80
Fortinet	13,893	637	0.37	ServiceNow	201	111	0.06
Fortive	849	49	0.03	Southern Copper	2,235	150	0.09
Gartner	325	115	0.07	Squarespace	63,561	1,653	0.95
Gilead Sciences	29,400	1,865	1.07	Starbucks	102	8	0.00
Hershey	3,940	573	0.33	Steel Dynamics	10,811	1,001	0.58
Hologic	10,946	610	0.35	Tapestry	1,116	32	0.02
Home Depot	6,047	1,633	0.94	Tesla	6,975	1,358	0.78
Honeywell International	4,892	804	0.46	Thermo Fisher Scientific	209	87	0.05
IDEXX Laboratories	1,091	475	0.27	United Parcel Service	480	59	0.03
Illinois Tool Works	4,019	825	0.47	Veeva Systems	515	78	0.04
Illumina	328	36	0.02	VeriSign	4,407	709	0.41
Johnson & Johnson	11,572	1,417	0.81	Vertex Pharmaceuticals	2,175	695	0.40
KLA	173	79	0.05	Visa	4,520	923	0.53
Laboratory Corp. of America Holdings	355	63	0.04	Walmart	11,483	1,419	0.82
Lowe's	4,463	776	0.45	Waste Management	6,289	883	0.51
Manhattan Associates	2,183	369	0.21	Williams-Sonoma	2,972	471	0.27
Masco	3,732	196	0.11	WW Grainger	458	296	0.17
Mastercard	2,811	938	0.54			<b>113,835</b>	<b>65.45</b>
				<b>Equities total</b>		<b>171,793</b>	<b>98.78</b>
				<b>Portfolio of investments</b>		<b>171,793</b>	<b>98.78</b>
				<b>Net other assets</b>		<b>2,124</b>	<b>1.22</b>
				<b>Net assets attributable to shareholders</b>		<b>173,917</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

^ Unlisted, suspended or delisted security.

# Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital gains/(losses)	2		25,410		(22,185)
Revenue	3	2,893		3,510	
Expenses	4	(661)		(635)	
Net revenue before taxation		<b>2,232</b>		<b>2,875</b>	
Taxation	5	(357)		(352)	
Net revenue after taxation			<b>1,875</b>		<b>2,523</b>
<b>Total return before distributions</b>			<b>27,285</b>		<b>(19,662)</b>
Distributions	6		(1,875)		(2,523)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>25,410</b>		<b>(22,185)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		143,539		162,278
Amounts receivable on issue of shares	12,388		8,596	
Amounts payable on cancellation of shares	(9,339)		(7,667)	
		<b>3,049</b>		<b>929</b>
Change in net assets attributable to shareholders from investment activities		25,410		(22,185)
Retained distribution on Accumulation shares		1,919		2,517
<b>Closing net assets attributable to shareholders</b>		<b>173,917</b>		<b>143,539</b>

# Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			171,793		142,558
<b>Current assets</b>					
Debtors	8		1,973		210
Cash and bank balances			1,188		948
<b>Total assets</b>			<b>174,954</b>		<b>143,716</b>
<b>Liabilities</b>					
<b>Creditors</b>					
Other creditors	9		(1,037)		(177)
<b>Total liabilities</b>			<b>(1,037)</b>		<b>(177)</b>
<b>Net assets attributable to shareholders</b>			<b>173,917</b>		<b>143,539</b>

# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder Islamic Global Equity Fund are disclosed on pages 9 to 10.

### 2 Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	25,409	(22,110)
Forward foreign currency contracts	-	(2)
Foreign currency gains/(losses)	1	(73)
<b>Net capital gains/(losses)</b>	<b>25,410</b>	<b>(22,185)</b>

### 3 Revenue

	2023	2022
	£000's	£000's
UK dividends	217	368
Overseas dividends	2,676	3,142
<b>Total revenue</b>	<b>2,893</b>	<b>3,510</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Administration charge	-	(1)
Schroders Annual Charge <sup>1</sup>	628	604
	<b>628</b>	<b>603</b>
<b>Payable to the Depository, associates of the Depository and agents of either of them:</b>		
Dividend expenses	1	1
<b>Other expenses:</b>		
Professional fee	12	5
Shariah purification fee <sup>2</sup>	20	26
	<b>32</b>	<b>31</b>
<b>Total expenses</b>	<b>661</b>	<b>635</b>

1 Audit fees including VAT for the year were £8,404 (2022 - £13,986).

#### 2 Purification of non-Shariah compliant income

The Shariah Supervisory Board and the Shariah Adviser from time to time issues guidelines to quantify the annual amount of income of a Fund that should be donated to charity, being derived from eligible securities for investment pursuant to the investment objective, policy and restrictions set out in the prospectus, but that are engaged in an activity or activities of a marginal nature which are not Shariah-compliant and which are not screened out by the Shariah restrictions. Such amount is calculated on each relevant transaction, based on the purification ratios, expressed as a percentage of each target company's dividend payments. The resulting amount is donated to a charity. Any such amounts are deducted only upon their actual determination and no anticipated accrual thereof is made.

For the year ended 31 December 2023 and the year ended 31 December 2022, this amount was donated to the Islamic Relief Worldwide.

### 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
Overseas withholding tax	357	352



# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

	2023 (continued)	2022 (continued)
	£000's	£000's
<b>Total current tax (Note 5(b))</b>	<b>357</b>	<b>352</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 Open Ended Investment Companies 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>2,232</b>	<b>2,875</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	447	575
<b>Effects of:</b>		
Revenue not subject to corporation tax	(571)	(685)
Expenses not deductible for tax purposes	4	5
Movement in excess management expenses	120	106
Overseas withholding tax	357	352
Expensed withholding tax incurred	-	(1)
<b>Total tax charge for the year (Note 5(a))</b>	<b>357</b>	<b>352</b>

### (c) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £347,425 (2022 – £227,105) in respect of unutilised management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

## 6 Distributions

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

	2023	2022
	£000's	£000's
Final Dividend distribution	1,919	2,517
Add: Revenue deducted on cancellation of shares	44	74
Deduct: Revenue received on issue of shares	(88)	(68)
<b>Distributions</b>	<b>1,875</b>	<b>2,523</b>

Details of the distributions per share are set out in the Distribution Table on page 229.

# Notes to the Accounts

## For the year ended 31 December 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	171,793	-	142,558	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	<b>171,793</b>	<b>-</b>	<b>142,558</b>	<b>-</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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023 £000's	2022 £000's
Amounts receivable for issue of shares	1,816	59
Accrued revenue	103	98
Overseas withholding tax recoverable	54	53
<b>Total debtors</b>	<b>1,973</b>	<b>210</b>

### 9 Other creditors

	2023 £000's	2022 £000's
Amounts payable for cancellation of shares	32	123
Purchases awaiting settlement	948	-
Accrued expenses	57	54
<b>Total other creditors</b>	<b>1,037</b>	<b>177</b>

### 10 Contingent liabilities

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

### 11 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the Fund. The aggregate monies received through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 0.27% (2022 - 0.02%).

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 12 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on page 219.

The distributions per share class are given in the Distribution Table on page 229.

All classes have the same rights on winding up.

### 13 Other financial instruments

The main risks arising from the Fund's financial instruments are market price, foreign currency, liquidity and interest rate risks. The Authorised Corporate Director'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 Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 shareholders would increase or decrease by approximately £17,179,300 (2022 - £14,255,800).

#### 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 Authorised Corporate Director 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	4,083	2,628
Brazilian real	823	553
Canadian dollar	645	1,474
Danish krone	1,878	1,886
Euro	11,076	11,211
Hong Kong dollar	4,970	4,205
Indonesian rupiah	362	519
Japanese yen	3,201	3,660
Malaysian ringgit	131	17
New Zealand dollar	-	606
South African rand	638	1,668
South Korean won	2,585	3,337
Sterling	10,575	7,183
Swedish krona	2,276	1,104
Swiss franc	4,893	4,131
Taiwan dollar	5,695	3,832
Thai baht	644	159
Turkish lira	1,098	942
US dollar	118,344	94,424

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 shareholders will increase or decrease by approximately £16,334,200 (2022 - £13,635,600).

#### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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 31 December 2023 (continued)

At the year end date 0.68% (2022 – 0.66%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

### 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.

### 14 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>						
Equities	86,203	14	40	86,257	0.02	0.05
<b>Sales</b>						
Equities	82,462	(14)	(21)	82,427	(0.02)	(0.03)
Total cost as a percentage of the Fund's average net asset value (%)		0.02	0.04			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	102,554	18	48	102,620	0.02	0.05
<b>Sales</b>						
Equities	99,391	(19)	(20)	99,352	(0.02)	(0.02)
Total cost as a percentage of the Fund's average net asset value (%)		0.02	0.05			

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.09% (2022 – 0.09%).

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.

### 15 Shares in issue reconciliation

	Number of shares in issue 31.12.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
Q2 Accumulation shares	233,167,653	9,849,713	(10,521,082)	–	232,496,284
Z Accumulation shares	16,688,651	9,884,924	(4,623,345)	–	21,950,230

# Distribution Table

## Final distribution for the year ended 31 December 2023

**Group 1** Shares purchased prior to 2 January 2023

**Group 2** Shares purchased on or after 2 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 29.2.24 per share	Distribution paid 28.2.23 per share
<b>Q2 Accumulation shares</b>				
Group 1	0.7645p	-	0.7645p	1.0153p
Group 2	0.2892p	0.4753p	0.7645p	1.0153p
<b>Z Accumulation shares</b>				
Group 1	0.6432p	-	0.6432p	0.8950p
Group 2	0.2517p	0.3915p	0.6432p	0.8950p

## Equalisation

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

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

# Schroder UK-Listed Equity Income Maximiser Fund

## Fund Information

### Investment objective and policy

Schroder UK-Listed Equity Income Maximiser Fund (the 'Fund') aims to provide income by investing in equity and equity related securities of large UK companies.

The Fund aims to deliver an income of 7% per year but this is not guaranteed and could change depending on market conditions.

The Fund invests at least 80% of its assets in a passively managed portfolio from the top 100 listed UK companies by market capitalisation.

To seek to enhance the yield, the Investment Manager selectively sells short dated call options over individual securities held by the Fund, portfolios of securities or indices by agreeing strike prices above which potential capital growth is sold.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus).

The Fund's investment strategy will typically underperform a similar portfolio of equities without a derivative overlay in periods when the underlying equity prices are rising, and has the potential to outperform when the underlying equity prices are falling.

### Fund characteristics

The Fund's performance should be assessed against its target benchmark of 7% income per year, and compared against the FTSE 100 (Net Total Return) index and the Investment Association UK Equity Income 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

The Fund aims to deliver an income of 7% per year (although this is not guaranteed and could change depending on market conditions). For the year ending 31 December 2023, the Fund distributed 7.44%<sup>1</sup>.

From 30 December 2022 to 29 December 2023, the price of Z Accumulation<sup>2</sup> shares on a dealing basis rose 7.10%. In comparison, the FTSE<sup>3</sup> 100 (Net Total Return) Index generated a return of 7.90% and the Investment Association UK Equity Income sector average generated a total return of 6.95%<sup>4</sup>.

The Fund invests in a portfolio of large UK-listed companies and looks to distribute an income of 7% p.a. by combining the resulting dividends with a covered call option overlay strategy. The equity portfolio seeks to provide exposure that broadly mirrors the FTSE 100 index, while the option strategy allows us to generate an enhanced income by exchanging some of the potential capital growth in the stocks we own for an upfront cash payment. Our aim is to sell just enough potential capital growth across the range of holdings to meet the income target, while still benefiting from the first phase of any share price growth.

The Fund has announced four distributions for the year, equating to 1.93%, 1.97%, 2.13% and 1.42% respectively.

The UK equity market made all of its gains in the final two months of the year as it participated in the sharp recovery in global equities. This recovery was driven by the moderation in interest-rate expectations following a more dovish tone from central banks, in combination with improved liquidity conditions in the US. The rally occurred in the absence of any improvement in fundamental drivers such as positive earnings surprises. Economically sensitive, or “cyclical” stocks led the rally, which benefited the industrial, financial and more domestically focussed consumer discretionary sectors.

The UK equity market made good progress even as the extraordinary run in the US dollar – which has proved a useful translational boost to sterling earnings in 2022 – came to an end. The dollar weakened as markets began to price an aggressive series of rate cuts by the US Federal Reserve, and, while this didn’t hold back the overall UK market, it did contribute to the underperformance of some big overseas earners. Translational impacts can explain some of the underperformance of the healthcare, consumer staples and basic materials sectors, although concerns over the outlook for Chinese growth played their part with regards to the latter’s laggard performance.

The Fund’s equity portfolio broadly mirrors the exposure of the FTSE 100 and returns were just behind the index. The option strategy, while continuing to deliver the income enhancement, has been positive for performance over the year. We would typically expect the option strategy to detract when the underlying share prices are rising fast, but it has the potential to contribute positively when the underlying share prices are falling, flat or slowly rising.

Looking ahead, we believe the Fund’s income target remains sustainable given the combination of dividends and option strategy. We remain cautious in our application of the overlay strategy, looking to deliver the income required, but capture as much of the potential upside as possible for the Fund. Both the option strategy and overall Fund continue to behave as we would expect.



## Co-Fund Manager:

### Mike Hodgson

Head of Risk Managed Investments and Structured Funds, based in London, having re-joined Schroders in 2011

Over 36 years of experience in financial markets. Mike started his career in 1987 at J Henry Schroder & Co. Limited as Principal Interest Rate Derivatives Trader and then was promoted to Global Head of Structured Products and Equity Derivatives

In 2000, he moved to Citigroup as a result of its acquisition of J Henry Schroder where he was European Head of New Product Development

In 2004, Mike joined ABN AMRO Bank NV (which then became Royal Bank of Scotland NV in 2007) as Global Head of Equity Derivatives Structuring moving on to become Head of Fund Derivatives Trading and Structuring

PhD in Physics, Cambridge University and BSc (Hons) in Physics, Imperial College, London

## Co-Fund Manager:

### Scott Thomson

Managing Maximiser funds since joining the Structured Fund Management team in 2009

Investment career commenced in 1995 at Morgan Grenfell Asset Management as an equity analyst

Joined Schroders in 1997, managing the deal implementation team and becoming a junior fund manager on the EAFE team; joined the Investment Process Resource Unit, a quantitative fund management team, in 2004 as assistant fund manager on an absolute return and an international 130/30 equity fund

BA (Hons) in Applied Economics, University of Abertay, Dundee



## Co-Fund Manager:

### Ghokhulan Manickavasagar

Joined Structured Fund Management as a fund manager in 2017

Investment career commenced in 2003 on joining Schroders’ Service Management Unit

Performance Analyst at Schroders from 2006 to 2007, before becoming a Quantitative Analyst within the Multi-Asset team. Responsible for providing portfolio construction solutions and managing the Diversified Trend strategy for the Multi-Asset business. He was a member of the Strategic Investment Group Multi-Asset (SIGMA) specialising in Commodity research

MSc in Information Technology from Queen Mary, University of London

BSc in Biochemistry from Queen Mary, University of London

## Co-Fund Manager:

### Jeegar Jagani

Managing Maximiser funds since joining the Structured Fund Management team in 2012

Investment career commenced in 2003 at Royal London Asset Management on the performance desk before moving into the quantitative team as a Quantitative Analyst in June 2005

Joined Schroders’ Portfolio Solutions team in 2008 as a fund management assistant and Fund Manager in February 2009

Chartered Financial Analyst

BSc (First) Mathematics and Computer Science (University of Surrey)

1 For the Z Income shares where distributions are taken out of the Fund and not reinvested.

2 The dealing price of Z Accumulation shares reflects the reinvestment of the distribution.

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4 Source: Refinitiv Eikon Datastream.

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# Risk Profile

## Risk and reward indicator



The risk category was calculated using simulated 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).



# Comparative Table

Financial year to 31 December	L Accumulation shares			L Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	61.79	58.44	49.11	53.03	54.24	49.06
Return before operating charges*	4.79	3.55	9.53	4.00	3.09	9.22
Operating charges	(0.22)	(0.20)	(0.20)	(0.18)	(0.17)	(0.18)
<b>Return after operating charges*</b>	<b>4.57</b>	<b>3.35</b>	<b>9.33</b>	<b>3.82</b>	<b>2.92</b>	<b>9.04</b>
Distributions**	(4.75)	(4.63)	(3.96)	(3.96)	(4.13)	(3.86)
Retained distributions**	4.75	4.63	3.96	-	-	-
<b>Closing net asset value</b>	<b>66.36</b>	<b>61.79</b>	<b>58.44</b>	<b>52.89</b>	<b>53.03</b>	<b>54.24</b>
*after direct transaction costs of	(0.02)	(0.01)	(0.05)	(0.02)	(0.01)	(0.05)
<b>Performance</b>						
Return after charges (%)	7.40	5.73	19.00	7.20	5.38	18.43
<b>Other information</b>						
Closing net asset value (£000's)	356	59	69	986	258	1
Closing number of shares	536,037	95,033	117,977	1,864,247	486,273	2,097
Operating charges (%)	0.34	0.34	0.34	0.34	0.34	0.34
Direct transaction costs (%)***	0.04	0.02	0.09	0.04	0.02	0.09
<b>Prices</b>						
Highest dealing price	66.43p	62.70p	58.84p	56.78p	56.07p	55.38p
Lowest dealing price	61.42p	54.79p	49.30p	50.71p	49.05p	49.24p

# Comparative Table (continued)

Financial year to 31 December	Q1 Accumulation shares			Q1 Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	61.86	58.49	49.13	53.08	54.27	49.06
Return before operating charges*	4.74	3.55	9.52	4.00	3.09	9.24
Operating charges	(0.15)	(0.18)	(0.16)	(0.13)	(0.13)	(0.13)
<b>Return after operating charges*</b>	<b>4.59</b>	<b>3.37</b>	<b>9.36</b>	<b>3.87</b>	<b>2.96</b>	<b>9.11</b>
Distributions**	(4.75)	(4.59)	(3.99)	(3.97)	(4.15)	(3.90)
Retained distributions**	4.75	4.59	3.99	-	-	-
<b>Closing net asset value</b>	<b>66.45</b>	<b>61.86</b>	<b>58.49</b>	<b>52.98</b>	<b>53.08</b>	<b>54.27</b>
*after direct transaction costs of	(0.02)	(0.01)	(0.05)	(0.02)	(0.01)	(0.05)
<b>Performance</b>						
Return after charges (%)	7.42	5.76	19.05	7.29	5.45	18.57
<b>Other information</b>						
Closing net asset value (£000's)	1	1	1	33,217	30,027	31,628
Closing number of shares	2,000	2,000	2,000	62,694,268	56,572,140	58,275,676
Operating charges (%)	0.24	0.24	0.24	0.24	0.24	0.24
Direct transaction costs (%)***	0.04	0.02	0.09	0.04	0.02	0.09
<b>Prices</b>						
Highest dealing price	66.53p	62.76p	58.88p	56.84p	56.11p	55.44p
Lowest dealing price	61.49p	54.83p	49.32p	50.77p	49.10p	49.25p

# Comparative Table (continued)

Financial year to 31 December	Z Accumulation shares			Z Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	61.78	58.45	49.11	53.06	54.28	49.06
Return before operating charges*	4.79	3.55	9.52	4.02	3.10	9.28
Operating charges	(0.28)	(0.22)	(0.18)	(0.23)	(0.24)	(0.24)
<b>Return after operating charges*</b>	<b>4.51</b>	<b>3.33</b>	<b>9.34</b>	<b>3.79</b>	<b>2.86</b>	<b>9.04</b>
Distributions**	(4.74)	(4.50)	(3.97)	(3.97)	(4.08)	(3.82)
Retained distributions**	4.74	4.50	3.97	-	-	-
<b>Closing net asset value</b>	<b>66.29</b>	<b>61.78</b>	<b>58.45</b>	<b>52.88</b>	<b>53.06</b>	<b>54.28</b>
*after direct transaction costs of	(0.02)	(0.01)	(0.05)	(0.02)	(0.01)	(0.05)
<b>Performance</b>						
Return after charges (%)	7.30	5.70	19.02	7.14	5.27	18.43
<b>Other information</b>						
Closing net asset value (£000's)	365	129	1	3,854	849	91
Closing number of shares	550,875	209,563	2,097	7,288,223	1,599,525	168,496
Operating charges (%)	0.44	0.44	0.44	0.44	0.44	0.44
Direct transaction costs (%)***	0.04	0.02	0.09	0.04	0.02	0.09
<b>Prices</b>						
Highest dealing price	66.37p	62.69p	58.85p	56.80p	56.09p	55.37p
Lowest dealing price	61.38p	54.80p	49.30p	50.71p	49.04p	49.25p

\*\* 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.

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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).

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# Portfolio Statement

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Equities 96.60% (99.84%)</b>			
<b>Basic Materials 8.30% (9.94%)</b>			
Anglo American	24,764	488	1.26
Antofagasta	8,504	143	0.37
Croda			
International	3,560	180	0.46
Glencore	244,202	1,153	2.97
Rio Tinto	21,504	1,256	3.24
		<b>3,220</b>	<b>8.30</b>
<b>Consumer Discretionary 11.32% (9.72%)</b>			
B&M European			
Value Retail	20,641	116	0.30
Barratt			
Developments	35,830	202	0.52
Burberry Group	9,529	135	0.35
Compass Group	35,313	758	1.96
Entain	13,912	138	0.36
Flutter			
Entertainment	3,049	424	1.10
Informa	39,510	307	0.79
InterContinental			
Hotels Group	3,757	266	0.69
International			
Consolidated			
Airlines Group	45,896	71	0.18
Next	3,068	249	0.64
Pearson	16,608	160	0.41
RELX	38,068	1,184	3.05
Whitbread	5,126	187	0.48
WPP	25,399	191	0.49
		<b>4,388</b>	<b>11.32</b>
<b>Consumer Staples 15.94% (18.86%)</b>			
Associated			
British Foods	7,601	179	0.46
British American			
Tobacco	44,455	1,020	2.63
Coca-Cola HBC	4,149	96	0.25
Diageo	44,401	1,268	3.27
Imperial Brands	19,531	353	0.91
Marks &			
Spencer Group	45,598	124	0.32
Ocado Group	12,735	96	0.25
Reckitt			
Benckiser			
Group	13,511	732	1.89
Tesco	148,983	433	1.12
Unilever	49,448	1,879	4.84
		<b>6,180</b>	<b>15.94</b>
<b>Energy 12.74% (14.63%)</b>			
BP	334,243	1,558	4.02
Shell	131,627	3,382	8.72
		<b>4,940</b>	<b>12.74</b>
<b>Financials 17.79% (16.21%)</b>			
3i Group	20,720	502	1.29
Admiral Group	6,386	171	0.44
Aviva	65,162	283	0.73
Barclays	320,322	493	1.27
HSBC Holdings	387,204	2,460	6.34

	Holding at 31.12.23	Market Value £000's	% of net assets
Legal & General			
Group	138,704	348	0.90
Lloyds Banking			
Group	1,327,424	633	1.63
London Stock			
Exchange Group	9,199	853	2.20
NatWest Group	114,574	251	0.65
Prudential	55,767	495	1.28
St. James's			
Place	14,669	100	0.26
Standard			
Chartered	46,542	310	0.80
		<b>6,899</b>	<b>17.79</b>
<b>Health Care 12.68% (13.65%)</b>			
AstraZeneca	29,111	3,085	7.96
Dechra			
Pharmaceuticals	2,451	95	0.24
GSK	79,509	1,153	2.97
Haleon	110,007	354	0.91
Smith &			
Nephew	21,465	231	0.60
		<b>4,918</b>	<b>12.68</b>
<b>Industrials 10.26% (10.23%)</b>			
Ashtead Group	9,304	508	1.31
BAE Systems	61,377	682	1.76
Bunzl	8,376	267	0.69
Experian	19,483	624	1.61
Halma	10,400	238	0.61
Melrose			
Industries	29,382	166	0.43
Mondi	12,138	186	0.48
Rentokil Initial	57,745	254	0.65
Rolls-Royce			
Holdings	166,241	498	1.28
Smiths Group	8,139	143	0.37
Smurfit Kappa			
Group	6,224	194	0.50
Spirax-Sarco			
Engineering	2,090	220	0.57
		<b>3,980</b>	<b>10.26</b>
<b>Real Estate 0.86% (0.64%)</b>			
Segro REIT	37,830	335	0.86
		<b>335</b>	<b>0.86</b>
<b>Technology 1.18% (0.54%)</b>			
Auto Trader			
Group	25,100	180	0.46
Sage Group	23,597	277	0.72
		<b>457</b>	<b>1.18</b>
<b>Telecommunications 1.25% (1.79%)</b>			
BT Group	134,737	166	0.43
Vodafone Group	466,519	320	0.82
		<b>486</b>	<b>1.25</b>
<b>Utilities 4.28% (3.63%)</b>			
Centrica	116,451	164	0.42
National Grid	78,104	826	2.13
SSE	24,974	463	1.20

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets
United Utilities Group	19,355	205	0.53
		<b>1,658</b>	<b>4.28</b>
<b>Equities total</b>		<b>37,461</b>	<b>96.60</b>
<b>Collective Investment Schemes 0.60% (0.86%)</b>			
<b>Global Equity Funds 0.60% (0.86%)</b>			
Scottish Mortgage Investment Trust <sup>3</sup>	28,706	231	0.60
		<b>231</b>	<b>0.60</b>
<b>Collective Investment Schemes total</b>		<b>231</b>	<b>0.60</b>
<b>Futures 0.04% (0.00%)</b>			
FTSE 100 Index March 2024	15	14	0.04
<b>Futures total</b>		<b>14</b>	<b>0.04</b>
<b>Options (0.32)% ((0.08)%)</b>			
<b>Written Options (0.32)% ((0.08)%)</b>			
3i Group Call 24.023 09/01/2024	(7,507)	(3)	(0.01)
3i Group Call 24.765 23/01/2024	(7,507)	(2)	(0.01)
Anglo American Call 24.714 09/01/2024	(6,580)	0	0.00
Anglo American Call 23.038 23/01/2024	(5,383)	0	0.00
Ashtead Group Call 51.408 09/01/2024	(3,371)	(11)	(0.03)
Ashtead Group Call 58.861 23/01/2024	(3,371)	0	0.00
Associated British Foods Call 24.956 09/01/2024	(2,754)	0	0.00
Associated British Foods Call 24.934 23/01/2024	(2,754)	0	0.00
AstraZeneca Call 107.506 09/01/2024	(10,547)	(8)	(0.02)
Aviva Call 4.574 09/01/2024	(17,314)	0	0.00
Aviva Call 4.452 23/01/2024	(17,314)	(1)	0.00
BAE Systems Call 11.148 09/01/2024	(22,239)	(2)	(0.01)
BAE Systems Call 11.078 23/01/2024	(22,239)	(5)	(0.02)
Barclays Call 1.541 09/01/2024	(85,113)	(2)	(0.01)

	Holding at 31.12.23	Market Value £000's	% of net assets
Barclays Call 1.599 23/01/2024	(85,113)	(1)	0.00
BP Call 5.093 09/01/2024	(108,190)	0	0.00
BP Call 4.96 23/01/2024	(108,190)	(2)	(0.01)
British American Tobacco Call 25.974 09/01/2024	(9,664)	0	0.00
British American Tobacco Call 24.018 23/01/2024	(9,664)	(1)	0.00
Bunzl Call 31.702 09/01/2024	(3,034)	(1)	0.00
Bunzl Call 32.293 23/01/2024	(3,034)	(1)	0.00
Centrica Call 1.554 23/01/2024	(56,259)	0	0.00
Compass Group Call 21.396 09/01/2024	(12,795)	(3)	(0.01)
Compass Group Call 21.349 23/01/2024	(12,795)	(3)	(0.01)
Diageo Call 29.748 09/01/2024	(11,797)	0	0.00
Diageo Call 29.858 23/01/2024	(9,652)	(1)	0.00
Experian Call 31.575 09/01/2024	(6,306)	(4)	(0.01)
Experian Call 33.519 23/01/2024	(6,306)	(1)	0.00
Flutter Entertainment Call 139.434 09/01/2024	(1,104)	(3)	(0.01)
Flutter Entertainment Call 151.018 23/01/2024	(1,104)	(1)	0.00
Glencore Call 4.834 09/01/2024	(114,534)	(3)	(0.01)
GSK Call 15.139 09/01/2024	(17,285)	0	0.00
GSK Call 15.195 23/01/2024	(17,285)	(1)	0.00
Haleon Call 3.366 09/01/2024	(35,607)	0	0.00
Haleon Call 3.374 23/01/2024	(35,607)	(1)	0.00
Halma Call 22.797 09/01/2024	(2,763)	(1)	0.00

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets		Holding at 31.12.23	Market Value £000's	% of net assets
Halma				Next Call 86.102			
Call 23.708				09/01/2024	(993)	0	0.00
23/01/2024	(2,763)	0	0.00	Next Call 85.218			
HSBC Holdings				23/01/2024	(1,111)	(1)	0.00
Call 6.393				Pearson			
09/01/2024	(125,333)	(6)	(0.02)	Call 10.121			
HSBC Holdings				23/01/2024	(6,017)	(1)	0.00
Call 6.381				Prudential			
23/01/2024	(125,333)	(13)	(0.04)	Call 9.426			
Imperial Brands				09/01/2024	(12,123)	0	0.00
Call 19.58				Prudential			
09/01/2024	(6,322)	0	0.00	Call 9.515			
Imperial Brands				23/01/2024	(12,123)	0	0.00
Call 18.998				Reckitt			
23/01/2024	(6,322)	0	0.00	Benckiser Group			
Informa				Call 56.057			
Call 7.927				09/01/2024	(3,590)	0	0.00
09/01/2024	(14,315)	0	0.00	Reckitt			
Informa				Benckiser Group			
Call 7.996				Call 56.276			
23/01/2024	(14,315)	0	0.00	23/01/2024	(3,590)	(1)	0.00
InterContinental				RELX Call 32.198			
Hotels Group				09/01/2024	(13,793)	0	0.00
Call 67.168				RELX Call 32.084			
09/01/2024	(1,361)	(5)	(0.02)	23/01/2024	(13,793)	(3)	(0.01)
InterContinental				Rentokil Initial			
Hotels Group				Call 4.697			
Call 74.054				09/01/2024	(15,343)	0	0.00
23/01/2024	(1,361)	0	0.00	Rio Tinto			
Legal & General				Call 58.845			
Group Call 2.53				09/01/2024	(6,960)	(4)	(0.01)
09/01/2024	(36,855)	(1)	0.00	Rio Tinto			
Legal & General				Call 61.719			
Group Call 2.568				23/01/2024	(6,960)	(2)	(0.01)
23/01/2024	(36,855)	(1)	0.00	Rolls-Royce			
Lloyds Banking				Holdings			
Group Call 0.492				Call 3.441			
09/01/2024	(352,712)	0	0.00	09/01/2024	(60,235)	0	0.00
Lloyds Banking				Rolls-Royce			
Group Call 0.495				Holdings			
23/01/2024	(352,712)	(1)	0.00	Call 3.486			
London Stock				23/01/2024	(60,235)	0	0.00
Exchange Group				Sage Group			
Call 91.698				Call 11.963			
09/01/2024	(3,333)	(4)	(0.01)	09/01/2024	(8,549)	(1)	0.00
London Stock				Sage Group			
Exchange Group				Call 12.104			
Call 96.353				23/01/2024	(8,549)	(1)	0.00
23/01/2024	(3,333)	0	0.00	Scottish			
Melrose				Mortgage			
Industries				Investment			
Call 6.057				Trust Call 8.354			
09/01/2024	(10,646)	0	0.00	23/01/2024	(6,240)	(1)	0.00
Melrose				Segro Call 8.96			
Industries				09/01/2024	(8,224)	(1)	0.00
Call 6.114				Segro Call 9.359			
23/01/2024	(10,646)	0	0.00	23/01/2024	(8,224)	0	0.00
National Grid				Shell Call 26.927			
Call 10.818				09/01/2024	(42,606)	0	0.00
09/01/2024	(28,300)	0	0.00	Shell Call 26.645			
National Grid				23/01/2024	(42,606)	(6)	(0.02)
Call 10.966				Smith &			
23/01/2024	(28,300)	(1)	0.00	Nephew			
NatWest Group				Call 11.152			
Call 2.374				09/01/2024	(4,666)	0	0.00
23/01/2024	(30,443)	0	0.00				

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets		Holding at 31.12.23	Market Value £000's	% of net assets
Smith & Nephew Call 11.004 23/01/2024	(4,666)	(1)	0.00	Unilever Call 38.885 23/01/2024	(16,005)	(3)	(0.01)
Spirax-Sarco Engineering Call 111.92 23/01/2024	(454)	0	0.00	United Utilities Group Call 11.291 09/01/2024	(7,013)	0	0.00
SSE Call 18.961 23/01/2024	(9,048)	(1)	0.00	United Utilities Group Call 11.159 23/01/2024	(7,013)	0	0.00
Standard Chartered Call 7.157 09/01/2024	(12,366)	0	0.00	Vodafone Group Call 0.766 23/01/2024	(101,422)	0	0.00
Standard Chartered Call 7.174 23/01/2024	(12,366)	0	0.00	Whitbread Call 38.315 23/01/2024	(1,857)	(1)	0.00
Tesco Call 3.005 09/01/2024	(48,223)	0	0.00	WPP Call 7.983 23/01/2024	(6,748)	0	0.00
Tesco Call 2.989 23/01/2024	(48,223)	(1)	0.00	<b>Written Options total</b>		<b>(123)</b>	<b>(0.32)</b>
Unilever Call 39.556 09/01/2024	(16,005)	0	0.00	<b>Options total</b>		<b>(123)</b>	<b>(0.32)</b>
				<b>Portfolio of investments</b>		<b>37,583</b>	<b>96.92</b>
				<b>Net other assets</b>		<b>1,196</b>	<b>3.08</b>
				<b>Net assets attributable to shareholders</b>		<b>38,779</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

§ Closed ended Fund.

# Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital losses	2		(61)		(668)
Revenue	3	2,977		2,813	
Expenses	4	(92)		(79)	
Net revenue before taxation		<b>2,885</b>		<b>2,734</b>	
Taxation	5	(297)		(296)	
Net revenue after taxation			<b>2,588</b>		<b>2,438</b>
<b>Total return before distributions</b>			<b>2,527</b>		<b>1,770</b>
Distributions	6		(2,661)		(2,501)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(134)</b>		<b>(731)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		31,323		31,791
Amounts receivable on issue of shares	13,814		4,985	
Amounts payable on cancellation of shares	(6,288)		(4,738)	
		<b>7,526</b>		<b>247</b>
Dilution adjustment		33		3
Change in net assets attributable to shareholders from investment activities		(134)		(731)
Retained distribution on Accumulation shares		31		13
<b>Closing net assets attributable to shareholders</b>		<b>38,779</b>		<b>31,323</b>

# Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			37,706		31,542
<b>Current assets</b>					
Debtors	8		740		95
Cash and bank balances			1,244		324
<b>Total assets</b>			<b>39,690</b>		<b>31,961</b>
<b>Liabilities</b>					
Investment liabilities			(123)		(25)
<b>Creditors</b>					
Bank overdrafts			(19)		-
Distributions payable			(536)		(470)
Other creditors	9		(233)		(143)
<b>Total liabilities</b>			<b>(911)</b>		<b>(638)</b>
<b>Net assets attributable to shareholders</b>			<b>38,779</b>		<b>31,323</b>



# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder UK-Listed Equity Income Maximiser Fund are disclosed on pages 9 to 10.

### 2 Net capital losses

The net capital losses during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	1,115	520
Derivative contracts	(1,176)	(1,188)
<b>Net capital losses</b>	<b>(61)</b>	<b>(668)</b>

### 3 Revenue

	2023	2022
	£000's	£000's
UK dividends	1,258	1,151
Overseas dividends	134	104
Franked distributions	2	-
Real estate income distributions	7	4
Bank interest	31	4
Net revenue return from derivative contracts	1,545	1,550
<b>Total revenue</b>	<b>2,977</b>	<b>2,813</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	92	78
<b>Other expenses:</b>		
Audit fee	-	1
<b>Total expenses</b>	<b>92</b>	<b>79</b>

<sup>1</sup> Audit fees including VAT for the year were £8,404 (2022 – £10,628).

# Notes to the Accounts

## For the year ended 31 December 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	297	296
<b>Total current tax (Note 5(b))</b>	<b>297</b>	<b>296</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 Open Ended Investment Companies 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>2,885</b>	<b>2,734</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	577	547
<b>Effects of:</b>		
Revenue not subject to corporation tax	(280)	(251)
<b>Total tax charge for the year (Note 5(a))</b>	<b>297</b>	<b>296</b>

### 6 Distributions

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

	2023	2022
	£000's	£000's
Quarterly Dividend distribution	687	621
Interim Dividend distribution	728	648
Quarterly Dividend distribution	779	772
Final Dividend distribution	546	473
	<b>2,740</b>	<b>2,514</b>
Add: Revenue deducted on cancellation of shares	79	45
Deduct: Revenue received on issue of shares	(158)	(58)
<b>Distributions</b>	<b>2,661</b>	<b>2,501</b>
Net revenue after taxation	2,588	2,438
Expenses taken to capital	91	78
Tax relief on expenses taken to capital	(18)	(15)
<b>Distributions</b>	<b>2,661</b>	<b>2,501</b>

Details of the distributions per share are set out in the Distribution Tables on pages 247 to 249.

# Notes to the Accounts

## For the year ended 31 December 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	37,706	-	31,542	-
Level 2: Observable market data	-	(123)	-	(25)
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	<b>37,706</b>	<b>(123)</b>	<b>31,542</b>	<b>(25)</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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023 £000's	2022 £000's
Amounts receivable for issue of shares	647	13
Accrued revenue	91	77
Overseas withholding tax recoverable	2	5
<b>Total debtors</b>	<b>740</b>	<b>95</b>

### 9 Other creditors

	2023 £000's	2022 £000's
Amounts payable for cancellation of shares	81	3
Accrued expenses	8	7
Corporation tax payable	144	133
<b>Total other creditors</b>	<b>233</b>	<b>143</b>

### 10 Contingent liabilities

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

### 11 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the Fund. The aggregate monies received through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 31.72% (2022 – 34.92%).

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 12 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 233 to 235.

The distributions per share class are given in the Distribution Tables on pages 247 to 249.

All classes have the same rights on winding up.

### 13 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 Authorised Corporate Director'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 Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 shareholders would increase or decrease by approximately £3,758,300 (2022 - £3,151,700).

#### Derivative risk

Where a Fund trades in derivatives to achieve its investment objective, this involves a higher degree of risk and may lead to a higher volatility in the share prices of the Fund. The Authorised Corporate Director employs a risk management process to allow the Authorised Corporate Director to measure derivative and forward positions and their contribution to the overall risk profile of the Fund. As part of this risk management process the Authorised Corporate Director conducts daily value at risk analysis of the Fund and performs both stress and back testing of the Fund.

#### Foreign currency risk

At the year end date, the majority of the Fund's financial assets and liabilities were denominated in sterling. As a result, the Fund has no significant exposure to currency movements.

#### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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 or payable on bank overdraft positions will be affected by fluctuations in interest rates.

At the year end date 3.20% (2022 - 1.03%) 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 or overdrawn at futures clearing houses and brokers bear interest at rates based on the London Interbank Offer 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

During the year the Fund entered into derivative contracts for specific investment purposes in addition to being used for efficient management.

#### Global risk exposure

##### Commitment approach

When using derivatives, the Authorised Corporate Director 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 31 December 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				2022			
Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
0.00%	9.54%	1.47%	2.97%	0.00%	2.73%	1.11%	0.00%

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 14 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>						
Equities	8,981	1	43	9,025	0.01	0.48
<b>Sales</b>						
Equities	3,990	(1)	-	3,989	0.03	-
Total cost as a percentage of the Fund's average net asset value (%)		-	0.12			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	1,669	-	8	1,677	-	0.48
<b>Sales</b>						
Equities	2,789	(1)	-	2,788	(0.04)	-
Total cost as a percentage of the Fund's average net asset value (%)		-	0.03			

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.08% (2022 – 0.15%).

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.

### 15 Shares in issue reconciliation

	Number of shares in issue 31.12.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
L Accumulation shares	95,033	827,574	(386,570)	-	536,037
L Income shares	486,273	1,805,246	(427,272)	-	1,864,247
Q1 Accumulation shares	2,000	-	-	-	2,000
Q1 Income shares	56,572,140	15,759,425	(9,594,406)	(42,891)	62,694,268
Z Accumulation shares	209,563	428,682	(87,370)	-	550,875
Z Income shares	1,599,525	6,855,695	(1,209,947)	42,950	7,288,223

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 16 Counterparty exposure

The types of non-exchange traded derivatives held at the balance sheet date were options contracts. 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>Barclays</b>										
2023	-	-	-	-	-	-	-	(6)	-	(6)
2022	-	-	-	-	-	-	-	-	-	-
<b>Citigroup</b>										
2023	-	-	-	-	-	-	-	(12)	-	(12)
2022	-	-	-	-	-	-	-	(3)	-	(3)
<b>Goldman Sachs</b>										
2023	-	-	-	-	-	-	-	(46)	-	(46)
2022	-	-	-	-	-	-	-	(14)	-	(14)
<b>J.P. Morgan</b>										
2023	-	-	-	-	-	-	-	(5)	-	(5)
2022	-	-	-	-	-	-	-	(2)	-	(2)
<b>Societe Generale</b>										
2023	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	(3)	-	(3)
<b>Toronto-Dominion Bank</b>										
2023	-	-	-	-	-	-	-	(45)	-	(45)
2022	-	-	-	-	-	-	-	-	-	-
<b>UBS</b>										
2023	-	-	-	-	-	-	-	(9)	-	(9)
2022	-	-	-	-	-	-	-	(3)	-	(3)

At the balance sheet date no collateral was held or pledged by the Fund or on behalf of the counterparties in respect of the above.

# Distribution Tables

## Quarterly distribution for the three months ended 31 March 2023

**Group 1** Shares purchased prior to 1 January 2023

**Group 2** Shares purchased on or after 1 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.5.23 per share	Distribution paid 31.5.22 per share
<b>L Accumulation shares</b>				
Group 1	1.2067p	-	1.2067p	1.1033p
Group 2	0.1434p	1.0633p	1.2067p	1.1033p
<b>L Income shares</b>				
Group 1	1.0361p	-	1.0361p	1.0254p
Group 2	0.5662p	0.4699p	1.0361p	1.0254p
<b>Q1 Accumulation shares</b>				
Group 1	1.2050p	-	1.2050p	1.0954p
Group 2	1.2050p	-	1.2050p	1.0954p
<b>Q1 Income shares</b>				
Group 1	1.0371p	-	1.0371p	1.0260p
Group 2	0.1677p	0.8694p	1.0371p	1.0260p
<b>Z Accumulation shares</b>				
Group 1	1.2064p	-	1.2064p	1.1069p
Group 2	0.4572p	0.7492p	1.2064p	1.1069p
<b>Z Income shares</b>				
Group 1	1.0365p	-	1.0365p	1.0260p
Group 2	0.5650p	0.4715p	1.0365p	1.0260p

## Interim distribution for the three months ended 30 June 2023

**Group 1** Shares purchased prior to 1 April 2023

**Group 2** Shares purchased on or after 1 April 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.8.23 per share	Distribution paid 31.8.22 per share
<b>L Accumulation shares</b>				
Group 1	1.2624p	-	1.2624p	1.1489p
Group 2	0.1322p	1.1302p	1.2624p	1.1489p
<b>L Income shares</b>				
Group 1	1.0637p	-	1.0637p	1.0479p
Group 2	0.3221p	0.7416p	1.0637p	1.0479p
<b>Q1 Accumulation shares</b>				
Group 1	1.2638p	-	1.2638p	1.1427p
Group 2	1.2638p	-	1.2638p	1.1427p
<b>Q1 Income shares</b>				
Group 1	1.0649p	-	1.0649p	1.0487p
Group 2	0.7590p	0.3059p	1.0649p	1.0487p
<b>Z Accumulation shares</b>				
Group 1	1.2618p	-	1.2618p	1.1493p
Group 2	0.5553p	0.7065p	1.2618p	1.1493p

# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.8.23 per share	Distribution paid 31.8.22 per share
<b>Z Income shares</b>				
Group 1	1.0639p	–	1.0639p	1.0483p
Group 2	0.4285p	0.6354p	1.0639p	1.0483p

### Quarterly distribution for the three months ended 30 September 2023

**Group 1** Shares purchased prior to 1 July 2023

**Group 2** Shares purchased on or after 1 July 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 30.11.23 per share	Distribution paid 30.11.22 per share
<b>L Accumulation shares</b>				
Group 1	1.3566p	–	1.3566p	1.4814p
Group 2	0.1614p	1.1952p	1.3566p	1.4814p
<b>L Income shares</b>				
Group 1	1.1206p	–	1.1206p	1.2667p
Group 2	0.5490p	0.5716p	1.1206p	1.2667p
<b>Q1 Accumulation shares</b>				
Group 1	1.3591p	–	1.3591p	1.4294p
Group 2	1.3591p	–	1.3591p	1.4294p
<b>Q1 Income shares</b>				
Group 1	1.1221p	–	1.1221p	1.2679p
Group 2	0.7657p	0.3564p	1.1221p	1.2679p
<b>Z Accumulation shares</b>				
Group 1	1.3559p	–	1.3559p	1.3821p
Group 2	0.3523p	1.0036p	1.3559p	1.3821p
<b>Z Income shares</b>				
Group 1	1.1206p	–	1.1206p	1.2669p
Group 2	0.3269p	0.7937p	1.1206p	1.2669p

### Final distribution for the three months ended 31 December 2023

**Group 1** Shares purchased prior to 1 October 2023

**Group 2** Shares purchased on or after 1 October 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 29.2.24 per share	Distribution paid 28.2.23 per share
<b>L Accumulation shares</b>				
Group 1	0.9204p	–	0.9204p	0.8980p
Group 2	0.3766p	0.5438p	0.9204p	0.8980p
<b>L Income shares</b>				
Group 1	0.7444p	–	0.7444p	0.7928p
Group 2	0.2258p	0.5186p	0.7444p	0.7928p



# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 29.2.24 per share	Distribution paid 28.2.23 per share
<b>Q1 Accumulation shares</b>				
Group 1	0.9255p	-	0.9255p	0.9185p
Group 2	0.9255p	-	0.9255p	0.9185p
<b>Q1 Income shares</b>				
Group 1	0.7456p	-	0.7456p	0.8029p
Group 2	0.3713p	0.3743p	0.7456p	0.8029p
<b>Z Accumulation shares</b>				
Group 1	0.9194p	-	0.9194p	0.8656p
Group 2	0.8444p	0.0750p	0.9194p	0.8656p
<b>Z Income shares</b>				
Group 1	0.7440p	-	0.7440p	0.7410p
Group 2	0.2780p	0.4660p	0.7440p	0.7410p

### Equalisation

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

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

# Securities Financing Transactions (unaudited)

The Fund has not engaged in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, these include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions, margin lending transactions and Total Return Swaps). Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the accounting year ended 31 December 2023.

# Schroder Global Energy Transition Fund

## Fund Information

### Investment objective and policy

Schroder Global Energy Transition Fund (the 'Fund') aims to provide capital growth by investing in equity and equity related securities of companies worldwide that are associated with the global transition towards lower carbon sources of energy and which meet the Investment Manager's sustainability criteria.

The Fund is actively managed and invests at least 80% of its assets in a concentrated range of equity and equity related securities of companies worldwide which meet the Investment Manager's sustainability criteria (please see the Fund Characteristics section for more details). These are companies that contribute to the global transition towards lower carbon sources of energy, such as lower carbon energy production, distribution, storage, transport and associated supply chain material providers and technology companies. The Fund will only invest in companies that generate at least 50% of their revenue from activities contributing to the transition, or those which play critical roles in the transition and are increasing their exposure to such activities.

The Fund typically holds 30 to 60 companies.

The Fund does not directly invest in certain activities, industries or groups of issuers above certain limits listed under "Sustainability Information" on the Fund's webpage, accessed via <https://www.schroders.com/en-gb/uk/individual/fund-centre/>

The Fund will only invest in companies that do not cause significant environmental or social harm and have good governance procedures, as determined by the sustainability criteria (please see the Fund Characteristics section below for more information).

More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the internet site <https://www.schroders.com/en-gb/uk/individual/what-we-do/sustainable-investing/>

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to section 10 of Appendix III of the Prospectus).

*With Effect from 28 April 2023 the Fund's Investment objective and policy changed, Previously it was:*

The Fund aims to provide capital growth by investing in equity and equity related securities of companies worldwide that are associated with the global transition towards lower carbon sources of energy and which meet the Investment Manager's environmental, social and governance (ESG) criteria.

The Fund is actively managed and invests at least 80% of its assets in a concentrated range of equity and equity related securities of companies worldwide that contribute to the global transition towards lower carbon sources of energy, such as lower carbon energy production, distribution, storage, transport and associated supply chain material providers and technology companies. The Fund will only invest in companies that generate at least 50% of their revenue from activities contributing to the transition, or those which play critical roles in the transition and are increasing their exposure to such activities.

The Fund typically holds 30 to 60 companies.

The Fund will not invest in companies that generate any revenue from fossil fuels, nuclear power, weapons, tobacco or alcohol.

The Fund will only invest in companies that do not cause significant environmental or social harm and have good governance procedures, as determined by the Investment Manager's ESG rating (please see the Fund Characteristics section of the Prospectus for more information). These may include companies that the Investment Manager actively engages with to challenge identified areas of weakness in ESG performance, where it is confident that they will improve their ESG practices within a reasonable timeframe, which will typically be six month to two years, depending on the specific engagement topic.

More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the internet site <https://www.schroders.com/en/uk/private-investor/strategic-capabilities/sustainability/>.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to section 10 of Appendix III of the Prospectus).

### Fund characteristics

The Fund does not have a target benchmark. The Fund's performance should be compared against the MSCI Global Alternative Energy (Net Total Return) index, the MSCI All Country World (Net Total Return) index and the Investment Association Global sector average return. The comparator benchmarks have been selected because the Investment Adviser and the ACD believe that these benchmarks are a suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

**From 30 December 2022 to 29 December 2023, the price of Z Accumulation shares on a dealing price basis fell 14.10%. In comparison, the MSCI Global Alternative Energy Index generated a negative net return of 29.62%<sup>1</sup>, the MSCI All Country World Index generated a net return of 15.31%<sup>1</sup> and the Investment Association Global sector generated a negative total return of 12.67%<sup>1</sup>.**

Global stock markets achieved a broadly positive performance at the start of the year, with Asian shares boosted by China's relaxation of its zero-Covid policy. Sentiment was buoyed in the early months of the year by receding recession worries in developed markets. Gains came despite the collapse of Silicon Valley Bank, which caused significant volatility in bank shares. Enthusiasm over AI (Artificial Intelligence) boosted technology stocks in the second quarter of the year. Share prices were weaker in October amid concern over interest rate rises and renewed conflict in the Middle East. However, equities achieved strong growth at the end of the year as slowing inflation in the US and other regions gave rise to hopes that interest rates may have peaked.

Stock selection was positive in the period, particularly in information technology and utilities. Our overweight to industrials and materials also added value. By region, allocations to Continental Europe, North America, Emerging Markets, Japan, and the UK contributed to gains. Allocations to Pacific ex Japan and our zero-weight allocation to Africa/Middle East detracted.

Enphase Energy, Schneider Electric and Hydro One were among the biggest individual contributors during the period. Allocations to Itron, Terna - Rete Elettrica Nazionale and Faurecia Societe Europeenne also added value in the period. First Solar, Vestas Wind Systems and Stem were among the biggest individual detractors in the period. Allocations to Xinyi Solar Holdings also detracted.

We initiated new positions in Contemporary Amperex Technology, SMA Solar Technology and Solaria Energia y Medio Ambiente in the period.

## Co-Fund Manager:

**Mark Lacey**



Mark Lacey joined Schroders in 2013

Head of Resource Equities - Global Themes

Portfolio Manager of Global Energy, Global Energy Transition and Global Sustainable Food and Water strategies

Formerly portfolio manager of Investec Global Energy funds

Formerly head of global energy at Goldman Sachs

Was previously ranked as #1 energy investment specialist in Thompson Extel survey

Career commenced in 1996 at Credit Suisse Asset Management, managing gold and resource equity funds

## Co-Fund Manager:

**Alexander Monk**



Alexander Monk joined Schroders in 2016

Portfolio Manager - Resource Equities - Global Themes

Portfolio Manager of the Global Energy, Global Energy Transition and Global Sustainable Food and Water strategies

Alexander was a Sustainable Investment Analyst at Schroders from 2016 to 2018, which involved analysing sustainability risks and opportunities associated with companies in the utilities and telecommunications sectors

Qualifications: MSc in Environmental Policy and Regulation from the London School of Economics and Political Science (LSE); BA in Geography from Oxford University

## Co-Fund Manager:

**Felix Odey**



Felix Odey is a Portfolio Manager at Schroders working on the Global Resource Equities Team

He joined Schroders in 2016 as a graduate, following summer work placements with Egerton Capital

Felix initially started working in the Schroders' Sustainable Investment Team, before joining the investment team in 2017

<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 simulated 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).

# Comparative Table

Financial year to 31 December	L Accumulation shares			L Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	54.08	51.48	52.73	53.55	51.26	52.73
Return before operating charges*	(7.18)	3.05	(0.79)	(7.07)	2.99	(0.78)
Operating charges	(0.44)	(0.45)	(0.46)	(0.43)	(0.45)	(0.46)
<b>Return after operating charges*</b>	<b>(7.62)</b>	<b>2.60</b>	<b>(1.25)</b>	<b>(7.50)</b>	<b>2.54</b>	<b>(1.24)</b>
Distributions**	(0.32)	(0.26)	(0.25)	(0.32)	(0.25)	(0.23)
Retained distributions**	0.32	0.26	0.25	-	-	-
<b>Closing net asset value</b>	<b>46.46</b>	<b>54.08</b>	<b>51.48</b>	<b>45.73</b>	<b>53.55</b>	<b>51.26</b>
*after direct transaction costs of	(0.04)	(0.07)	0.02	(0.04)	(0.07)	0.02
<b>Performance</b>						
Return after charges (%)	(14.09)	5.05	(2.37)	(14.01)	4.96	(2.35)
<b>Other information</b>						
Closing net asset value (£000's)	49,187	55,980	34,732	4,565	3,767	2,885
Closing number of shares	105,868,185	103,522,371	67,467,825	9,983,397	7,034,854	5,627,659
Operating charges (%)	0.88	0.88	0.88	0.88	0.88	0.88
Direct transaction costs (%)	0.08	0.13	(0.03)	0.08	0.13	(0.03)
<b>Prices</b>						
Highest dealing price	59.22p	57.50p	57.24p	58.65p	56.95p	57.24p
Lowest dealing price	39.01p	43.06p	47.59p	38.40p	42.88p	47.59p

# Comparative Table (continued)

Financial year to 31 December	Q1 Accumulation shares			Q1 Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	54.27	51.57	52.74	53.66	51.31	52.74
Return before operating charges*	(7.20)	3.06	(0.80)	(7.08)	3.00	(0.79)
Operating charges	(0.36)	(0.36)	(0.37)	(0.35)	(0.36)	(0.37)
<b>Return after operating charges*</b>	<b>(7.56)</b>	<b>2.70</b>	<b>(1.17)</b>	<b>(7.43)</b>	<b>2.64</b>	<b>(1.16)</b>
Distributions**	(0.37)	(0.29)	(0.28)	(0.36)	(0.29)	(0.27)
Retained distributions**	0.37	0.29	0.28	-	-	-
<b>Closing net asset value</b>	<b>46.71</b>	<b>54.27</b>	<b>51.57</b>	<b>45.87</b>	<b>53.66</b>	<b>51.31</b>
*after direct transaction costs of	(0.04)	(0.07)	0.02	(0.04)	(0.07)	0.02
<b>Performance</b>						
Return after charges (%)	(13.93)	5.24	(2.22)	(13.85)	5.15	(2.20)
<b>Other information</b>						
Closing net asset value (£000's)	80,676	97,210	70,948	281,125	355,236	256,803
Closing number of shares	172,704,359	179,118,573	137,569,130	612,894,401	661,986,585	500,489,290
Operating charges (%)	0.70	0.70	0.70	0.70	0.70	0.70
Direct transaction costs (%)	0.08	0.13	(0.03)	0.08	0.13	(0.03)
<b>Prices</b>						
Highest dealing price	59.45p	57.70p	57.24p	58.78p	57.05p	57.24p
Lowest dealing price	39.21p	43.15p	47.62p	38.50p	42.93p	47.62p

# Comparative Table (continued)

Financial year to 31 December	S Accumulation shares			S Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	54.40	51.64	52.74	53.73	51.34	52.74
Return before operating charges*	(7.23)	3.06	(0.80)	(7.08)	3.00	(0.77)
Operating charges	(0.29)	(0.30)	(0.30)	(0.30)	(0.29)	(0.31)
<b>Return after operating charges*</b>	<b>(7.52)</b>	<b>2.76</b>	<b>(1.10)</b>	<b>(7.38)</b>	<b>2.71</b>	<b>(1.08)</b>
Distributions**	(0.44)	(0.34)	(0.31)	(0.43)	(0.32)	(0.32)
Retained distributions**	0.44	0.34	0.31	-	-	-
<b>Closing net asset value</b>	<b>46.88</b>	<b>54.40</b>	<b>51.64</b>	<b>45.92</b>	<b>53.73</b>	<b>51.34</b>
*after direct transaction costs of	(0.04)	(0.07)	0.02	(0.04)	(0.07)	0.02
<b>Performance</b>						
Return after charges (%)	(13.82)	5.34	(2.09)	(13.74)	5.28	(2.05)
<b>Other information</b>						
Closing net asset value (£000's)	53,347	41,990	19,751	45,688	60,843	76,555
Closing number of shares	113,788,143	77,182,428	38,250,905	99,496,144	113,246,699	149,116,315
Operating charges (%)	0.58	0.58	0.58	0.58	0.58	0.58
Direct transaction costs (%)	0.08	0.13	(0.03)	0.08	0.13	(0.03)
<b>Prices</b>						
Highest dealing price	59.60p	57.83p	57.24p	58.86p	57.11p	57.25p
Lowest dealing price	39.34p	43.21p	47.64p	38.55p	42.97p	47.64p



# Comparative Table (continued)

Financial year to 31 December	Z Accumulation shares			Z Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	54.00	51.44	52.73	53.50	51.22	52.73
Return before operating charges*	(7.16)	3.05	(0.79)	(7.05)	3.00	(0.77)
Operating charges	(0.48)	(0.49)	(0.50)	(0.48)	(0.48)	(0.50)
<b>Return after operating charges*</b>	<b>(7.64)</b>	<b>2.56</b>	<b>(1.29)</b>	<b>(7.53)</b>	<b>2.52</b>	<b>(1.27)</b>
Distributions**	(0.30)	(0.23)	(0.23)	(0.30)	(0.24)	(0.24)
Retained distributions**	0.30	0.23	0.23	-	-	-
<b>Closing net asset value</b>	<b>46.36</b>	<b>54.00</b>	<b>51.44</b>	<b>45.67</b>	<b>53.50</b>	<b>51.22</b>
*after direct transaction costs of	(0.04)	(0.07)	0.02	(0.04)	(0.07)	0.02
<b>Performance</b>						
Return after charges (%)	(14.15)	4.98	(2.45)	(14.07)	4.92	(2.41)
<b>Other information</b>						
Closing net asset value (£000's)	19,393	22,529	16,598	8,805	8,361	4,885
Closing number of shares	41,830,423	41,723,908	32,266,284	19,280,047	15,628,297	9,537,897
Operating charges (%)	0.95	0.95	0.95	0.95	0.95	0.95
Direct transaction costs (%)	0.08	0.13	(0.03)	0.08	0.13	(0.03)
<b>Prices</b>						
Highest dealing price	59.13p	57.43p	57.23p	58.58p	56.89p	57.23p
Lowest dealing price	38.93p	43.02p	47.57p	38.35p	42.84p	47.58p

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

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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 31.12.23	Market Value £000's	% of net assets
<b>Equities 93.74% (91.31%)</b>			
<b>Belgium 7.69% (3.82%)</b>			
Deme Group	32,125	3,096	0.57
Elia Group	145,574	14,254	2.63
Umicore	1,130,592	24,375	4.49
		<b>41,725</b>	<b>7.69</b>
<b>Canada 4.20% (4.88%)</b>			
Canadian Solar	332,721	6,843	1.26
Hydro One	651,688	15,283	2.82
Nano One Materials	458,963	658	0.12
		<b>22,784</b>	<b>4.20</b>
<b>Cayman Islands 2.78% (3.50%)</b>			
Xinyi Solar Holdings	33,036,000	15,100	2.78
		<b>15,100</b>	<b>2.78</b>
<b>China 1.82% (1.51%)</b>			
Contemporary Amperex Technology	546,700	9,871	1.82
		<b>9,871</b>	<b>1.82</b>
<b>Denmark 5.62% (6.81%)</b>			
Cadeler	219,841	797	0.15
Vestas Wind Systems	1,193,763	29,709	5.47
		<b>30,506</b>	<b>5.62</b>
<b>France 12.98% (17.30%)</b>			
Cie Plastic Omnium	1,098,255	11,420	2.11
Forsee Power	755,550	1,702	0.31
Neoen	495,104	12,974	2.39
Nexans	268,084	18,410	3.39
Schneider Electric	88,744	13,952	2.57
SPIE	252,415	6,177	1.14
Voltaia	645,668	5,819	1.07
		<b>70,454</b>	<b>12.98</b>
<b>Germany 4.70% (0.00%)</b>			
Encavis	808,380	10,875	2.00
Nordex	1,008,019	9,110	1.68
SMA Solar Technology	35,744	1,863	0.34
Wacker Chemie	37,292	3,686	0.68
		<b>25,534</b>	<b>4.70</b>
<b>Ireland 2.17% (1.50%)</b>			
Johnson Controls International	261,860	11,801	2.17
		<b>11,801</b>	<b>2.17</b>
<b>Italy 3.07% (3.58%)</b>			
Industrie De Nora	527,294	7,169	1.32
Prismian	110,711	3,942	0.72
Terna - Rete Elettrica Nazionale	851,612	5,571	1.03
		<b>16,682</b>	<b>3.07</b>
<b>Jersey 0.19% (0.12%)</b>			
Invinity Energy Systems*	3,042,660	1,035	0.19
Invinity Energy Systems (Invinity Energy Systems PLC) Warrant 16/12/2023 <sup>^</sup>	409,711	0	0.00

The comparative percentage figures in brackets are as at 31 December 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

# Security traded on another regulated market.

<sup>^</sup> Unlisted, suspended or delisted security.

	Holding at 31.12.23	Market Value £000's	% of net assets
Invinity Energy Systems (Invinity Energy Systems PLC) Warrant 16/12/2024	409,711	10	0.00
		<b>1,045</b>	<b>0.19</b>
<b>Netherlands 6.17% (5.03%)</b>			
Alfen	291,414	15,202	2.80
Ariston Holding	721,279	3,903	0.72
SIF Holding	533,513	4,827	0.89
Signify	363,521	9,538	1.76
		<b>33,470</b>	<b>6.17</b>
<b>Singapore 0.00% (0.29%)</b>			
<b>South Korea 5.33% (6.46%)</b>			
LG Chem	38,603	11,709	2.16
Samsung SDI	59,977	17,225	3.17
		<b>28,934</b>	<b>5.33</b>
<b>Spain 9.91% (8.56%)</b>			
Corp. ACCIONA Energias Renovables	571,199	13,889	2.56
EDP Renovaveis	1,239,407	19,847	3.66
Redeia	1,199,508	15,487	2.85
Solaria Energia y Medio Ambiente	282,341	4,549	0.84
		<b>53,772</b>	<b>9.91</b>
<b>Sweden 1.96% (0.94%)</b>			
OX2	2,481,653	10,615	1.96
		<b>10,615</b>	<b>1.96</b>
<b>Switzerland 1.92% (4.29%)</b>			
Gurit Holding	64,608	4,914	0.91
Landis+Gyr Group	77,500	5,489	1.01
		<b>10,403</b>	<b>1.92</b>
<b>United Kingdom 4.31% (4.13%)</b>			
Ilika*	582,347	204	0.04
Johnson Matthey	1,317,058	22,357	4.12
Pod Point Group Holdings	1,829,327	394	0.07
Saietta Group*	2,749,623	468	0.08
		<b>23,423</b>	<b>4.31</b>
<b>United States of America 18.92% (18.59%)</b>			
Array Technologies	955,871	12,717	2.34
Enphase Energy	125,395	13,108	2.42
First Solar	197,640	26,707	4.92
Fluence Energy	368,089	6,915	1.27
Itron	71,823	4,262	0.79
MasTec	130,887	7,780	1.43
Shoals Technologies Group	469,482	5,719	1.05
SolarEdge Technologies	251,075	18,781	3.46
Stem	2,198,842	6,710	1.24
		<b>102,699</b>	<b>18.92</b>
<b>Equities total</b>		<b>508,818</b>	<b>93.74</b>
<b>Portfolio of investments</b>		<b>508,818</b>	<b>93.74</b>
<b>Net other assets</b>		<b>33,968</b>	<b>6.26</b>
<b>Net assets attributable to shareholders</b>		<b>542,786</b>	<b>100.00</b>

# Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital (losses)/gains	2		(105,959)		31,654
Revenue	3	9,877		7,278	
Expenses	4	(4,404)		(3,893)	
Net revenue before taxation		<b>5,473</b>		<b>3,385</b>	
Taxation	5	(645)		(502)	
Net revenue after taxation			<b>4,828</b>		<b>2,883</b>
<b>Total return before distributions</b>			<b>(101,131)</b>		<b>34,537</b>
Distributions	6		(4,805)		(3,203)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(105,936)</b>		<b>31,334</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		645,916		483,157
Amounts receivable on issue of shares	155,216		178,913	
Amounts payable on cancellation of shares	(154,193)		(48,573)	
		<b>1,023</b>		<b>130,340</b>
Dilution adjustment		228		134
Change in net assets attributable to shareholders from investment activities		(105,936)		31,334
Retained distribution on Accumulation shares		1,555		951
<b>Closing net assets attributable to shareholders</b>		<b>542,786</b>		<b>645,916</b>

# Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			508,818		589,758
<b>Current assets</b>					
Debtors	8		1,760		3,530
Cash and bank balances			34,649		58,556
<b>Total assets</b>			<b>545,227</b>		<b>651,844</b>
<b>Liabilities</b>					
<b>Creditors</b>					
Distributions payable			(33)		-
Other creditors	9		(2,408)		(5,928)
<b>Total liabilities</b>			<b>(2,441)</b>		<b>(5,928)</b>
<b>Net assets attributable to shareholders</b>			<b>542,786</b>		<b>645,916</b>

# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder Global Energy Transition Fund are disclosed on pages 9 to 10.

### 2 Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	(105,936)	31,487
Forward foreign currency contracts	(113)	(15)
Foreign currency gains	90	182
<b>Net capital (losses)/gains</b>	<b>(105,959)</b>	<b>31,654</b>

### 3 Revenue

	2023	2022
	£000's	£000's
UK dividends	970	718
Overseas dividends	7,552	6,300
Scrip dividends	85	34
Bank interest	1,270	226
<b>Total revenue</b>	<b>9,877</b>	<b>7,278</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	4,404	3,892
<b>Other expenses:</b>		
Interest payable	-	1
	-	1
<b>Total expenses</b>	<b>4,404</b>	<b>3,893</b>

<sup>1</sup> Audit fees including VAT for the year were £8,404 (2022 – £10,628).

# Notes to the Accounts

## For the year ended 31 December 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
Overseas withholding tax	645	502
<b>Total current tax (Note 5(b))</b>	<b>645</b>	<b>502</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 Open Ended Investment Companies 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>5,473</b>	<b>3,385</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	1,095	677
<b>Effects of:</b>		
Revenue not subject to corporation tax	(1,722)	(1,406)
Movement in excess management expenses	627	729
Overseas withholding tax	645	502
<b>Total tax charge for the year (Note 5(a))</b>	<b>645</b>	<b>502</b>

#### (c) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £1,750,284 (2022 – £1,123,414) in respect of unutilised management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

### 6 Distributions

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

	2023	2022
	£000's	£000's
Interim Dividend distribution	4,763	3,225
Quarterly Dividend distribution	20	–
Final Dividend distribution	68	12
	<b>4,851</b>	<b>3,237</b>
Add: Revenue deducted on cancellation of shares	11	12
Deduct: Revenue received on issue of shares	(57)	(46)
<b>Distributions</b>	<b>4,805</b>	<b>3,203</b>
Net revenue after taxation	4,828	2,883
Scrip dividends not distributed	(85)	(34)
Deficit taken to capital	62	354
<b>Distributions</b>	<b>4,805</b>	<b>3,203</b>

Details of the distributions per share are set out in the Distribution Tables on pages 267 to 269.

# Notes to the Accounts

## For the year ended 31 December 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	508,818	-	589,758	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	<b>508,818</b>	<b>-</b>	<b>589,758</b>	<b>-</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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023 £000's	2022 £000's
Amounts receivable for issue of shares	215	1,083
Sales awaiting settlement	519	1,473
Accrued revenue	556	717
Prepaid expenses	-	1
Overseas withholding tax recoverable	470	256
<b>Total debtors</b>	<b>1,760</b>	<b>3,530</b>

### 9 Other creditors

	2023 £000's	2022 £000's
Amounts payable for cancellation of shares	642	37
Purchases awaiting settlement	1,482	5,515
Accrued expenses	284	376
<b>Total other creditors</b>	<b>2,408</b>	<b>5,928</b>

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 10 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the Fund. The aggregate monies received through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 16.53% (2022 - 14.28%).

### 11 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 254 to 257.

The distributions per share class are given in the Distribution Tables on pages 267 to 269.

All classes have the same rights on winding up.

### 12 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, foreign currency, liquidity and interest rate risks. The Authorised Corporate Director'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 Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 shareholders would increase or decrease by approximately £50,881,800 (2022 - £58,975,800).

#### 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 Authorised Corporate Director 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
Canadian dollar	16,038	19,304
Chinese yuan	10,859	6,741
Danish krone	29,723	44,011
Euro	240,613	247,575
Hong Kong dollar	15,100	26,002
Norwegian krone	913	-
South Korean won	29,165	42,144
Sterling	57,562	86,255
Swedish krona	10,615	6,088
Swiss franc	10,403	27,696
US dollar	121,795	140,100

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 shareholders will increase or decrease by approximately £48,522,400 (2022 - £55,966,100).

#### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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 31 December 2023 (continued)

### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of financial assets and financial liabilities at the balance sheet date was as follows:

Currency	2023				2022			
	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
Canadian dollar	97	-	15,941	16,038	124	-	19,182	19,306
Chinese yuan	988	-	9,871	10,859	430	-	6,311	6,741
Danish krone	-	-	29,723	29,723	-	-	44,011	44,011
Euro	-	-	242,095	242,095	4	-	247,715	247,719
Hong Kong dollar	-	-	15,100	15,100	-	-	26,002	26,002
Norwegian krone	-	-	913	913	-	-	-	-
South Korean won	-	-	29,165	29,165	-	-	42,144	42,144
Sterling	33,567	-	24,954	58,521	57,945	-	28,785	86,730
Swedish krona	-	-	10,615	10,615	-	-	6,088	6,088
Swiss franc	-	-	10,403	10,403	-	-	27,696	27,696
US dollar	-	-	121,795	121,795	117	-	145,354	145,471

Currency	2023				2022			
	Floating rate financial liabilities £000's	Fixed rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's	Floating rate financial liabilities £000's	Fixed rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's
Canadian dollar	-	-	-	-	2	-	-	2
Euro	-	-	1,482	1,482	-	-	144	144
Sterling	-	-	959	959	62	-	413	475
US dollar	-	-	-	-	-	-	5,371	5,371

At the year end, if changes in interest rates resulted in a 10% increase or decrease in the net assets of the fund, then the net assets would increase or decrease by approximately £3,465,200 (2022 - £5,855,600).

### 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 bank overdrafts 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.

### Global risk exposure

#### Commitment approach

When using derivatives, the Authorised Corporate Director 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 31 December 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:



# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### Leverage

	2023				2022			
	Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
	0.00%	1.54%	0.23%	0.23%	0.00%	1.77%	0.29%	0.01%

### 13 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	450,359	179	192	450,730	0.04	0.04
Corporate actions purchases:						
Equities	4,072	-	-	4,072	-	-
	454,431	179	192	454,802		
<b>Sales</b>						
Equities	429,973	(171)	(87)	429,715	(0.04)	(0.02)
Total cost as a percentage of the Fund's average net asset value (%)		0.06	0.04			

1 Excluding corporate actions.

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	479,421	201	362	479,984	0.04	0.08
Corporate actions purchases:						
Equities	4,267	-	-	4,267	-	-
	483,688	201	362	484,251		
<b>Sales</b>						
Equities	382,264	(137)	(62)	382,065	(0.04)	(0.02)
Total cost as a percentage of the Fund's average net asset value (%)		0.06	0.08			

1 Excluding corporate actions.

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.21% (2022 - 0.18%).

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.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 14 Shares in issue reconciliation

	Number of shares in issue 31.12.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
L Accumulation shares	103,522,371	53,335,916	(50,781,808)	(208,294)	105,868,185
L Income shares	7,034,854	7,705,397	(4,886,650)	129,796	9,983,397
Q1 Accumulation shares	179,118,573	20,919,924	(27,007,230)	(326,908)	172,704,359
Q1 Income shares	661,986,585	103,332,444	(150,833,905)	(1,590,723)	612,894,401
S Accumulation shares	77,182,428	46,400,562	(10,378,922)	584,075	113,788,143
S Income shares	113,246,699	35,533,181	(49,283,736)	-	99,496,144
Z Accumulation shares	41,723,908	19,733,810	(19,993,563)	366,268	41,830,423
Z Income shares	15,628,297	21,844,511	(19,237,811)	1,045,050	19,280,047

# Distribution Tables

## Quarterly distribution for the three months ended 31 March 2023

**Group 1** Shares purchased prior to 1 January 2023

**Group 2** Shares purchased on or after 1 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.5.23 per share	Distribution paid 31.5.22 per share
<b>L Accumulation shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>L Income shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Q1 Accumulation shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Q1 Income shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>S Accumulation shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>S Income shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Z Accumulation shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Z Income shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-

## Interim distribution for the three months ended 30 June 2023

**Group 1** Shares purchased prior to 1 April 2023

**Group 2** Shares purchased on or after 1 April 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.8.23 per share	Distribution paid 31.8.22 per share
<b>L Accumulation shares</b>				
Group 1	0.3157p	-	0.3157p	0.2568p
Group 2	0.2143p	0.1014p	0.3157p	0.2568p
<b>L Income shares</b>				
Group 1	0.3209p	-	0.3209p	0.2540p
Group 2	0.1732p	0.1477p	0.3209p	0.2540p
<b>Q1 Accumulation shares</b>				
Group 1	0.3660p	-	0.3660p	0.2929p
Group 2	0.2811p	0.0849p	0.3660p	0.2929p

# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.8.23 per share	Distribution paid 31.8.22 per share
<b>Q1 Income shares</b>				
Group 1	0.3628p	–	0.3628p	0.2928p
Group 2	0.2525p	0.1103p	0.3628p	0.2928p
<b>S Accumulation shares</b>				
Group 1	0.4038p	–	0.4038p	0.3234p
Group 2	0.2446p	0.1592p	0.4038p	0.3234p
<b>S Income shares</b>				
Group 1	0.3954p	–	0.3954p	0.3199p
Group 2	0.3485p	0.0469p	0.3954p	0.3199p
<b>Z Accumulation shares</b>				
Group 1	0.3024p	–	0.3024p	0.2303p
Group 2	0.2460p	0.0564p	0.3024p	0.2303p
<b>Z Income shares</b>				
Group 1	0.2997p	–	0.2997p	0.2370p
Group 2	0.2300p	0.0697p	0.2997p	0.2370p

## Quarterly distribution for the three months ended 30 September 2023

**Group 1** Shares purchased prior to 1 July 2023

**Group 2** Shares purchased on or after 1 July 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 30.11.23 per share	Distribution paid 30.11.22 per share
<b>L Accumulation shares</b>				
Group 1	–	–	–	–
Group 2	–	–	–	–
<b>L Income shares</b>				
Group 1	–	–	–	–
Group 2	–	–	–	–
<b>Q1 Accumulation shares</b>				
Group 1	–	–	–	–
Group 2	–	–	–	–
<b>Q1 Income shares</b>				
Group 1	–	–	–	–
Group 2	–	–	–	–
<b>S Accumulation shares</b>				
Group 1	0.0109p	–	0.0109p	–
Group 2	0.0039p	0.0070p	0.0109p	–
<b>S Income shares</b>				
Group 1	0.0106p	–	0.0106p	–
Group 2	0.0106p	–	0.0106p	–
<b>Z Accumulation shares</b>				
Group 1	–	–	–	–
Group 2	–	–	–	–

# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 30.11.23 per share	Distribution paid 30.11.22 per share
<b>Z Income shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-

### Final distribution for the three months ended 31 December 2023

**Group 1** Shares purchased prior to 1 October 2023

**Group 2** Shares purchased on or after 1 October 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share	Distribution paid 28.2.23 per share
<b>L Accumulation shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>L Income shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Q1 Accumulation shares</b>				
Group 1	0.0059p	-	0.0059p	-
Group 2	0.0058p	0.0001p	0.0059p	-
<b>Q1 Income shares</b>				
Group 1	0.0019p	-	0.0019p	-
Group 2	0.0019p	-	0.0019p	-
<b>S Accumulation shares</b>				
Group 1	0.0219p	-	0.0219p	0.0159p
Group 2	0.0146p	0.0073p	0.0219p	0.0159p
<b>S Income shares</b>				
Group 1	0.0213p	-	0.0213p	-
Group 2	0.0144p	0.0069p	0.0213p	-
<b>Z Accumulation shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Z Income shares</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-

### Equalisation

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

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

# Schroder Global Sustainable Growth Fund

## Fund Performance

### Investment objective and policy

Schroder Global Sustainable Growth Fund (the 'Fund') aims to provide capital growth in excess of the MSCI All Country World (Net Total Return) Index (after the deduction of fees) over any three to five year period by investing in equity and equity related securities of companies worldwide which meet the Investment Manager's sustainability criteria.

The Fund is actively managed and invests at least 80% of its assets in a concentrated portfolio of equity and equity related securities of companies worldwide which meet the Investment Manager's sustainability criteria (please see the Fund Characteristics section of the Prospectus for more details).

The Fund typically holds 30 to 50 companies.

The Fund only invests in companies that have good governance procedures, as determined by the Investment Manager's rating criteria (please see the Fund Characteristics section of the Prospectus for more details).

The Investment Manager also engages with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website <https://www.schroders.com/en-gb/uk/individual/what-we-do/sustainable-investing/>

The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability Information" on the Fund's webpage, accessed via <https://www.schroders.com/en-gb/uk/individual/fund-centre/>

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus).

*With effect from 28 April 2023 the Fund's Investment objective and policy changed, previously it was:*

The Fund aims to provide capital growth in excess of the MSCI All Country World (Net Total Return) Index (after the deduction of fees) over any three to five year period by investing in equity and equity related securities of companies worldwide which meet the Investment Manager's sustainability criteria.

The Fund is actively managed and invests at least 80% of its assets in a concentrated portfolio of equity and equity related securities of companies worldwide. The Fund only invests in companies that have a positive rating based on the Investment Manager's sustainability criteria (please see the Fund Characteristics section of the Prospectus for more details).

The Fund typically holds 30 to 50 companies.

The Fund only invests in companies that have good governance procedures, as determined by the Investment Manager's rating criteria (please see the Fund Characteristics section of the Prospectus for more details). These may include companies that the Investment Manager believes will improve their governance practices within a reasonable timeframe, typically six months to two years.

The Investment Manager also engages with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website <https://www.schroders.com/en/uk/private-investor/strategic-capabilities/sustainability/>.

The Fund does not invest in the sectors listed in the Fund Characteristics section of the Prospectus.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus).

### Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the MSCI All Country World (Net Total Return) index. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of this benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide.

# Review of Investment Activities

**From 30 December 2022 to 29 December 2023, the price of Z Accumulation shares on a dealing price basis rose 16.76%. In the same period, the MSCI All Country World Index generated a net return of 15.31%<sup>1</sup> in sterling terms.**

Global stock markets achieved a broadly positive performance at the start of the year, with Asian shares boosted by China's relaxation of its zero-Covid policy. Sentiment was buoyed in the early months of the year by receding recession worries in developed markets. Gains came despite the collapse of Silicon Valley Bank, which caused significant volatility in bank shares. Enthusiasm over AI (Artificial Intelligence) boosted technology stocks in the second quarter of the year. Share prices were weaker in October amid concern over interest rate rises and renewed conflict in the Middle East. However, equities achieved strong growth at the end of the year as slowing inflation in the US and other regions gave rise to hopes that interest rates may have peaked.

Stock selection was positive in the period, particularly in industrials and consumer discretionary. Our zero-weight allocation to energy also added value in the period. Conversely, selection in healthcare, financials and information technology detracted from gains. By region, allocations to North America, emerging markets and Japan contributed to gains. Allocations to Continental Europe, the UK and Pacific ex Japan detracted.

Booking Holdings, Adobe and Microsoft were among the biggest individual contributors in the period. Allocations to Inditex, Salesforce and Schneider Electric also added value in the period. AIA Group, Elevance Health and FincoBank were among the biggest individual detractors in the period. Allocations to Thermo Fisher Scientific, Roche Holdings and Unilever also detracted.

We initiated new positions in Intel and SAP in the period. We sold our holdings in Dexcom and Nestle in the period.

**Co-Fund Manager:**  
**Scott MacLennan**



Scott is a Portfolio Manager of the Global Sustainable Growth strategy and Lead Portfolio Manager of the Sustainable Growth & Income strategy in the Global & International Equities Team at Schroders

Scott has previously managed Institutional European ex-UK portfolios since 2017, and co-managed the Schroder ISF European Sustainable Equity fund since launch in late 2018, the Schroder ISF European Market Neutral fund from early 2021, the Schroder European Sustainable Equity ex UK fund from late 2021, and the Hartford Schroders Sustainable International Core fund since launch in 2022

Scott joined Schroders in 2015 as an investment analyst in the European Blend Team, initially responsible for the European Autos, Consumer and Leisure sectors, extending into Materials and Utilities & Renewables

His investment experience began at Neptune Investment Management in 2012, where he started a Research Analyst, responsible for Global Industrials, and then later as a Fund Manager, focusing on all-cap UK companies

He has an MA in Classics from Cambridge University and is a CFA Charterholder

**Co-Fund Manager:**  
**Charles Somers**



Charles is a Portfolio Manager for the Schroder Global Sustainable Growth strategy and a number of specialist institutional global equity portfolios

Charles initially joined Schroders in 1998 as a research analyst on the US desk in London

In 2001 he was seconded to Schroders' New York office, where he covered healthcare and financial stocks

He returned to London in 2003 to join the Pan European research team, taking responsibility for the consumer staples sector

In 2006 Charles left Schroders to take a position as a portfolio manager at Intrinsic Value Investors, a long-only fund management company focused on European equities

He returned to Schroders in 2008 to take the position of Global Sector Specialist for consumer discretionary and consumer staples

Charles has a BA in Classics from University of Oxford and is a CFA Charterholder

<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 simulated 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).



# Comparative Table

Financial year to 31 December	L Accumulation shares			L Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	54.06	58.65	50.00	53.57	58.51	50.00
Return before operating charges*	9.52	(4.17)	9.08	9.42	(4.20)	9.07
Operating charges	(0.45)	(0.42)	(0.43)	(0.44)	(0.40)	(0.42)
<b>Return after operating charges*</b>	<b>9.07</b>	<b>(4.59)</b>	<b>8.65</b>	<b>8.98</b>	<b>(4.60)</b>	<b>8.65</b>
Distributions**	(0.47)	(0.42)	(0.15)	(0.47)	(0.34)	(0.14)
Retained distributions**	0.47	0.42	0.15	-	-	-
<b>Closing net asset value</b>	<b>63.13</b>	<b>54.06</b>	<b>58.65</b>	<b>62.08</b>	<b>53.57</b>	<b>58.51</b>
*after direct transaction costs of	(0.03)	(0.03)	(0.08)	(0.03)	(0.03)	(0.07)
<b>Performance</b>						
Return after charges (%)	16.78	(7.83)	17.30	16.76	(7.86)	17.30
<b>Other information</b>						
Closing net asset value (£000's)	43,861	14,944	9,327	1,236	397	26
Closing number of shares	69,470,833	27,645,795	15,903,418	1,990,914	741,886	44,513
Operating charges (%)	0.77	0.77	0.77	0.77	0.77	0.77
Direct transaction costs (%)***	0.05	0.05	0.13	0.05	0.05	0.13
<b>Prices</b>						
Highest dealing price	63.37p	58.94p	60.31p	62.40p	58.80p	60.18p
Lowest dealing price	54.39p	49.19p	48.41p	53.90p	49.07p	48.41p

# Comparative Table (continued)

Financial year to 31 December	S Accumulation shares			S Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	54.37	58.84	50.00	53.49	58.51	50.00
Return before operating charges*	9.60	(4.19)	9.13	9.40	(4.19)	9.06
Operating charges	(0.30)	(0.28)	(0.29)	(0.29)	(0.27)	(0.27)
<b>Return after operating charges*</b>	<b>9.30</b>	<b>(4.47)</b>	<b>8.84</b>	<b>9.11</b>	<b>(4.46)</b>	<b>8.79</b>
Distributions**	(0.63)	(0.56)	(0.31)	(0.61)	(0.56)	(0.28)
Retained distributions**	0.63	0.56	0.31	-	-	-
<b>Closing net asset value</b>	<b>63.67</b>	<b>54.37</b>	<b>58.84</b>	<b>61.99</b>	<b>53.49</b>	<b>58.51</b>
*after direct transaction costs of	(0.03)	(0.03)	(0.08)	(0.03)	(0.03)	(0.07)
<b>Performance</b>						
Return after charges (%)	17.11	(7.60)	17.68	17.03	(7.62)	17.58
<b>Other information</b>						
Closing net asset value (£000's)	16,943	17,659	21,129	303,864	184,487	165,650
Closing number of shares	26,610,696	32,478,150	35,911,869	490,146,736	344,888,730	283,104,354
Operating charges (%)	0.51	0.51	0.51	0.51	0.51	0.51
Direct transaction costs (%)***	0.05	0.05	0.13	0.05	0.05	0.13
<b>Prices</b>						
Highest dealing price	63.90p	59.13p	60.48p	62.40p	58.80p	60.24p
Lowest dealing price	54.73p	49.40p	48.41p	53.85p	49.13p	48.41p

# Comparative Table (continued)

Financial year to 31 December	X Accumulation shares			X Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	54.84	59.07	50.00	53.49	58.52	50.00
Return before operating charges*	9.72	(4.21)	9.09	9.44	(4.19)	9.06
Operating charges	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	-
<b>Return after operating charges*</b>	<b>9.70</b>	<b>(4.23)</b>	<b>9.07</b>	<b>9.42</b>	<b>(4.21)</b>	<b>9.06</b>
Distributions**	(0.93)	(0.82)	(0.52)	(0.91)	(0.82)	(0.54)
Retained distributions**	0.93	0.82	0.52	-	-	-
<b>Closing net asset value</b>	<b>64.54</b>	<b>54.84</b>	<b>59.07</b>	<b>62.00</b>	<b>53.49</b>	<b>58.52</b>
*after direct transaction costs of	(0.03)	(0.03)	(0.07)	(0.03)	(0.03)	(0.07)
<b>Performance</b>						
Return after charges (%)	17.69	(7.16)	18.14	17.61	(7.19)	18.12
<b>Other information</b>						
Closing net asset value (£000's)	1	1	31,454	1	1	1
Closing number of shares	2,000	2,000	53,250,699	2,000	2,000	2,000
Operating charges (%)	0.04	0.04	0.04	0.04	0.04	0.04
Direct transaction costs (%)***	0.05	0.05	0.13	0.05	0.05	0.13
<b>Prices</b>						
Highest dealing price	64.78p	59.37p	60.69p	62.55p	58.82p	60.37p
Lowest dealing price	55.26p	49.71p	48.42p	53.90p	49.25p	48.42p

# Comparative Table (continued)

Financial year to 31 December	Z Accumulation shares			Z Income shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 pence per share	2022 pence per share	2021 pence per share
<b>Change in net asset value</b>						
Opening net asset value	54.00	58.62	50.00	53.46	58.49	50.00
Return before operating charges*	9.52	(4.17)	9.08	9.39	(4.18)	9.06
Operating charges	(0.49)	(0.45)	(0.46)	(0.48)	(0.45)	(0.45)
<b>Return after operating charges*</b>	<b>9.03</b>	<b>(4.62)</b>	<b>8.62</b>	<b>8.91</b>	<b>(4.63)</b>	<b>8.61</b>
Distributions**	(0.43)	(0.39)	(0.13)	(0.43)	(0.40)	(0.12)
Retained distributions**	0.43	0.39	0.13	-	-	-
<b>Closing net asset value</b>	<b>63.03</b>	<b>54.00</b>	<b>58.62</b>	<b>61.94</b>	<b>53.46</b>	<b>58.49</b>
*after direct transaction costs of	(0.03)	(0.03)	(0.07)	(0.03)	(0.03)	(0.07)
<b>Performance</b>						
Return after charges (%)	16.72	(7.88)	17.24	16.67	(7.92)	17.22
<b>Other information</b>						
Closing net asset value (£000's)	33,836	6,942	1,207	16,941	1,804	70
Closing number of shares	53,685,778	12,855,193	2,059,635	27,350,417	3,375,000	120,187
Operating charges (%)	0.84	0.84	0.84	0.84	0.84	0.84
Direct transaction costs (%)***	0.05	0.05	0.13	0.05	0.05	0.13
<b>Prices</b>						
Highest dealing price	63.26p	58.91p	60.29p	62.25p	58.78p	60.15p
Lowest dealing price	54.32p	49.15p	48.41p	53.78p	49.04p	48.41p

The Fund launched on 19 January 2021.

\*\* 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.

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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 31.12.23	Market Value £000's	% of net assets
<b>Equities 99.72% (97.61%)</b>			
<b>Australia 0.00% (1.61%)</b>			
<b>Brazil 2.93% (3.04%)</b>			
B3 SA - Brasil Bolsa Balcao	2,317,469	5,445	1.30
Raia Drogasil	1,428,859	6,779	1.63
		<b>12,224</b>	<b>2.93</b>
<b>Canada 0.00% (3.08%)</b>			
<b>Denmark 2.26% (2.52%)</b>			
Vestas Wind Systems	378,103	9,410	2.26
		<b>9,410</b>	<b>2.26</b>
<b>France 3.05% (3.37%)</b>			
Schneider Electric	80,950	12,727	3.05
		<b>12,727</b>	<b>3.05</b>
<b>Germany 1.91% (0.00%)</b>			
SAP	65,951	7,976	1.91
		<b>7,976</b>	<b>1.91</b>
<b>Hong Kong 2.26% (4.14%)</b>			
AIA Group	1,378,800	9,426	2.26
		<b>9,426</b>	<b>2.26</b>
<b>India 2.49% (2.44%)</b>			
HDFC Bank ADR	197,618	10,382	2.49
		<b>10,382</b>	<b>2.49</b>
<b>Ireland 0.00% (2.73%)</b>			
<b>Italy 2.17% (2.15%)</b>			
FinecoBank Banca Fineco	768,164	9,039	2.17
		<b>9,039</b>	<b>2.17</b>
<b>Japan 9.53% (3.72%)</b>			
Hitachi	222,000	12,525	3.01
Keyence	21,500	7,416	1.78
Recruit Holdings	313,600	10,372	2.49
Terumo	365,900	9,382	2.25
		<b>39,695</b>	<b>9.53</b>
<b>Netherlands 2.60% (2.23%)</b>			
ASML Holding	18,326	10,822	2.60
		<b>10,822</b>	<b>2.60</b>
<b>Norway 1.83% (1.42%)</b>			
Norsk Hydro	1,448,463	7,639	1.83
		<b>7,639</b>	<b>1.83</b>
<b>Singapore 1.92% (3.03%)</b>			
DBS Group Holdings	402,800	7,991	1.92
		<b>7,991</b>	<b>1.92</b>

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Spain 4.89% (2.10%)</b>			
Banco Bilbao Vizcaya Argentaria	1,578,591	11,253	2.70
Industria de Diseno Textil	266,521	9,106	2.19
		<b>20,359</b>	<b>4.89</b>
<b>Sweden 0.00% (1.01%)</b>			
<b>Switzerland 3.37% (4.18%)</b>			
Lonza Group	18,189	5,996	1.44
Roche Holding	35,281	8,038	1.93
		<b>14,034</b>	<b>3.37</b>
<b>Taiwan 2.55% (2.27%)</b>			
Taiwan Semiconductor Manufacturing	703,000	10,637	2.55
		<b>10,637</b>	<b>2.55</b>
<b>United Kingdom 16.55% (15.33%)</b>			
ARM Holdings ADR	88,697	5,204	1.25
AstraZeneca	90,908	9,634	2.31
Bunzl	367,051	11,709	2.81
Greggs	204,190	5,309	1.28
Kingfisher	1,398,992	3,404	0.82
Reckitt Benckiser Group	117,899	6,390	1.53
RELX	350,019	10,882	2.61
Spirax-Sarco Engineering	59,393	6,239	1.50
Unilever	267,766	10,174	2.44
		<b>68,945</b>	<b>16.55</b>
<b>United States of America 39.41% (37.24%)</b>			
Adobe	22,004	10,279	2.47
Alphabet	167,198	18,277	4.39
Booking Holdings	4,192	11,645	2.79
Elevance Health	37,968	13,981	3.35
Intel	185,404	7,332	1.76
Intuit	20,284	9,940	2.39
Lowe's	57,178	9,948	2.39
Lululemon Athletica	16,771	6,718	1.61
Mastercard	28,510	9,512	2.28
Microsoft	101,159	29,731	7.13
Salesforce	49,877	10,294	2.47
Texas Instruments	51,948	6,956	1.67
Thermo Fisher Scientific	25,214	10,497	2.52
Visa	44,641	9,113	2.19
		<b>164,223</b>	<b>39.41</b>
<b>Equities total</b>		<b>415,529</b>	<b>99.72</b>
<b>Portfolio of investments</b>		<b>415,529</b>	<b>99.72</b>
<b>Net other assets</b>		<b>1,154</b>	<b>0.28</b>
<b>Net assets attributable to shareholders</b>		<b>416,683</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

# Statement of Total Return

For the year ended 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital gains/(losses)	2		48,804		(15,947)
Revenue	3	5,595		4,730	
Expenses	4	(1,844)		(1,185)	
Net revenue before taxation		<b>3,751</b>		<b>3,545</b>	
Taxation	5	(507)		(401)	
Net revenue after taxation			<b>3,244</b>		<b>3,144</b>
<b>Total return before distributions</b>			<b>52,048</b>		<b>(12,803)</b>
Distributions	6		(3,243)		(3,144)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>48,805</b>		<b>(15,947)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		226,235		228,864
Amounts receivable on issue of shares	197,714		141,053	
Amounts payable on cancellation of shares	(56,903)		(128,537)	
		<b>140,811</b>		<b>12,516</b>
Dilution adjustment		181		181
Change in net assets attributable to shareholders from investment activities		48,805		(15,947)
Retained distribution on Accumulation shares		651		621
<b>Closing net assets attributable to shareholders</b>		<b>416,683</b>		<b>226,235</b>

# Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			415,529		220,828
<b>Current assets</b>					
Debtors	8		1,364		191
Cash and bank balances			1,236		6,086
<b>Total assets</b>			<b>418,129</b>		<b>227,105</b>
<b>Liabilities</b>					
<b>Creditors</b>					
Distributions payable			(860)		(633)
Other creditors	9		(586)		(237)
<b>Total liabilities</b>			<b>(1,446)</b>		<b>(870)</b>
<b>Net assets attributable to shareholders</b>			<b>416,683</b>		<b>226,235</b>

# Notes to the Accounts

## For the year ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder Global Sustainable Growth Fund are disclosed on pages 9 to 10.

### 2 Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	49,091	(15,909)
Forward foreign currency contracts	(35)	3
Foreign currency losses	(252)	(41)
<b>Net capital gains/(losses)</b>	<b>48,804</b>	<b>(15,947)</b>

### 3 Revenue

	2023	2022
	£000's	£000's
UK dividends	1,320	1,160
Overseas dividends	3,948	3,514
Bank interest	327	56
<b>Total revenue</b>	<b>5,595</b>	<b>4,730</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	1,841	1,182
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Dividend expenses	-	3
<b>Other expenses:</b>		
Interest payable	3	-
<b>Total expenses</b>	<b>1,844</b>	<b>1,185</b>

<sup>1</sup> Audit fees including VAT for the year were £8,404 (2022 – £11,655).

### 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
Overseas withholding tax	507	401
<b>Total current tax (Note 5(b))</b>	<b>507</b>	<b>401</b>

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### (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 Open Ended Investment Companies 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>3,751</b>	<b>3,545</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	750	709
<b>Effects of:</b>		
Revenue not subject to corporation tax	(1,054)	(917)
Movement in excess management expenses	304	208
Overseas withholding tax	507	401
<b>Total tax charge for the year (Note 5(a))</b>	<b>507</b>	<b>401</b>

At the balance sheet date, there is a potential deferred tax asset of £644,213 (2022 - £340,696) in respect of unutilised management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

## 6 Distributions

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

	2023	2022
	£000's	£000's
Interim Dividend distribution	2,535	2,364
Final Dividend distribution	1,016	736
	<b>3,551</b>	<b>3,100</b>
Add: Revenue deducted on cancellation of shares	101	312
Deduct: Revenue received on issue of shares	(409)	(268)
<b>Distributions</b>	<b>3,243</b>	<b>3,144</b>
Net revenue after taxation	3,244	3,144
Equalisation on conversions	(1)	-
<b>Distributions</b>	<b>3,243</b>	<b>3,144</b>

Details of the distributions per share are set out in the Distribution Tables on pages 284 to 285.

## 7 Fair value hierarchy

Instruments held at the year end are presented in line with 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	415,529	-	220,828	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	<b>415,529</b>	<b>-</b>	<b>220,828</b>	<b>-</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.



# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023	2022
	£000's	£000's
Amounts receivable for issue of shares	1,167	69
Accrued revenue	135	95
Prepaid expenses	-	1
Overseas withholding tax recoverable	62	26
<b>Total debtors</b>	<b>1,364</b>	<b>191</b>

### 9 Other creditors

	2023	2022
	£000's	£000's
Amounts payable for cancellation of shares	398	136
Accrued expenses	188	101
<b>Total other creditors</b>	<b>586</b>	<b>237</b>

### 10 Contingent liabilities

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

### 11 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the Fund. The aggregate monies received through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 61.87% (2022 – 79.60%).

### 12 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 273 to 276.

The distributions per share class are given in the Distribution Tables on pages 284 to 285.

All classes have the same rights on winding up.

### 13 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, foreign currency, liquidity and interest rate risks. The Authorised Corporate Director'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 Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 shareholders would increase or decrease by approximately £41,552,900 (2022 – £22,082,800).

#### 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 Authorised Corporate Director 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.

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

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	2022
	£000's	£000's
Australian dollar	-	3,644
Brazilian real	12,244	6,900
Canadian dollar	-	6,973
Danish krone	9,413	5,705
Euro	60,975	22,301
Hong Kong dollar	9,426	9,375
Japanese yen	39,695	8,406
Norwegian krone	7,640	3,212
Singapore dollar	7,991	6,860
Sterling	63,938	38,595
Swedish krona	-	2,285
Swiss franc	14,034	9,464
Taiwan dollar	10,686	-
US dollar	180,641	102,515

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 shareholders will increase or decrease by approximately £35,274,500 (2022 - £18,764,000).

### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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.

At the year end date 0.30% (2022 - 2.69%) 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 and bank overdrafts bear interest at rates based on the Sterling Overnight Index Average Rate. Foreign currency bank balances 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.

## Global risk exposure

### Commitment approach

When using derivatives, the Authorised Corporate Director 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 31 December 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				2022			
	Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
	0.00%	7.62%	0.38%	0.00%	0.00%	15.04%	0.31%	0.00%

# Notes to the Accounts

## For the year ended 31 December 2023 (continued)

### 14 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>						
Equities	266,943	52	235	267,230	0.02	0.09
<b>Sales</b>						
Equities	121,649	(20)	(8)	121,621	(0.02)	(0.01)
Total cost as a percentage of the Fund's average net asset value (%)		0.02	0.07			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	169,052	31	182	169,265	0.02	0.11
<b>Sales</b>						
Equities	158,407	(32)	(23)	158,352	(0.02)	(0.01)
Total cost as a percentage of the Fund's average net asset value (%)		0.02	0.08			

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.10% (2022 – 0.08%).

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.

### 15 Shares in issue reconciliation

	Number of shares in issue 31.12.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
L Accumulation shares	27,645,795	55,668,205	(13,765,744)	(77,423)	69,470,833
L Income shares	741,886	1,482,210	(233,182)	-	1,990,914
S Accumulation shares	32,478,150	2,916,743	(8,784,197)	-	26,610,696
S Income shares	344,888,730	217,014,680	(71,530,467)	(226,207)	490,146,736
X Accumulation shares	2,000	-	-	-	2,000
X Income shares	2,000	-	-	-	2,000
Z Accumulation shares	12,855,193	44,313,763	(3,784,982)	301,804	53,685,778
Z Income shares	3,375,000	24,634,585	(659,168)	-	27,350,417

# Distribution Tables

## Interim distribution for the six months ended 30 June 2023

**Group 1** Shares purchased prior to 2 January 2023

**Group 2** Shares purchased on or after 2 January 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 31.8.23 per share	Distribution paid 31.8.22 per share
<b>L Accumulation shares</b>				
Group 1	0.3750p	-	0.3750p	0.3069p
Group 2	0.0839p	0.2911p	0.3750p	0.3069p
<b>L Income shares</b>				
Group 1	0.3720p	-	0.3720p	0.3061p
Group 2	0.2815p	0.0905p	0.3720p	0.3061p
<b>S Accumulation shares</b>				
Group 1	0.4512p	-	0.4512p	0.3759p
Group 2	0.2041p	0.2471p	0.4512p	0.3759p
<b>S Income shares</b>				
Group 1	0.4439p	-	0.4439p	0.3739p
Group 2	0.3549p	0.0890p	0.4439p	0.3739p
<b>X Accumulation shares</b>				
Group 1	0.6040p	-	0.6040p	0.5047p
Group 2	0.6040p	-	0.6040p	0.5047p
<b>X Income shares</b>				
Group 1	0.5890p	-	0.5890p	0.5053p
Group 2	0.5890p	-	0.5890p	0.5053p
<b>Z Accumulation shares</b>				
Group 1	0.3555p	-	0.3555p	0.2927p
Group 2	0.1495p	0.2060p	0.3555p	0.2927p
<b>Z Income shares</b>				
Group 1	0.3517p	-	0.3517p	0.3060p
Group 2	0.2779p	0.0738p	0.3517p	0.3060p

## Final distribution for the six months ended 31 December 2023

**Group 1** Shares purchased prior to 1 July 2023

**Group 2** Shares purchased on or after 1 July 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share	Distribution paid 28.2.23 per share
<b>L Accumulation shares</b>				
Group 1	0.0971p	-	0.0971p	0.1127p
Group 2	0.0500p	0.0471p	0.0971p	0.1127p
<b>L Income shares</b>				
Group 1	0.0952p	-	0.0952p	0.0328p
Group 2	0.0174p	0.0778p	0.0952p	0.0328p
<b>S Accumulation shares</b>				
Group 1	0.1750p	-	0.1750p	0.1841p
Group 2	0.0506p	0.1244p	0.1750p	0.1841p

# Distribution Tables

## (continued)

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share	Distribution paid 28.2.23 per share
<b>S Income shares</b>				
Group 1	0.1709p	–	0.1709p	0.1826p
Group 2	0.0697p	0.1012p	0.1709p	0.1826p
<b>X Accumulation shares</b>				
Group 1	0.3290p	–	0.3290p	0.3105p
Group 2	0.3290p	–	0.3290p	0.3105p
<b>X Income shares</b>				
Group 1	0.3200p	–	0.3200p	0.3175p
Group 2	0.3200p	–	0.3200p	0.3175p
<b>Z Accumulation shares</b>				
Group 1	0.0781p	–	0.0781p	0.0960p
Group 2	0.0237p	0.0544p	0.0781p	0.0960p
<b>Z Income shares</b>				
Group 1	0.0764p	–	0.0764p	0.0943p
Group 2	0.0379p	0.0385p	0.0764p	0.0943p

### Equalisation

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

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

# Schroder Global Sustainable Food and Water Fund

## Fund Information

### Investment objective and policy

Schroder Global Sustainable Food and Water Fund (the 'Fund') aims to provide capital growth by investing in equity and equity related securities of companies worldwide which help the transition towards the sustainable provision of food and water and which meet the Investment Manager's sustainability criteria.

The Fund is actively managed and invests at least 80% of its assets in a concentrated range of equity and equity related securities of companies worldwide involved in the provision of sustainable food and water activities. Such companies will either (a) generate at least 50% of their revenue from food and water activities (including in the areas of water management, agricultural equipment, agricultural inputs, food production, processing, packaging and distribution, food and water retail and recycling); or (b) play critical roles in the transition towards the sustainable provision of food and water, and be increasing their exposure to such activities, provided that no more than 5% of the Fund's assets invested in companies falling under (b) may contribute to the minimum 80%.

At least 80% of the Fund's assets will meet the Investment Manager's sustainability criteria (please see the Fund Characteristics section for more details).

The Fund typically holds 35 to 60 companies.

The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability Information" on the Fund's webpage, accessed via [www.schroders.com/en/uk/private-investor/gfc](http://www.schroders.com/en/uk/private-investor/gfc).

The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website <https://www.schroders.com/en/uk/private-investor/strategiccapabilities/sustainability/>.

The Fund may also invest directly or indirectly in other securities (including other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 9: Derivatives and Forwards of the Prospectus).

### Fund characteristics

The Fund does not have a target benchmark. The Fund's performance should be compared against the MSCI All Country World (Net Total Return) Index (GBP). The comparator benchmark has been selected because the Investment Adviser and the ACD believe that the benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

**From 30 June 2023 to 29 December 2023, the price of Z Accumulation shares on a dealing basis rose by 0.82%. In comparison, the MSCI All Country World (Net Total Return) Index generated a return of 6.97%<sup>1</sup>.**

After strong gains for shares in the first half of 2023, global equities posted a negative return in the third quarter. Commodities were a notable outperformer with energy gaining amid oil production cuts from Saudi Arabia and Russia. Global equities returned to growth in the final quarter of the year as the US Federal Reserve signalled that interest rate cuts may be on the way for 2024. Developed markets outperformed emerging markets, with Chinese shares particularly weak due to investor concerns over faltering economic growth and fears that stimulus measures by the Chinese government may not be sufficient to spur growth in the world's second-largest economy.

Stock selection was negative in the period, particularly in information technology, industrials, and healthcare. Conversely, selection in consumer discretionary and consumer staples added value. By region, allocations to Continental Europe and North America detracted, while allocations to emerging markets, Japan, Pacific ex Japan and the UK added value.

Vital Farms, Sprouts Farmers Market and Ocado Group were among the biggest individual contributors in the period. Allocations to WH Group and Kemira also added value. Bayer, FMC Corporation and HelloFresh were among the biggest individual detractors. Allocations to Darling Ingredients and American Vanguard also detracted.

We initiated new positions in Evonik Industries, Leroy Seafood Group and Mondi in the period. We sold our positions in Merel and Sonoco Products in the period.

**Fund Manager:**  
**Mark Lacey**



Mark Lacey joined Schroders in 2013  
Head of Resource Equities - Global Themes  
Portfolio Manager of Global Energy, Global Energy Transition and Global Sustainable Food and Water strategies  
Formerly portfolio manager of Investec Global Energy funds  
Formerly head of global energy at Goldman Sachs  
Was previously ranked as #1 energy investment specialist in Thompson Extel survey  
Career commenced in 1996 at Credit Suisse Asset Management, managing gold and resource equity funds

**Fund Manager:**  
**Felix Odey**



Felix Odey is a Portfolio Manager at Schroders working on the Global Resource Equities Team  
He joined Schroders in 2016 as a graduate, following summer work placements with Egerton Capital  
Felix initially started working in the Schroders' Sustainable Investment Team, before joining the investment team in 2017

**Fund Manager:**  
**Alexander Monk**



Alexander Monk joined Schroders in 2016  
Portfolio Manager – Resource Equities – Global Themes  
Portfolio Manager of the Global Energy, Global Energy Transition and Global Sustainable Food and Water strategies  
Alexander was a Sustainable Investment Analyst at Schroders from 2016 to 2018, which involved analysing sustainability risks and opportunities associated with companies in the utilities and telecommunications sectors  
Qualifications: MSc in Environmental Policy and Regulation from the London School of Economics and Political Science (LSE); BA in Geography from Oxford University

<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 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).



# Comparative Table

Financial period to 31 December	L Accumulation shares	L Income shares	Q1 Accumulation shares
	2023 pence per share	2023 pence per share	2023 pence per share
<b>Change in net asset value</b>			
Opening net asset value	50.00	50.00	50.00
Return before operating charges*	0.71	0.71	0.66
Operating charges	(0.44)	(0.44)	(0.35)
<b>Return after operating charges*</b>	<b>0.27</b>	<b>0.27</b>	<b>0.31</b>
Distributions**	(0.21)	(0.21)	(0.24)
Retained distributions**	0.21	-	0.24
<b>Closing net asset value</b>	<b>50.27</b>	<b>50.06</b>	<b>50.31</b>
*after direct transaction costs of	(0.09)	(0.09)	(0.09)
<b>Performance</b>			
Return after charges (%)	0.54	0.54	0.62
<b>Other information</b>			
Closing net asset value (£000's)	2	2	2
Closing number of shares	3,000	3,000	3,000
Operating charges (%)	0.88	0.88	0.70
Direct transaction costs (%)	0.18	0.18	0.18
<b>Prices</b>			
Highest dealing price	52.24p	52.23p	52.25p
Lowest dealing price	46.98p	46.98p	47.00p

# Comparative Table (continued)

Financial period to 31 December	Q1 Income shares	S Accumulation shares	S Income shares
	2023 pence per share	2023 pence per share	2023 pence per share
<b>Change in net asset value</b>			
Opening net asset value	50.00	50.00	50.00
Return before operating charges*	0.66	0.64	0.64
Operating charges	(0.35)	(0.29)	(0.29)
<b>Return after operating charges*</b>	<b>0.31</b>	<b>0.35</b>	<b>0.35</b>
Distributions**	(0.26)	(0.29)	(0.29)
Retained distributions**	-	0.29	-
<b>Closing net asset value</b>	<b>50.05</b>	<b>50.35</b>	<b>50.06</b>
*after direct transaction costs of	(0.09)	(0.09)	(0.09)
<b>Performance</b>			
Return after charges (%)	0.62	0.70	0.70
<b>Other information</b>			
Closing net asset value (£000's)	4,839	1	1
Closing number of shares	9,667,454	3,000	3,000
Operating charges (%)	0.70	0.58	0.58
Direct transaction costs (%)	0.18	0.18	0.18
<b>Prices</b>			
Highest dealing price	52.25p	52.26p	52.26p
Lowest dealing price	47.01p	47.03p	47.03p

# Comparative Table (continued)

Financial period to 31 December	X Accumulation shares	Z Accumulation shares	Z Income shares
	2023 pence per share	2023 pence per share	2023 pence per share
<b>Change in net asset value</b>			
Opening net asset value	50.00	50.00	50.00
Return before operating charges*	0.46	0.72	0.73
Operating charges	(0.01)	(0.46)	(0.47)
<b>Return after operating charges*</b>	<b>0.45</b>	<b>0.26</b>	<b>0.26</b>
Distributions**	(0.38)	(0.20)	(0.20)
Retained distributions**	0.38	0.20	-
<b>Closing net asset value</b>	<b>50.45</b>	<b>50.26</b>	<b>50.06</b>
*after direct transaction costs of	(0.09)	(0.09)	(0.09)
<b>Performance</b>			
Return after charges (%)	0.90	0.52	0.52
<b>Other information</b>			
Closing net asset value (£000's)	36,426	9	2
Closing number of shares	72,205,516	18,731	3,000
Operating charges (%)	0.03	0.95	0.95
Direct transaction costs (%)	0.18	0.18	0.18
<b>Prices</b>			
Highest dealing price	52.28p	52.24p	52.24p
Lowest dealing price	47.09p	46.97p	46.97p

The Fund launched on 30 June 2023.

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

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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 31.12.23	Market Value £000's	% of net assets
<b>Equities 94.61%</b>			
<b>Canada 4.89%</b>			
Ag Growth International	8,144	242	0.59
Jamieson Wellness	29,222	555	1.34
Nutrien	27,651	1,222	2.96
		<b>2,019</b>	<b>4.89</b>
<b>Cayman Islands 3.56%</b>			
Bioceres Crop Solutions	58,741	629	1.52
WH Group	1,668,500	841	2.04
		<b>1,470</b>	<b>3.56</b>
<b>Denmark 3.55%</b>			
Novozymes	9,335	402	0.98
Schouw	16,559	1,062	2.57
		<b>1,464</b>	<b>3.55</b>
<b>Finland 3.75%</b>			
Kemira	106,635	1,548	3.75
		<b>1,548</b>	<b>3.75</b>
<b>France 4.74%</b>			
Carrefour	95,090	1,364	3.30
Danone	11,719	594	1.44
		<b>1,958</b>	<b>4.74</b>
<b>Germany 7.22%</b>			
Bayer	19,016	554	1.34
Evonik Industries	26,682	429	1.04
HelloFresh	100,440	1,245	3.02
K+S	60,790	753	1.82
		<b>2,981</b>	<b>7.22</b>
<b>Ireland 6.16%</b>			
Glanbia	49,697	642	1.55
Kerry Group	14,611	990	2.40
Smurfit Kappa Group	29,419	913	2.21
		<b>2,545</b>	<b>6.16</b>
<b>Japan 3.69%</b>			
Kubota	43,500	512	1.24
METAWATER	83,300	1,012	2.45
		<b>1,524</b>	<b>3.69</b>
<b>Mauritius 2.09%</b>			
Golden Agri-Resources	5,568,800	861	2.09
		<b>861</b>	<b>2.09</b>
<b>Mexico 0.97%</b>			
Orbia Advance	232,287	402	0.97
		<b>402</b>	<b>0.97</b>

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Netherlands 4.20%</b>			
CNH Industrial	124,986	1,197	2.90
NX Filtration	92,475	537	1.30
		<b>1,734</b>	<b>4.20</b>
<b>Norway 9.96%</b>			
Grieg Seafood	171,397	904	2.19
Leroy Seafood Group	104,019	336	0.82
Mowi	88,802	1,246	3.02
Yara International	58,198	1,624	3.93
		<b>4,110</b>	<b>9.96</b>
<b>Singapore 1.44%</b>			
First Resources	703,500	594	1.44
		<b>594</b>	<b>1.44</b>
<b>Sweden 3.73%</b>			
Cinis Fertilizer	174,634	451	1.09
Husqvarna	169,050	1,090	2.64
		<b>1,541</b>	<b>3.73</b>
<b>Switzerland 3.36%</b>			
Bunge Global	4,842	383	0.93
DSM-Firmenich	12,602	1,004	2.43
		<b>1,387</b>	<b>3.36</b>
<b>United Kingdom 7.06%</b>			
J Sainsbury	345,461	1,044	2.53
Mondi	77,015	1,183	2.87
Tesco	236,491	687	1.66
		<b>2,914</b>	<b>7.06</b>
<b>United States of America 24.24%</b>			
AGCO	13,635	1,297	3.14
American Vanguard	84,218	733	1.77
CF Industries Holdings	5,180	322	0.78
Conagra Brands	15,442	347	0.84
Darling Ingredients	30,604	1,196	2.90
Deere	1,508	472	1.14
FMC	24,566	1,214	2.94
Graphic Packaging Holding	54,019	1,047	2.54
Ingredion	12,355	1,053	2.55
Mosaic	22,017	615	1.49
Tyson Foods	17,853	754	1.83
Vital Farms	77,349	956	2.32
		<b>10,006</b>	<b>24.24</b>
<b>Equities total</b>		<b>39,058</b>	<b>94.61</b>
<b>Portfolio of investments</b>		<b>39,058</b>	<b>94.61</b>
<b>Net other assets</b>		<b>2,226</b>	<b>5.39</b>
<b>Net assets attributable to shareholders</b>		<b>41,284</b>	<b>100.00</b>

As this is the first accounting date for the Fund there are no comparatives to be presented.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

# Statement of Total Return

For the period 30 June 2023 to 31 December 2023

		30.6.23 to 31.12.23	
	Notes	£000's	£000's
<b>Income</b>			
Net capital losses	2		(88)
Revenue	3	349	
Expenses	4	(19)	
Net revenue before taxation		<b>330</b>	
Taxation	5	(26)	
Net revenue after taxation			<b>304</b>
<b>Total return before distributions</b>			<b>216</b>
Distributions	6		(304)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(88)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the period 30 June 2023 to 31 December 2023

		30.6.23 to 31.12.23	
		£000's	£000's
Opening net assets attributable to shareholders			-
Amounts receivable on issue of shares		42,029	
Amounts payable on cancellation of shares		(947)	
			<b>41,082</b>
Dilution adjustment			12
Change in net assets attributable to shareholders from investment activities			(88)
Retained distribution on Accumulation shares			278
<b>Closing net assets attributable to shareholders</b>			<b>41,284</b>

# Balance Sheet

As at 31 December 2023

		2023
	Notes	£000's
<b>Assets</b>		
Investments		39,058
<b>Current assets</b>		
Debtors	8	45
Cash and bank balances		2,238
<b>Total assets</b>		<b>41,341</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distributions payable		(25)
Other creditors	9	(32)
<b>Total liabilities</b>		<b>(57)</b>
<b>Net assets attributable to shareholders</b>		<b>41,284</b>

As this is the first accounting date for the Fund there are no comparatives to be presented.

# Notes to the Accounts

## For the period ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder Global Sustainable Food and Water Fund are disclosed on pages 9 to 10.

### 2 Net capital losses

The net capital losses during the period comprise:

	30.6.23 to 31.12.23 £000's
Non-derivative securities	(111)
Forward foreign currency contracts	(1)
Foreign currency gains	24
<b>Net capital losses</b>	<b>(88)</b>

### 3 Revenue

	30.6.23 to 31.12.23 £000's
UK dividends	38
Overseas dividends	277
Bank interest	34
<b>Total revenue</b>	<b>349</b>

### 4 Expenses

	30.6.23 to 31.12.23 £000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>	
Schroders Annual Charge <sup>1</sup>	18
<b>Other expenses:</b>	
Interest payable	1
<b>Total expenses</b>	<b>19</b>

1 Audit fees including VAT for the period were £8,404.

# Notes to the Accounts

## For the period ended 31 December 2023 (continued)

### 5 Taxation

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

	30.6.23 to 31.12.23
	£000's
Corporation tax	3
Overseas withholding tax	23
<b>Total current tax (Note 5(b))</b>	<b>26</b>

Corporation tax has been provided for at a rate of 20%.

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

The tax assessed for the period is different from that calculated with the standard rate of corporation tax for Open Ended Investment Companies of 20% is applied to the net revenue before taxation. The differences are explained below.

	30.6.23 to 31.12.23
	£000's
<b>Net revenue before taxation</b>	<b>330</b>
Net revenue for the period before taxation multiplied by the standard rate of corporation tax	66
<b>Effects of:</b>	
Revenue not subject to corporation tax	(63)
Overseas withholding tax	23
<b>Total tax charge for the period (Note 5(a))</b>	<b>26</b>

### 6 Distributions

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

	30.6.23 to 31.12.23
	£000's
Final Dividend distribution	303
Add: Revenue deducted on cancellation of shares	3
Deduct: Revenue received on issue of shares	(2)
<b>Distributions</b>	<b>304</b>

Details of the distributions per share are set out in the Distribution Table on page 300.

### 7 Fair value hierarchy

Instruments held at the period 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.

	2023	
	Assets £000's	Liabilities £000's
<b>Basis of valuation</b>		
Level 1: Quoted prices	39,058	-
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
<b>Total</b>	<b>39,058</b>	<b>-</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.

# Notes to the Accounts

## For the period ended 31 December 2023 (continued)

### 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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

## 8 Debtors

	2023 £000's
Accrued revenue	32
Overseas withholding tax recoverable	13
<b>Total debtors</b>	<b>45</b>

## 9 Other creditors

	2023 £000's
Amounts payable for cancellation of shares	25
Accrued expenses	4
Corporation tax payable	3
<b>Total other creditors</b>	<b>32</b>

## 10 Contingent liabilities

There were no contingent liabilities at the balance sheet date.

## 11 Related party transactions

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

Amounts paid during the period or due to the Authorised Corporate Director at the balance sheet date are disclosed under Expenses and Other creditors in the Notes to the Accounts.

The Authorised Corporate Director acts as principal on all transactions of shares in the Fund. The aggregate monies received through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 79.52%.

## 12 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 281 to 283.

The distributions per share class are given in the Distribution Table on page 300.

All classes have the same rights on winding up.

## 13 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 Authorised Corporate Director's policies for managing these risks are summarised below and have been applied throughout the period.

### Market price risk

The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 period 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 shareholders would increase or decrease by approximately £3,905,800.

### 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 Authorised Corporate Director 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.



# Notes to the Accounts

## For the period ended 31 December 2023 (continued)

### 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
Canadian dollar	797
Danish krone	1,466
Euro	11,779
Hong Kong dollar	842
Japanese yen	1,530
Mexican peso	408
Norwegian krone	4,112
Singapore dollar	1,455
Sterling	5,089
Swedish krona	1,541
US dollar	12,265

At the period 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 shareholders will increase or decrease by approximately £3,619,500.

### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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.

### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of financial assets and financial liabilities at the balance sheet date was as follows:

Currency	2023			Total £000's
	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	
Canadian dollar	-	-	797	797
Danish krone	-	-	1,466	1,466
Euro	-	-	11,779	11,779
Hong Kong dollar	-	-	842	842
Japanese yen	-	-	1,530	1,530
Mexican peso	6	-	402	408
Norwegian krone	-	-	4,112	4,112
Singapore dollar	-	-	1,455	1,455
Sterling	2,232	-	2,914	5,146
Swedish krona	-	-	1,541	1,541
US dollar	-	-	12,265	12,265

Currency	2023			Total £000's
	Floating rate financial liabilities £000's	Fixed rate financial liabilities £000's	Financial liabilities not carrying interest £000's	
Sterling	-	-	57	57

At the period end, if changes in interest rates resulted in a 10% increase or decrease in the net assets of the fund, then the net assets would increase or decrease by approximately £223,800.

# Notes to the Accounts

## For the period ended 31 December 2023 (continued)

### 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 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.

### Global risk exposure

#### Commitment approach

When using derivatives, the Authorised Corporate Director 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 period ended 31 December 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 31 December
	Lowest	Highest	Average	
	0.00%	84.66%	1.52%	0.00%

## 14 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.

30.6.23 to 31.12.23	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	49,447	8	58	49,513	0.02	0.12
<b>Sales</b>						
Equities	10,349	(3)	(1)	10,345	(0.03)	(0.01)
Total cost as a percentage of the Fund's average net asset value (%)		0.03	0.15			

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.26%.

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.

# Notes to the Accounts

## For the period ended 31 December 2023 (continued)

### 15 Shares in issue reconciliation

	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
L Accumulation shares	3,002	(2)	-	3,000
L Income shares	3,002	(2)	-	3,000
Q1 Accumulation shares	3,002	(2)	-	3,000
Q1 Income shares	10,149,677	(482,223)	-	9,667,454
S Accumulation shares	3,000	-	-	3,000
S Income shares	3,000	-	-	3,000
X Accumulation shares	73,608,516	(1,403,000)	-	72,205,516
Z Accumulation shares	18,739	(8)	-	18,731
Z Income shares	3,002	(2)	-	3,000

# Distribution Table

## Final distribution for the period ended 31 December 2023

**Group 1** Shares purchased on 30 June 2023

**Group 2** Shares purchased after 30 June 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share
<b>L Accumulation shares</b>			
Group 1	0.2070p	-	0.2070p
Group 2	0.2070p	-	0.2070p
<b>L Income shares</b>			
Group 1	0.2113p	-	0.2113p
Group 2	0.2113p	-	0.2113p
<b>Q1 Accumulation shares</b>			
Group 1	0.2440p	-	0.2440p
Group 2	0.2440p	-	0.2440p
<b>Q1 Income shares</b>			
Group 1	0.2591p	-	0.2591p
Group 2	0.2415p	0.0176p	0.2591p
<b>S Accumulation shares</b>			
Group 1	0.2926p	-	0.2926p
Group 2	0.2926p	-	0.2926p
<b>S Income shares</b>			
Group 1	0.2926p	-	0.2926p
Group 2	0.2926p	-	0.2926p
<b>X Accumulation shares</b>			
Group 1	0.3848p	-	0.3848p
Group 2	0.3848p	-	0.3848p
<b>Z Accumulation shares</b>			
Group 1	0.1995p	-	0.1995p
Group 2	0.0996p	0.0999p	0.1995p
<b>Z Income shares</b>			
Group 1	0.1950p	-	0.1950p
Group 2	0.1950p	-	0.1950p

## Equalisation

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

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

# Schroder AAA Flexible ABS Fund

## Fund Information

### Investment objective and policy

Schroder AAA Flexible ABS Fund (the 'Fund') aims to provide income and capital growth of the ICE BofA Sterling 3-Month Government Bill Index plus 1% per annum (before fees have been deducted\*) over any three -to -five year period by investing in asset-backed securities issued by entities worldwide.

\* For the target return after fees for each unit class please visit the Schroder website <https://www.schroders.com/en/uk/private-investor/investing-with-us/historical-ongoingcharges/>

The Fund is actively managed and invests at least 80% of its assets in AAA rated fixed and floating rate securities, with at least two-thirds of the Fund invested in AAA rated fixed and floating rate asset-backed securities (ABS) issued worldwide (Ratings as measured by Standard & Poor's or any equivalent grade of other credit rating agencies for rated securities and implied Schroders ratings for non-rated securities).

The Fund allocates flexibly across ABS investments, which may include residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS), collateralised loan obligations (CLOs) and credit risk transfer securities (CRTs). Other underlying assets of the ABS may also include, but are not limited to, credit card receivables, personal loans, auto loans, transportation finance and small business loans.

The Fund will only invest in assets rated AA- or higher (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies for rated securities and implied Schroders ratings for non-rated securities).

The Fund may also invest directly or indirectly in other securities (including other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for more information please refer to section 6 of Appendix I of the Prospectus).

The Investment Manager assesses the sustainability credentials of potential investments using a proprietary tool. The Fund only invests in assets deemed above a minimum threshold based on the Investment Manager's rating system (please see the Fund Characteristics section for more details).

The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability Information" on the Fund's webpage, accessed via [www.schroders.com/en/uk/private-investor/gfc](http://www.schroders.com/en/uk/private-investor/gfc).

### Fund characteristics

The Fund's performance should be assessed against its target benchmark, being the ICE BofA Sterling 3-Month Government Bill Index +1%. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide.

# Review of Investment Activities

**From 28 September 2023 to 29 December 2023, the price of I Accumulation shares on a dealing basis rose 1.86%. In the same period, ICE BofA Sterling 3-Month Government Bill Index plus 1% generated a total return of 3.21%<sup>1</sup>.**

Given the Fund's inception on the 28th September 2023, the period up to 31st December 2023, was spent deploying capital in order to achieve a diversified portfolio.

As at the end of December 2023, the Fund reached its diversified state with exposure across Agency MBS, CLOs, non-US Securitized, and CMBS. As at the end of December the Fund had diversified regional exposure across the US, UK, Europe and Australia.

All sectors added to performance, with the largest contribution coming from the Agency MBS and CLO allocations.

**Fund Manager:**  
**Michelle Russel-Dowe**



Michelle Russel-Dowe is the Head of Securitized Credit at Schroders, she is responsible for managing the Securitized Credit Team and the Securitized Credit Portfolio Strategies. She joined Schroders in 2016 and is based in New York. Michelle was the Head of Securitized Products at Brookfield Investment Management (previously Hyperion Capital Management) from 1999 to 2016, she was responsible for managing the Securitized Products Investment Team. She was the Lead Portfolio Manager responsible for the Securitized Investment Strategies. She was a Vice President at Duff & Phelps Credit Rating Co from 1994 to 1999, where she was responsible for rating securities including residential mortgage-backed securities and asset-backed securities.

<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 is based upon the Fund’s risk target and there is no guarantee that the Fund will achieve it. 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).

# Comparative Table

Financial period to 31 December	I Accumulation shares	I Income shares	Q2 Accumulation shares	Q2 Income shares
	2023 pence per share	2023 pence per share	2023 pence per share	2023 pence per share
<b>Change in net asset value</b>				
Opening net asset value	50.00	50.00	50.00	50.00
Return before operating charges*	0.94	0.93	0.94	0.94
Operating charges	(0.11)	(0.11)	(0.11)	(0.11)
<b>Return after operating charges*</b>	<b>0.83</b>	<b>0.82</b>	<b>0.83</b>	<b>0.83</b>
Distributions**	(0.67)	(0.66)	(0.67)	(0.67)
Retained distributions**	0.67	-	0.67	-
<b>Closing net asset value</b>	<b>50.83</b>	<b>50.16</b>	<b>50.83</b>	<b>50.16</b>
*after direct transaction costs of	-	-	-	-
<b>Performance</b>				
Return after charges (%)	1.66	1.64	1.66	1.66
<b>Other information</b>				
Closing net asset value (£000's)	2	1	2	1
Closing number of shares	3,000	3,000	3,000	3,000
Operating charges (%)	0.22	0.22	0.22	0.22
Direct transaction costs (%)	-	-	-	-
<b>Prices</b>				
Highest dealing price	50.92p	50.93p	50.93p	50.93p
Lowest dealing price	49.98p	49.98p	49.98p	49.98p



# Comparative Table (continued)

Financial period to 31 December	Q3 Accumulation shares	Q3 Income shares	X Accumulation shares	X Income shares
	2023 pence per share	2023 pence per share	2023 pence per share	2023 pence per share
<b>Change in net asset value</b>				
Opening net asset value	50.00	50.00	50.00	50.00
Return before operating charges*	0.94	0.94	0.87	0.87
Operating charges	(0.11)	(0.11)	(0.01)	(0.01)
<b>Return after operating charges*</b>	<b>0.83</b>	<b>0.83</b>	<b>0.86</b>	<b>0.86</b>
Distributions**	(0.67)	(0.67)	(0.70)	(0.70)
Retained distributions**	0.67	-	0.70	-
<b>Closing net asset value</b>	<b>50.83</b>	<b>50.16</b>	<b>50.86</b>	<b>50.16</b>
*after direct transaction costs of	-	-	-	-
<b>Performance</b>				
Return after charges (%)	1.66	1.66	1.72	1.72
<b>Other information</b>				
Closing net asset value (£000's)	136,818	1	2	1
Closing number of shares	269,160,265	3,000	3,000	3,000
Operating charges (%)	0.22	0.22	0.02	0.02
Direct transaction costs (%)	-	-	-	-
<b>Prices</b>				
Highest dealing price	50.93p	50.96p	50.96p	50.93p
Lowest dealing price	49.98p	49.98p	49.98p	49.98p

The Fund launched on 28 September 2023.

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

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a share 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 Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares 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 31.12.23	Market Value £000's	% of net assets
<b>Corporate Bonds 92.53%</b>			
<b>Australia 4.48%</b>			
National RMBS Trust 2018-1 FRN 5.158% 24/08/2049	927,457	495	0.36
IDOL Trust FRN 5.402% 17/11/2053	4,560,552	2,438	1.78
PUMA Series 2023-1 FRN 5.471% 22/03/2055	4,700,000	2,512	1.84
REDS Trust FRN 5.478% 23/07/2055	1,274,133	682	0.50
		<b>6,127</b>	<b>4.48</b>
<b>Bermuda 0.69%</b>			
OHA Credit Funding 15 FRN 6.949% 20/04/2035	1,200,000	947	0.69
		<b>947</b>	<b>0.69</b>
<b>Cayman Islands 21.46%</b>			
RR 3 FRN 6.745% 15/01/2030	2,812,824	2,206	1.61
Neuberger Berman Loan Advisers CLO 31 FRN 6.717% 20/04/2031	3,000,000	2,352	1.72
CIFC Funding 2019-I FRN 6.777% 20/04/2032	3,000,000	2,353	1.72
Apidos CLO XXXV FRN 6.727% 20/04/2034	3,500,000	2,736	2.00
GoldenTree Loan Management US CLO 7 FRN, Series 2020-7A 6.747% 20/04/2034	3,000,000	2,345	1.71
Cayuga Park CLO FRN 6.784% 17/07/2034	3,000,000	2,352	1.72
Arbor Realty Commercial Real Estate Notes 2021-FL3 FRN 6.546% 15/08/2034	1,965,000	1,525	1.12
Goldentree Loan Management US Clo 8 FRN 6.827% 20/10/2034	3,000,000	2,353	1.72
Peace Park CLO FRN 6.807% 20/10/2034	3,000,000	2,353	1.72
BDS FRN 6.393% 18/01/2036	972,965	753	0.55
Arbor Realty Commercial Real Estate Notes 2021-FL2 FRN, Series 2021-FL2 6.576% 15/05/2036	3,000,000	2,339	1.71
BDS 2021-FL7 FRN, Series 2021-FL7 0% 16/06/2036	1,231,904	961	0.70

	Holding at 31.12.23	Market Value £000's	% of net assets
Arbor Realty Commercial Real Estate Notes 2022-FL1 FRN 6.788% 15/01/2037	3,109,000	2,424	1.77
MF1 2022-FL8 FRN 6.706% 19/02/2037	3,000,000	2,317	1.69
		<b>29,369</b>	<b>21.46</b>
<b>Ireland 17.42%</b>			
St Paul's CLO VIII FRN 4.745% 17/07/2030	2,235,932	1,913	1.40
Harvest CLO XVIII FRN 4.695% 15/10/2030	1,285,229	1,101	0.80
CVC Cordatus Loan Fund XI FRN 4.615% 15/10/2031	2,594,388	2,213	1.62
Madison Park Euro Funding VIII FRN 4.785% 15/04/2032	2,750,000	2,350	1.72
CVC Cordatus Loan Fund III FRN 5.302% 15/08/2032	2,000,000	1,702	1.24
Holland Park CLO FRN 4.912% 14/11/2032	2,300,000	1,970	1.44
CIFC European Funding CLO II FRN 4.865% 15/04/2033	2,250,000	1,913	1.40
Carlyle Global Market Strategies Euro CLO FRN 4.795% 15/04/2034	1,000,000	846	0.62
Avoca CLO XXIV FRN 4.865% 15/07/2034	2,574,000	2,183	1.59
Avoca CLO XXII FRN 4.795% 15/04/2035	2,750,000	2,338	1.71
Merrion Square Residential FRN 4.876% 24/10/2064	4,420,317	3,798	2.78
SPDR Bloomberg 10+ Year U.S. Corporate Bond Fund FRN 4.876% 24/06/2071	1,744,568	1,505	1.10
		<b>23,832</b>	<b>17.42</b>
<b>United Kingdom 11.86%</b>			
Stratton Mortgage Funding FRN, Series 2021-3 5.899% 12/12/2043	2,315,721	2,314	1.69
RMAC No. 3 FRN 6.462% 15/02/2047	3,653,000	3,659	2.67
Towd Point Mortgage Funding FRN 5.908% 20/10/2051	2,500,000	2,495	1.82
Polaris FRN 6.437% 23/02/2061	3,633,865	3,649	2.67

# Portfolio Statement (continued)

	Holding at 31.12.23	Market Value £000's	% of net assets
Finsbury Square FRN 5.844% 16/12/2067	3,154,616	3,141	2.30
Finsbury Square FRN 5.994% 16/12/2071	967,599	966	0.71
		<b>16,224</b>	<b>11.86</b>
<b>United States of America 36.62%</b>			
Verizon Master Trust 1.53% 20/07/2028	2,200,000	1,659	1.21
Verizon Master Trust 3.4% 20/11/2028	2,524,000	1,935	1.41
Juniper Valley Park CLO FRN 7.266% 20/07/2035	2,308,000	1,816	1.33
MF1 2023-FL12 FRN 7.422% 19/10/2038	2,533,000	1,987	1.45
BDS 2022-FL11 FRN 7.156% 19/03/2039	3,000,000	2,347	1.72
GNMA 6% 15/01/2053	7,500,000	5,980	4.37
GNMA 6.5% 15/01/2053	5,800,000	4,658	3.40
GNMA 5.5% 15/01/2053	4,000,000	3,158	2.31
UMBS 5% 25/02/2053	3,500,000	2,719	1.99
UMBS 6% 25/02/2053	7,500,000	5,978	4.37
UMBS 6.5% 25/02/2053	7,400,000	5,949	4.35
UMBS 5% 01/03/2053	3,383,738	2,628	1.92
GNMA 5% 20/03/2053	2,829,536	2,226	1.63
GNMA 5.5% 20/07/2053	2,952,226	2,341	1.71
UMBS 5% 01/08/2053	2,935,645	2,280	1.67
UMBS 6.5% 01/09/2053	2,992,556	2,442	1.78
		<b>50,103</b>	<b>36.62</b>
<b>Corporate Bonds total</b>		<b>126,602</b>	<b>92.53</b>

	Holding at 31.12.23	Market Value £000's	% of net assets
<b>Government Bonds 24.57%</b>			
<b>United States of America 24.57%</b>			
US Treasury Bill 0% 16/01/2024	9,000,000	7,041	5.15
US Treasury Bill 0% 23/01/2024	30,000,000	23,447	17.14
US Treasury Bill 0% 30/01/2024	4,000,000	3,126	2.28
		<b>33,614</b>	<b>24.57</b>
<b>Government Bonds total</b>		<b>33,614</b>	<b>24.57</b>
<b>Forward Foreign Currency Contracts 0.56%</b>			
Buy EUR 330,000 Sell GBP 287,159 17/01/2024		0	0.00
Sell AUD 825,000 Buy GBP 441,709 17/01/2024		1	0.00
Sell AUD 10,719,627 Buy GBP 5,643,081 17/01/2024		(79)	(0.06)
Sell EUR 50,981 Buy GBP 44,359 17/01/2024		0	0.00
Sell EUR 28,108,566 Buy GBP 24,163,694 17/01/2024		(278)	(0.20)
Sell USD 105,132,728 Buy GBP 83,625,041 17/01/2024		1,142	0.83
Sell USD 4,466,168 Buy GBP 3,508,973 17/01/2024		(15)	(0.01)
<b>Forward Foreign Currency Contracts total</b>		<b>771</b>	<b>0.56</b>
<b>Futures (0.22)%</b>			
US 2 Year Note March 2024	(15)	(24)	(0.02)
US 5 Year Note March 2024	(116)	(77)	(0.05)
US 10 Year Note March 2024	(45)	(110)	(0.08)
US 10 Year Ultra Bond March 2024	(52)	(91)	(0.07)
<b>Futures total</b>		<b>(302)</b>	<b>(0.22)</b>
<b>Portfolio of investments</b>		<b>160,685</b>	<b>117.44</b>
<b>Net other liabilities</b>		<b>(23,857)</b>	<b>(17.44)</b>
<b>Net assets attributable to shareholders</b>		<b>136,828</b>	<b>100.00</b>

As this is the first accounting date for the Fund there are no comparatives to be presented.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

# Statement of Total Return

For the period 28 September 2023 to 31 December 2023

		28.9.23 to 31.12.23	
	Notes	£000's	£000's
<b>Income</b>			
Net capital gains	2		354
Revenue	3	1,752	
Expenses	4	(71)	
Net revenue before taxation		<b>1,681</b>	
Taxation	5	-	
Net revenue after taxation			<b>1,681</b>
<b>Total return before distributions</b>			<b>2,035</b>
Distributions	6		(1,681)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>354</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the period 28 September 2023 to 31 December 2023

		28.9.23 to 31.12.23	
		£000's	£000's
Opening net assets attributable to shareholders			-
Amounts receivable on issue of shares		134,647	
			<b>134,647</b>
Dilution adjustment			11
Change in net assets attributable to shareholders from investment activities			354
Retained distribution on Accumulation shares			1,816
<b>Closing net assets attributable to shareholders</b>			<b>136,828</b>

# Balance Sheet

As at 31 December 2023

		2023
	Notes	£000's
<b>Assets</b>		
Investments		161,359
<b>Current assets</b>		
Debtors	8	24,029
Cash and bank balances	9	7,655
<b>Total assets</b>		
		<b>193,043</b>
<b>Liabilities</b>		
Investment liabilities		(674)
<b>Creditors</b>		
Bank overdrafts	10	(694)
Other creditors	11	(54,847)
<b>Total liabilities</b>		
		<b>(56,215)</b>
<b>Net assets attributable to shareholders</b>		
		<b>136,828</b>

As this is the first accounting date for the Fund there are no comparatives to be presented.

# Notes to the Accounts

## For the period ended 31 December 2023

### 1 Accounting policies

#### Basis of preparation

The applicable accounting policies adopted by Schroder AAA Flexible ABS are disclosed on pages 9 to 10.

### 2 Net capital gains

The net capital gains during the period comprise:

	28.9.23 to 31.12.23 £000's
Non-derivative securities	(2,757)
Derivative contracts	(1,025)
Forward foreign currency contracts	4,652
Foreign currency losses	(516)
<b>Net capital gains</b>	<b>354</b>

### 3 Revenue

	28.9.23 to 31.12.23 £000's
Interest distributions	784
Interest on debt securities	882
Bank interest	55
Net revenue return from derivative contracts	31
<b>Total revenue</b>	<b>1,752</b>

### 4 Expenses

	28.9.23 to 31.12.23 £000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>	
Schroders Annual Charge	69
<b>Other expenses:</b>	
Interest payable	2
<b>Total expenses</b>	<b>71</b>

1 Audit fees including VAT for the period were £8,404.

### 5 Taxation

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

#### (a) Factors affecting the total tax charge for the period

The tax assessed for the period is different from that calculated with the standard rate of corporation tax for Open Ended Investment Companies of 20% is applied to the net revenue before taxation. The differences are explained below.

	28.9.23 to 31.12.23 £000's
<b>Net revenue before taxation</b>	<b>1,681</b>
Net revenue for the period before taxation multiplied by the standard rate of corporation tax	336
<b>Effects of:</b>	
Interest distributions deductible for tax purposes	(336)
<b>Total tax charge for the period</b>	<b>-</b>

# Notes to the Accounts

## For the period ended 31 December 2023 (continued)

### 6 Distributions

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

	28.9.23 to 31.12.23 £000's
Final Dividend distribution	1,817
Deduct: Revenue received on issue of shares	(136)
<b>Distributions</b>	<b>1,681</b>

Details of the distributions per share are set out in the Distribution Table on page 315.

### 7 Fair value hierarchy

Instruments held at the period 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.

	2023	
	Assets £000's	Liabilities £000's
<b>Basis of valuation</b>		
Level 1: Quoted prices	–	(302)
Level 2: Observable market data	161,359	(372)
Level 3: Unobservable data	–	–
<b>Total</b>	<b>161,359</b>	<b>(674)</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 Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023 £000's
Sales awaiting settlement	23,328
Accrued revenue	701
<b>Total debtors</b>	<b>24,029</b>

### 9 Cash and bank balances

	2023 £000's
Cash and bank balances	6,203
Amounts held at futures clearing houses and brokers	1,452
<b>Total cash and bank balances</b>	<b>7,655</b>

# Notes to the Accounts

## For the period ended 31 December 2023 (continued)

### 10 Bank overdrafts

	2023
	£000's
Amounts overdrawn at futures clearing houses and brokers	694
<b>Total bank overdrafts</b>	<b>694</b>

### 11 Other creditors

	2023
	£000's
Purchases awaiting settlement	54,824
Accrued expenses	23
<b>Total other creditors</b>	<b>54,847</b>

### 12 Contingent liabilities

There were no contingent liabilities at the balance sheet date.

### 13 Related party transactions

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

Amounts paid during the period or due to the Authorised Corporate Director at the balance sheet date are disclosed under Expenses and Other creditors in the Notes to the Accounts.

The Authorised Corporate Director acts as principal on all transactions of shares in the Fund. The aggregate monies received through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 35.73%.

### 14 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 304 to 305.

The distributions per share class are given in the Distribution Table on page 315.

All classes have the same rights on winding up.

### 15 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, derivative, foreign currency, liquidity, credit risk and interest rate risks. The Authorised Corporate Director's policies for managing these risks are summarised below and have been applied throughout the period.

#### Market price risk

The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, 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 period 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 shareholders would increase or decrease by approximately £16,068,500.

#### Derivative risk

Where a Fund trades in derivatives to achieve its investment objective, this involves a higher degree of risk and may lead to a higher volatility in the share prices of the Fund. The Authorised Corporate Director employs a risk management process to allow the Authorised Corporate Director to measure derivative and forward positions and their contribution to the overall risk profile of the Fund. As part of this risk management process the Authorised Corporate Director conducts daily value at risk analysis of the Fund and performs both stress and back testing of the Fund.

#### 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 Authorised Corporate Director 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:

# Notes to the Accounts

## For the period ended 31 December 2023 (continued)

	2023
Currency	£000's
Australian dollar	11
Euro	(76)
Sterling	137,113
US dollar	(220)

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 shareholders will increase or decrease by approximately £28,500.

### Liquidity risk

The primary source of this risk to the Fund is the liability to shareholders for any cancellation of shares. 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.

### Credit risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the Authorised Corporate Director as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

### 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.

The Fund may invest in fixed and floating rate securities. The revenue of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of the Authorised Corporate Director being unable to secure similar returns on the expiry of contracts or sale of securities.

The value of interest bearing securities may be affected by interest rate movements or the expectation of such movements in the future.

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

### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of financial assets and financial liabilities at the balance sheet date was as follows:

Currency	2023			Total £000's
	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	
Australian dollar	6,158	-	16	6,174
Euro	18,934	5,303	460	24,697
Sterling	19,601	-	117,822	137,423
US dollar	34,231	80,501	23,732	138,464

Currency	2023			Total £000's
	Floating rate financial liabilities £000's	Fixed rate financial liabilities £000's	Financial liabilities not carrying interest £000's	
Australian dollar	-	-	6,163	6,163
Euro	-	-	24,773	24,773
Sterling	-	-	310	310
US dollar	694	-	137,990	138,684

At the period end, if changes in interest rates resulted in a 10% increase or decrease in the net assets of the fund, then the net assets would increase or decrease by approximately £16,403,400.



# Notes to the Accounts

## For the period ended 31 December 2023 (continued)

### 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 or overdrawn at futures clearing houses and brokers bear interest at rates based on the Sterling Overnight Index Average Rate or its international equivalent.

Euro denominated floating rate bonds bear interest at rates based on Euro Interbank Offer Rate.

US dollar denominated floating rate bonds bear interest at rates based on the US Secured Overnight Financing Rate.

### 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

During the period the Fund entered into derivative contracts for specific investment purposes in addition to being used for efficient management.

### Global risk exposure

#### Commitment approach

When using derivatives, the Authorised Corporate Director 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 period ended 31 December 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 31 December
	Lowest	Highest	Average	
	13.91%	19.67%	17.17%	17.31%

## 16 Debt security credit analysis

	2023 £000's
Investment grade securities	117,990
Unrated securities	42,226
<b>Total debt securities</b>	<b>160,216</b>

## 17 Direct transaction costs

28.9.23 to 31.12.23	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	361,213	-	-	361,213	-	-
<b>Sales</b>						
Bonds	198,618	-	-	198,618	-	-
Total cost as a percentage of the Fund's average net asset value (%)		-	-			

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.19%.

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.

# Notes to the Accounts

## For the period ended 31 December 2023 (continued)

### 18 Shares in issue reconciliation

	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.23
I Accumulation shares	3,000	-	-	3,000
I Income shares	3,000	-	-	3,000
Q2 Accumulation shares	3,000	-	-	3,000
Q2 Income shares	3,000	-	-	3,000
Q3 Accumulation shares	269,160,265	-	-	269,160,265
Q3 Income shares	3,000	-	-	3,000
X Accumulation shares	3,000	-	-	3,000
X Income shares	3,000	-	-	3,000

### 19 Counterparty exposure

The types of non-exchange traded derivatives held at the balance sheet date were forward foreign currency contracts. 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>BNP Paribas</b>										
2023	1,077	-	-	-	-	-	-	-	-	1,077
<b>Canadian Imperial Bank of Commerce</b>										
2023	66	-	-	-	-	-	-	-	-	66
<b>Citibank</b>										
2023	(75)	-	-	-	-	-	-	-	-	(75)
<b>HSBC</b>										
2023	(277)	-	-	-	-	-	-	-	-	(277)
<b>Morgan Stanley</b>										
2023	(15)	-	-	-	-	-	-	-	-	(15)
<b>State Street</b>										
2023	(4)	-	-	-	-	-	-	-	-	(4)
<b>UBS</b>										
2023	(1)	-	-	-	-	-	-	-	-	(1)

At the balance sheet date no collateral was held or pledged by the Fund or on behalf of the counterparties in respect of the above.

# Distribution Table

## Final distribution for the three months ended 31 December 2023

**Group 1** Shares purchased on 28 September 2023

**Group 2** Shares purchased after 28 September 2023

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution payable 29.2.24 per share
<b>I Accumulation shares</b>			
Group 1	0.6736p	-	0.6736p
Group 2	0.6736p	-	0.6736p
<b>I Income shares</b>			
Group 1	0.6613p	-	0.6613p
Group 2	0.6613p	-	0.6613p
<b>Q2 Accumulation shares</b>			
Group 1	0.6736p	-	0.6736p
Group 2	0.6736p	-	0.6736p
<b>Q2 Income shares</b>			
Group 1	0.6736p	-	0.6736p
Group 2	0.6736p	-	0.6736p
<b>Q3 Accumulation shares</b>			
Group 1	0.6748p	-	0.6748p
Group 2	0.6244p	0.0504p	0.6748p
<b>Q3 Income shares</b>			
Group 1	0.6736p	-	0.6736p
Group 2	0.6736p	-	0.6736p
<b>X Accumulation shares</b>			
Group 1	0.7046p	-	0.7046p
Group 2	0.7046p	-	0.7046p
<b>X Income shares</b>			
Group 1	0.7046p	-	0.7046p
Group 2	0.7046p	-	0.7046p

## Equalisation

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

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

# Remuneration

## UCITS remuneration disclosures for Schroder Unit Trusts Limited ('SUTL') for the year to 31 December 2023

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 74 to 93 of the 2023 Annual Report & Accounts (available on the Group's website <https://www.schroders.com/ir>) 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 2023 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 policy documentation.

Our ratio of operating compensation costs to net operating income 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 & compliance, legal and internal audit matters from the heads of those areas.

The remuneration data that follows reflects amounts paid in respect of performance during 2023.

- 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 160 UCITS MRTs of SUTL in respect of the financial year ended 31 December 2023 is £106.64 million, of which £44.44 million was paid to senior management, £60.22 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the UCITS funds that it manages and £1.98 million was paid to Control Function MRTs.

For additional qualitative information on remuneration policies and practices see [www.schroders.com/rem-disclosures](http://www.schroders.com/rem-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

## Authorised Corporate Director

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

## Directors

J. Rainbow (Chairman)  
R. Lamba  
A. O'Donoghue  
S. Reedy  
C. Thomson  
P. Truscott  
H. Williams

## Investment Adviser

For all sub funds except Schroder India Equity Fund and Schroder AAA Flexible ABS Fund:  
Schroder Investment Management Limited  
1 London Wall Place  
London EC2Y 5AU  
Authorised and regulated by the Financial Conduct Authority

Schroder India Equity Fund:  
Schroder Investment Management (Singapore) Limited  
138 Market Street  
#23-01 CapitaGreen  
Singapore 048946  
Authorised to carry on investment business by the Monetary Authority of Singapore

Schroder AAA Flexible ABS Fund:  
Schroder Investment Management North America Inc.  
7 Bryant Park  
New York  
10018-3706 USA  
Registered investment adviser with the Securities and Exchange Commission of the United States of America

## Depository

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

## Registrar

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

The Authorised Corporate Director 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 Company is an investment Company with variable capital under Regulation 12 of the OEIC Regulations, incorporated with limited liability in England and Wales and authorised by the Financial Conduct Authority under Regulation 14 of the OEIC Regulations. The Company is a UCITS scheme for the purpose of the categorisation of the Collective Investment Schemes sourcebook.

## Value Assessment

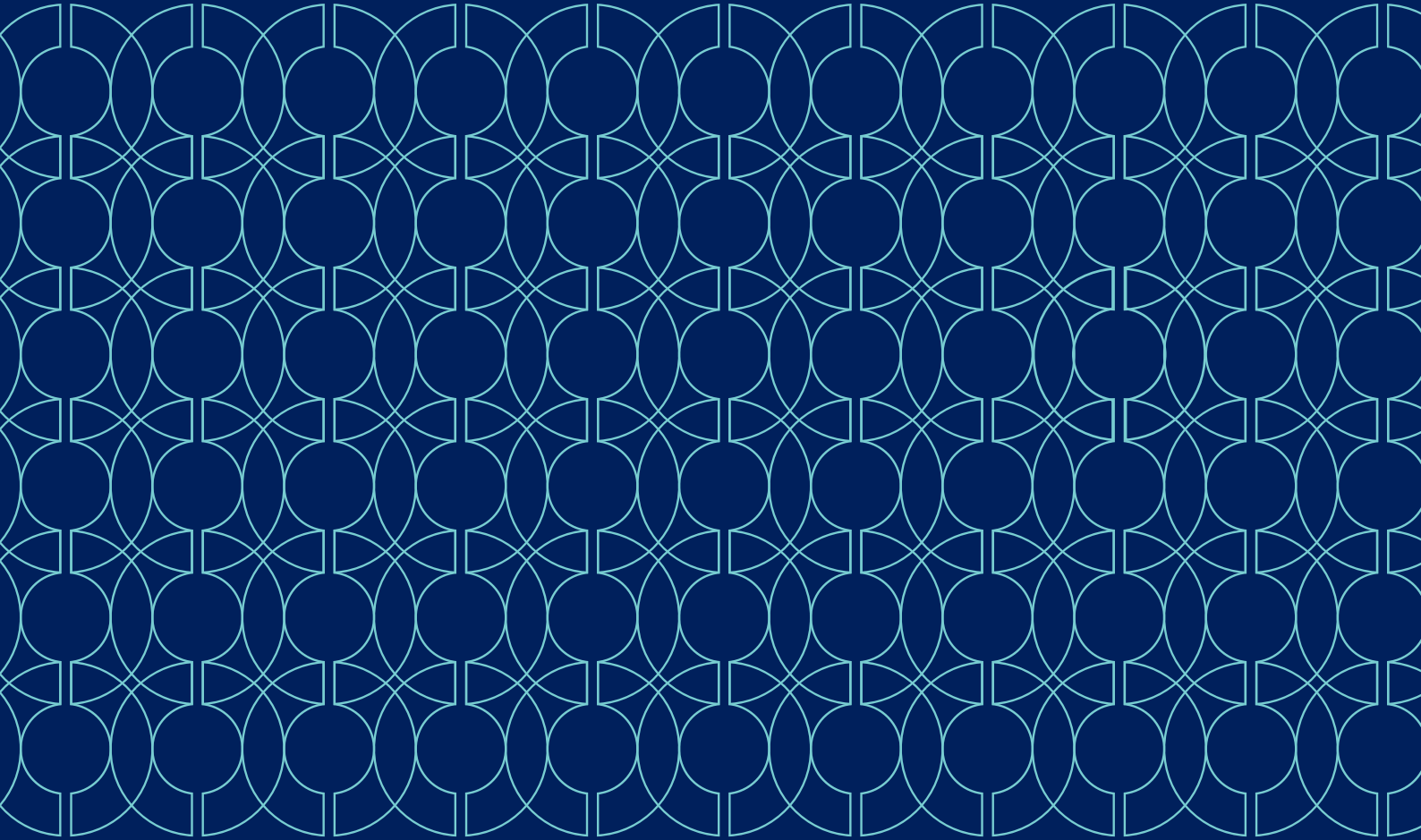
A statement on the Assessment of Value is published on the group website at <https://www.schroders.com/en-gb/uk/intermediary/funds-and-strategies/charges/schroders-assessment-of-value-reports/> within 4 months of the annual 'reference date' 31 December.

## 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).



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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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