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

# Fund Information

## Investment objective and policy

Schroder US Mid Cap Fund (the 'Fund') aims to provide capital growth and income in excess of the Russell 2500 Total Return Lagged (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 medium-sized US companies.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of medium-sized US companies. These are companies that, at the time of purchase, are similar in size to those comprising the bottom 40% by market capitalisation of the North American equity market.

The Fund focuses on three types of companies that the Investment Manager believes:

1. demonstrate strong growth trends and improving levels of cash;
2. generate dependable earnings and revenues; and
3. are undergoing positive change that is not being recognised by the market.

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 and 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 Russell 2500 TR Lagged (Gross Total Return) index, and compared against the Investment Association North American 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 benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

**From 31 May 2022 to 31 May 2023, the price of Z Accumulation units on a dealing price basis fell by 1.44%. In comparison, from 30 May 2022 to 30 May 2023, the Frank Russell<sup>1</sup> 2500 Index generated a negative total return of 3.72%<sup>2</sup> in sterling terms. Due to the Fund's valuation point, the performance for the Fund and the benchmark are at different dates, however the information is comparable.**

US small and mid-cap equities were negative for the period. It was a mixed year that saw weak markets for most of 2022 but a recovery in the fourth quarter. US equities were positive in the first quarter of 2023, but it was not an easy ride. The Nasdaq was the standout performer rallying the most since 2020, led by the megacap tech stocks. March brought the second and third largest bank failures in US history, but that did not stop the Federal Reserve from raising interest rates as inflation concerns persisted. The first few months of the second quarter were negative. April saw small and mid-cap companies underperform large cap largely due to the weakness in the smaller regional banks. May continued to see a decline in performance as concerns about the debt ceiling weighed on market sentiment, as negotiations ran into a stalemate.

We outperformed the benchmark over the period. The Fund's top contributor was Maxar Technologies, which is a space technology company. It was acquired by a private equity firm at a rich premium to the market price. Solar panel manufacturer First Solar performed well due to the Inflation Reduction Act (IRA) announcement in August that will benefit the company's operations. Rentokil Initial ADR, which provides services in pest control, hygiene, workwear, facilities and plants, has benefitted from the acquisition of Terminix as full-year results showed revenues up over 25%.

The most significant detractor for the period was Catalent. The company, which provides delivery technologies and development solutions for drugs, biologics and consumer health products, lagged after management gave a lower-than-expected initial outlook for the 2023 financial year. Risk management service provider Assurant reduced guidance for the year and greater-than-expected inflation pressures around their Global Housing business weighed on results. Finally, semiconductor company Semtech Corporation lagged due to a very weak outlook for the fiscal third and fourth quarters. This was due to a deteriorating macro-economic backdrop, notably in China.

Trying to predict short term outcomes is a difficult strategy. Instead, there is a real opportunity to selectively pick stocks on the basis of leveraging deep fundamental analysis to develop a robust three to five year thesis for companies, looking through short term uncertainties. We maintain conviction that US small and mid-caps stocks will lead market performance in the multi-year cycle ahead.

**Fund Manager:  
Robert Kaynor**



Robert Kaynor was appointed as Head of US Small & Mid Cap Equities and sole portfolio manager in April 2019

Prior to this Robert was Co-Portfolio Manager and US Small and Mid Cap Research Director. Along with managing the portfolios his coverage included a variety of industries in the consumer, producer durables and materials sectors. Robert joined Schroders as a Senior Equity Analyst for the US Small and Mid Cap team covering the consumer sector in January 2013 and is based in New York

Prior to joining Schroders, Robert was chief investment officer and managing member of Ballast Capital Group, a fundamental long/short manager. From 2003 to 2010, Robert was a managing director with Ramius Capital Group, a multi-strategy hedge fund focused primarily on non-directional strategies. Robert managed the long short equity strategy for Ramius and grew the product from USD \$100 million to \$700 million during his tenure

Prior to that he was with Barbary Coast Capital Management from 2000 to 2003 and co-managed a long-short equity hedge fund focused on small and mid cap equities

Robert began his career with RCM Capital (1994-2000), working exclusively on a US small cap long-only product. Robert has extensive experience in long only and long/short strategies, with a specific focus on in depth fundamental research. A substantial portion of his career has been spent managing small and mid cap equity portfolios

Qualifications: CFA Charterholder; BSc in Economics with Financial Applications from Southern Methodist University

<sup>1</sup> Frank Russell Company is the source and owner of the trademarks, service marks and copyrights, related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.

<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).

# Statement of the Manager's Responsibilities

The Financial Conduct Authority's Collective Investment Schemes sourcebook requires the Manager to prepare accounts for each annual and half yearly accounting period, in accordance with United Kingdom Generally Accepted Accounting Practice, which give a true and fair view of the financial position of the Fund and of its net revenue and the net capital losses on the property of the Fund for the year. In preparing the accounts the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association (now the Investment Association) in May 2014 and amended in June 2017;
- follow generally accepted accounting principles and applicable accounting standards;
- prepare the accounts on the basis that the Fund will continue in operation unless it is inappropriate to do so;
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements;
- make judgements and estimates that are prudent and reasonable.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the Collective Investment Schemes sourcebook, and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The Manager's report and accounts for the year ended 31 May 2023 were signed on 31 August 2023 on behalf of the Manager by:

**P. Truscott**  
Directors

**J. Rainbow**

# Report of the Trustee

## **Statement of the Trustee's responsibilities in respect of the Scheme and report of the Trustee to the unitholders of the Schroder US Mid Cap Fund ('the Fund') for the year ended 31 May 2023.**

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

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

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

The Trustee must ensure that:

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

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

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

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

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

Trustee  
Bournemouth  
15 June 2023

# Independent auditors' report to the Unitholders of Schroder US Mid Cap Fund

## Report on the audit of the financial statements

### Opinion

In our opinion, the financial statements of Schroder US Mid Cap Fund (the "Fund"):

- give a true and fair view of the financial position of the Fund as at 31 May 2023 and of the net revenue and the net capital losses on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Balance Sheet as at 31 May 2023; the Statement of Total Return and the Statement of Change in Net Assets Attributable to Unitholders for the year then ended; the Distribution Table; and the Notes to the Accounts, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Fund's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

### Manager's Report

In our opinion, the information given in the Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Responsibilities for the financial statements and the audit

### Responsibilities of the Manager for the financial statements

As explained more fully in the Statement of the Manager's Responsibilities, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for 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.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Fund, or has no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.



# Independent auditors' report to the Unitholders of Schroder US Mid Cap Fund (continued)

Based on our understanding of the Fund and its industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Fund. Audit procedures performed included:

- Discussions with the Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the Fund's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

### Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

## PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Edinburgh

31 August 2023

# Comparative Table

## A Accumulation units

## A Income units

Financial year to 31 May	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	197.53	191.55	146.91	197.30	191.33	146.74
Return before operating charges*	(2.09)	9.23	47.37	(2.09)	9.22	47.32
Operating charges	(3.34)	(3.25)	(2.73)	(3.34)	(3.25)	(2.73)
<b>Return after operating charges*</b>	<b>(5.43)</b>	<b>5.98</b>	<b>44.64</b>	<b>(5.43)</b>	<b>5.97</b>	<b>44.59</b>
Distributions**	-^	-^	-^	-^	-^	-^
<b>Closing net asset value</b>	<b>192.10</b>	<b>197.53</b>	<b>191.55</b>	<b>191.87</b>	<b>197.30</b>	<b>191.33</b>
*after direct transaction costs of	(0.04)	(0.02)	(0.05)	(0.04)	(0.02)	(0.05)
<b>Performance</b>						
Return after charges (%)	(2.75)	3.12	30.39	(2.75)	3.12	30.39
<b>Other information</b>						
Closing net asset value (£000's)	183,133	191,882	249,752	3,962	4,879	5,540
Closing number of units	95,331,997	97,139,315	130,382,103	2,065,121	2,472,783	2,895,499
Operating charges (%)	1.64	1.66	1.66	1.64	1.66	1.66
Direct transaction costs (%)***	0.02	0.01	0.03	0.02	0.01	0.03
<b>Prices</b>						
Highest dealing price	219.70p	209.50p	196.45p	219.40p	209.30p	196.22p
Lowest dealing price	180.80p	183.60p	140.53p	180.60p	183.40p	140.37p

# Comparative Table (continued)

Financial year to 31 May	L Accumulation units			L Income units		
	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	144.99	139.43	106.06	142.90	137.62	104.74
Return before operating charges*	(1.58)	6.74	34.36	(1.57)	6.65	33.93
Operating charges	(1.23)	(1.18)	(0.99)	(1.21)	(1.16)	(0.97)
<b>Return after operating charges*</b>	<b>(2.81)</b>	<b>5.56</b>	<b>33.37</b>	<b>(2.78)</b>	<b>5.49</b>	<b>32.96</b>
Distributions**	(0.38)	(0.21)	(0.08)	(0.37)	(0.21)	(0.08)
Retained distributions**	0.38	0.21	0.08	-	-	-
<b>Closing net asset value</b>	<b>142.18</b>	<b>144.99</b>	<b>139.43</b>	<b>139.75</b>	<b>142.90</b>	<b>137.62</b>
*after direct transaction costs of	(0.03)	(0.01)	(0.04)	(0.03)	(0.01)	(0.04)
<b>Performance</b>						
Return after charges (%)	(1.94)	3.99	31.46	(1.95)	3.99	31.47
<b>Other information</b>						
Closing net asset value (£000's)	234,326	281,413	258,395	90,889	99,751	73,529
Closing number of units	164,807,213	194,085,907	185,317,546	65,036,546	69,807,330	53,429,237
Operating charges (%)	0.81	0.83	0.83	0.81	0.83	0.83
Direct transaction costs (%)***	0.02	0.01	0.03	0.02	0.01	0.03
<b>Prices</b>						
Highest dealing price	162.20p	153.30p	142.90p	159.80p	151.30p	141.12p
Lowest dealing price	132.70p	134.50p	101.50p	130.80p	132.70p	100.23p

# Comparative Table (continued)

Financial year to 31 May	S Income units			Z Accumulation units		
	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	137.14	132.07	100.48	179.39	172.65	131.43
Return before operating charges*	(1.52)	6.39	32.60	(1.95)	8.34	42.55
Operating charges	(0.75)	(0.73)	(0.61)	(1.67)	(1.60)	(1.33)
<b>Return after operating charges*</b>	<b>(2.27)</b>	<b>5.66</b>	<b>31.99</b>	<b>(3.62)</b>	<b>6.74</b>	<b>41.22</b>
Distributions**	(0.77)	(0.59)	(0.40)	(0.32)	(0.12)	-
Retained distributions**	-	-	-	0.32	0.12	-
<b>Closing net asset value</b>	<b>134.10</b>	<b>137.14</b>	<b>132.07</b>	<b>175.77</b>	<b>179.39</b>	<b>172.65</b>
*after direct transaction costs of	(0.03)	(0.01)	(0.03)	(0.04)	(0.02)	(0.04)
<b>Performance</b>						
Return after charges (%)	(1.66)	4.29	31.84	(2.02)	3.90	31.36
<b>Other information</b>						
Closing net asset value (£000's)	1,347	1,875	1,930	303,297	347,977	383,215
Closing number of units	1,004,499	1,367,548	1,461,568	172,556,519	193,981,756	221,964,802
Operating charges (%)	0.53	0.53	0.53	0.89	0.91	0.91
Direct transaction costs (%)***	0.02	0.01	0.03	0.02	0.01	0.03
<b>Prices</b>						
Highest dealing price	153.70p	145.40p	135.75p	200.50p	189.70p	176.95p
Lowest dealing price	125.60p	127.70p	96.17p	164.20p	166.40p	125.76p

# Comparative Table (continued)

Financial year to 31 May	Z Income units		
	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>			
Opening net asset value	177.74	171.16	130.29
Return before operating charges*	(1.93)	8.26	42.19
Operating charges	(1.65)	(1.58)	(1.32)
<b>Return after operating charges*</b>	<b>(3.58)</b>	<b>6.68</b>	<b>40.87</b>
Distributions**	(0.32)	(0.10)	-
<b>Closing net asset value</b>	<b>173.84</b>	<b>177.74</b>	<b>171.16</b>
*after direct transaction costs of	(0.04)	(0.02)	(0.04)
<b>Performance</b>			
Return after charges (%)	(2.01)	3.90	31.37
<b>Other information</b>			
Closing net asset value (£000's)	50,995	64,234	122,615
Closing number of units	29,334,485	36,139,069	71,637,262
Operating charges (%)	0.89	0.91	0.91
Direct transaction costs (%)***	0.02	0.01	0.03
<b>Prices</b>			
Highest dealing price	198.70p	188.10p	175.43p
Lowest dealing price	162.70p	165.00p	124.68p

\*\* 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 unit class has made no distribution to date.

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

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# Portfolio Statement

	Holding at 31.5.23	Market Value £000's	% of net assets
<b>Equities 97.09% (95.66%)</b>			
<b>Communication Services 3.23% (0.86%)</b>			
IAC	207,077	9,184	1.06
Interpublic Group	446,278	13,564	1.56
Stagwell	1,068,095	5,283	0.61
		<b>28,031</b>	<b>3.23</b>
<b>Consumer Discretionary 9.21% (6.57%)</b>			
Aramark	394,980	12,416	1.43
Burlington Stores	51,731	6,281	0.72
Churchill Downs	118,992	13,003	1.50
Domino's Pizza	24,400	5,634	0.65
Gentex	463,481	9,809	1.13
LKQ	208,468	8,799	1.01
Sabre	260,493	639	0.07
Sonos	405,310	4,820	0.56
Valvoline	354,005	10,962	1.26
YETI Holdings	260,435	7,609	0.88
		<b>79,972</b>	<b>9.21</b>
<b>Consumer Staples 1.50% (1.80%)</b>			
Darling Ingredients	255,541	12,977	1.50
		<b>12,977</b>	<b>1.50</b>
<b>Energy 3.28% (3.98%)</b>			
Cactus A	104,465	2,663	0.31
Coterra Energy	397,631	7,414	0.86
HF Sinclair	149,147	4,983	0.57
New Fortress Energy	138,763	2,947	0.34
Permian Resources	874,221	6,511	0.75
ProFrac Holding A	427,967	3,936	0.45
		<b>28,454</b>	<b>3.28</b>
<b>Financials 13.16% (17.23%)</b>			
Assurant	162,856	15,643	1.80
Commerce Bancshares	162,025	6,208	0.71
CVB Financial	346,961	3,334	0.38
Glacier Bancorp	214,792	4,910	0.57
Globe Life	115,084	9,624	1.11
Kemper	364,034	12,736	1.47
New York Community Bancorp	496,375	4,105	0.47
PJT Partners A	144,402	7,864	0.91
Raymond James Financial	70,464	5,181	0.60
Reinsurance Group of America	130,507	14,714	1.70
RenaissanceRe Holdings	57,033	8,676	1.00
Ryan Specialty Holdings	321,914	10,621	1.22
SouthState	120,781	6,068	0.70

	Holding at 31.5.23	Market Value £000's	% of net assets
United Community Banks	249,355	4,497	0.52
		<b>114,181</b>	<b>13.16</b>
<b>Health Care 13.97% (13.34%)</b>			
Azenta	190,359	6,574	0.76
Catalent	228,974	6,845	0.79
Cooper	34,644	10,362	1.19
Encompass Health	276,810	13,785	1.59
FibroGen	409,096	5,651	0.65
Haemonetics	212,981	14,553	1.68
Intra-Cellular Therapies	174,428	8,419	0.97
Masimo	154,856	20,092	2.31
Natera	174,355	6,610	0.76
NeoGenomics	473,799	6,426	0.74
Option Care Health	456,196	10,026	1.15
Pacira			
BioSciences	113,042	3,468	0.40
Sotera Health	747,906	8,466	0.98
		<b>121,277</b>	<b>13.97</b>
<b>Industrials 23.55% (18.12%)</b>			
Array Technologies	432,375	7,692	0.89
ASGN	219,568	11,559	1.33
AZEK	564,587	10,637	1.23
BWX Technologies	209,799	10,243	1.18
Exponent	87,361	6,442	0.74
Fortune Brands Innovations	212,797	10,331	1.19
Genpact	252,734	7,472	0.86
Hayward Holdings	1,067,524	9,371	1.08
Hexcel	267,264	14,905	1.72
IDEX	88,443	14,271	1.64
Kirby	216,904	12,606	1.45
Leidos Holdings	143,073	9,045	1.04
MSA Safety	106,464	11,770	1.36
Rentokil Initial ADR	486,285	15,525	1.79
Snap-on	52,392	10,615	1.22
Stericycle	344,351	11,705	1.35
Valmont Industries	45,813	9,744	1.12
Watsco	38,559	10,178	1.17
WNS Holdings ADR	164,518	10,291	1.19
		<b>204,402</b>	<b>23.55</b>
<b>Information Technology 15.75% (17.96%)</b>			
Amdocs	191,198	14,575	1.68
Ciena	293,577	11,086	1.28
Dolby Laboratories A	212,441	14,031	1.62
Entegris	198,676	16,902	1.95
Fabrinet	88,559	8,126	0.94

# Portfolio Statement (continued)

	Holding at 31.5.23	Market Value £000's	% of net assets
First Solar	46,860	7,567	0.87
LiveRamp Holdings	658,186	12,798	1.47
Lumentum Holdings	225,266	9,651	1.11
ON Semiconductor	127,570	8,582	0.99
PTC	132,107	14,178	1.63
Pure Storage A	209,183	4,825	0.56
Viavi Solutions	1,218,104	9,642	1.11
Wolfspeed	122,383	4,738	0.54
		<b>136,701</b>	<b>15.75</b>
<b>Materials 5.99% (7.71%)</b>			
Ashland	132,333	9,100	1.05
Balchem	135,430	13,451	1.55
Berry Global Group	355,223	16,437	1.89
Eagle Materials	98,690	13,009	1.50
		<b>51,997</b>	<b>5.99</b>
<b>Real Estate 4.54% (3.76%)</b>			
Alexandria Real Estate Equities	57,826	5,248	0.61

	Holding at 31.5.23	Market Value £000's	% of net assets
American Homes 4 Rent A	334,110	9,252	1.07
Brixmor Property Group	549,539	8,793	1.01
Lamar Advertising A	123,528	8,889	1.02
PotlatchDeltic	193,828	7,236	0.83
		<b>39,418</b>	<b>4.54</b>
<b>Utilities 2.91% (4.33%)</b>			
CenterPoint Energy	423,816	9,619	1.11
NiSource	277,428	5,988	0.69
ONE Gas	147,864	9,675	1.11
		<b>25,282</b>	<b>2.91</b>
<b>Equities total</b>		<b>842,692</b>	<b>97.09</b>
<b>Portfolio of investments</b>		<b>842,692</b>	<b>97.09</b>
<b>Net other assets</b>		<b>25,257</b>	<b>2.91</b>
<b>Net assets attributable to unitholders</b>		<b>867,949</b>	<b>100.00</b>

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

# Statement of Total Return

For the year ended 31 May 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital (losses)/gains	2		(21,730)		38,239
Revenue	3	12,152		12,009	
Expenses	4	(10,043)		(11,206)	
Net revenue before taxation		<b>2,109</b>		<b>803</b>	
Taxation	5	(1,602)		(1,607)	
Net revenue/(expense) after taxation			<b>507</b>		<b>(804)</b>
<b>Total return before distributions</b>			<b>(21,223)</b>		<b>37,435</b>
Distributions	6		(1,667)		(867)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(22,890)</b>		<b>36,568</b>

# Statement of Change in Net Assets Attributable to Unitholders

For the year ended 31 May 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		992,011		1,094,976
Amounts receivable on issue of units	155,995		127,110	
Amounts payable on cancellation of units	(258,410)		(267,342)	
		<b>(102,415)</b>		<b>(140,232)</b>
Dilution adjustment		70		50
Change in net assets attributable to unitholders from investment activities		(22,890)		36,568
Retained distribution on Accumulation units		1,173		649
<b>Closing net assets attributable to unitholders</b>		<b>867,949</b>		<b>992,011</b>

# Balance Sheet

As at 31 May 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			842,692		948,994
<b>Current assets</b>					
Debtors	8		2,920		28,923
Cash and bank balances			25,726		24,772
<b>Total assets</b>			<b>871,338</b>		<b>1,002,689</b>
<b>Liabilities</b>					
<b>Creditors</b>					
Distributions payable			(343)		(192)
Other creditors	9		(3,046)		(10,486)
<b>Total liabilities</b>			<b>(3,389)</b>		<b>(10,678)</b>
<b>Net assets attributable to unitholders</b>			<b>867,949</b>		<b>992,011</b>



# Notes to the Accounts

## For the year ended 31 May 2023

### 1 Accounting policies

#### Basis of preparation

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

#### 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.

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

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

#### Special dividends

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

#### Equalisation

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

#### Expenses

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

#### Taxation

Corporation tax is provided for on the revenue liable to corporation tax less deductible expenses.

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

#### Distributions

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

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

#### Dilution adjustment

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

#### Valuation

All investments held by the Fund have been valued at market value at 18:00 on the last working day of the accounting period. Market value is defined by the Statement of Recommended Practice as fair value which generally is the bid value of each security and the offer value for short positions.

#### Foreign currencies

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

### 2 Net capital (losses)/gains

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

	2023 £000's	2022 £000's
Non-derivative securities	(21,793)	35,155
Forward foreign currency contracts	(22)	-
Foreign currency gains	85	3,084
<b>Net capital (losses)/gains</b>	<b>(21,730)</b>	<b>38,239</b>

# Notes to the Accounts

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

### 3 Revenue

	2023	2022
	£000's	£000's
UK dividends	143	-
Overseas dividends	10,005	10,928
Real estate income distributions	1,255	1,077
Bank interest	749	4
<b>Total revenue</b>	<b>12,152</b>	<b>12,009</b>

### 4 Expenses

	2023	2022
	£000's	£000's
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	10,026	11,205
	<b>10,026</b>	<b>11,205</b>
<b>Payable to the Trustee, associates of the Trustee and agents of either of them:</b>		
Dividend expenses	17	-
<b>Other expenses:</b>		
Interest payable	-	1
<b>Total expenses</b>	<b>10,043</b>	<b>11,206</b>

1 Audit fees including VAT for the financial year ending 2023 were £12,768 (2022 – £10,741).

### 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	1,602	1,607
<b>Total current tax (Note 5(b))</b>	<b>1,602</b>	<b>1,607</b>

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

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

	2023	2022
	£000's	£000's
<b>Net revenue before taxation</b>	<b>2,109</b>	<b>803</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	422	161
<b>Effects of:</b>		
Revenue not subject to corporation tax	(2,030)	(2,186)
Movement in excess management expenses	1,645	2,057
Overseas withholding tax	1,602	1,607
Expensed withholding tax incurred	(37)	(32)
<b>Current tax charge for the year (Note 5(a))</b>	<b>1,602</b>	<b>1,607</b>

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

At the balance sheet date, there is a potential deferred tax asset of £33,189,756 (2022 – £31,544,308) 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.

# Notes to the Accounts

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

### 6 Distributions

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

	2023	2022
	£000's	£000's
Final Dividend distribution	1,516	841
Add: Revenue deducted on cancellation of units	347	46
Deduct: Revenue received on issue of units	(196)	(20)
<b>Distributions</b>	<b>1,667</b>	<b>867</b>
Net revenue/(expense) after taxation	507	(804)
Deficit taken to capital	1,157	1,657
Equalisation on conversions	3	14
<b>Distributions</b>	<b>1,667</b>	<b>867</b>

Details of the distributions per unit are set out in the Distribution Table on page 23.

### 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 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	842,692	-	948,994	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	<b>842,692</b>	<b>-</b>	<b>948,994</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 Manager has assessed information available from internal and external sources in order to arrive at an estimated fair value. The fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. The Manager of the Fund also makes judgements and estimates based on their knowledge of recent investment performance, historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions used are under continuous review by the Manager with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023	2022
	£000's	£000's
Amounts receivable for issue of units	606	82
Sales awaiting settlement	1,786	28,096
Accrued revenue	508	719
Overseas withholding tax recoverable	20	26
<b>Total debtors</b>	<b>2,920</b>	<b>28,923</b>

# Notes to the Accounts

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

### 9 Other creditors

	2023	2022
	£000's	£000's
Amounts payable for cancellation of units	1,470	9,624
Purchases awaiting settlement	797	–
Accrued expenses	779	862
<b>Total other creditors</b>	<b>3,046</b>	<b>10,486</b>

### 10 Contingent liabilities

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

### 11 Related party transactions

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

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

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

Units held or managed by the Manager or associates of the Manager as a percentage of the Fund's net asset value at the balance sheet date were 0.16% (2022 – 0.20%).

### 12 Unit classes

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

The closing net asset value of each unit class, the closing net asset value per unit and the closing number of units in issue are given in the Comparative Table on pages 10 to 13.

The distributions per unit class are given in the Distribution Table on page 23.

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 Manager's policies for managing these risks are summarised below and have been applied throughout the year and the prior year.

#### Market price risk

The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, the Prospectus and in the Collective Investment Schemes sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer. At the year end date, if the prices of investments held by the Fund increased or decreased by 10%, with all other variables remaining constant, then net assets attributable to the unitholders would increase or decrease by approximately £84,269,200 (2022 - £94,899,400).

#### Foreign currency risk

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

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

#### Currency risk profile

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

	2023	2022
Currency	£000's	£000's
Sterling	15,899	2,863
US dollar	852,050	989,148

At the year end date, if the value of Sterling increased or decreased by 10% against all other currencies, with all other variables remaining constant, then the net assets attributable to the unitholders will increase or decrease by approximately £85,205,000 (2022 - £98,914,800).

#### Liquidity risk

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

#### Interest rate risk

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

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

# Notes to the Accounts

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

At the year end date 2.96% (2022 – 2.50%) 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 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.

### Global risk exposure

#### Commitment approach

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

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

The global risk exposure of the Fund is calculated using the commitment approach. During the year ended 31 May 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 May	2022			Leverage 31 May
	Lowest	Highest	Average		Lowest	Highest	Average	
	0.00%	3.11%	0.09%	0.00%	0.00%	0.23%	0.08%	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	397,967	86	-	398,053	0.02	-
<b>Sales</b>						
Equities	482,436	(86)	(8)	482,342	(0.02)	-
Total cost of the Fund's average net asset value (%)		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	490,806	82	-	490,888	0.02	-
<b>Sales</b>						
Equities	637,941	(90)	(4)	637,847	(0.01)	-
Total cost of the Fund's average net asset value (%)		0.02	-			

#### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.15% (2022 – 0.14%).

# Notes to the Accounts

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

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 Units in issue reconciliation

	Number of units in issue 31.5.22	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue 31.5.23
A Accumulation units	97,139,315	10,859,606	(12,106,457)	(560,467)	95,331,997
A Income units	2,472,783	72,532	(454,675)	(25,519)	2,065,121
L Accumulation units	194,085,907	49,872,866	(86,938,987)	7,787,427	164,807,213
L Income units	69,807,330	1,614,966	(11,178,698)	4,792,948	65,036,546
S Income units	1,367,548	-	(363,049)	-	1,004,499
Z Accumulation units	193,981,756	28,987,902	(44,632,555)	(5,780,584)	172,556,519
Z Income units	36,139,069	689,654	(3,768,955)	(3,725,283)	29,334,485

### 16 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 31 May 2023, the price of each unit class has changed as follows:

	Dealing price 29.8.23	Dealing price 31.5.23	% change
A Accumulation units	200.60p	194.40p	3.19
A Income units	200.40p	194.20p	3.19
L Accumulation units	148.80p	143.90p	3.41
L Income units	146.30p	141.80p	3.17
S Income units	140.50p	136.50p	2.93
Z Accumulation units	183.90p	177.90p	3.37
Z Income units	181.90p	176.20p	3.23

# Distribution Table

## Final distribution for the year ended 31 May 2023

**Group 1** Units purchased prior to 1 June 2022

**Group 2** Units purchased on or after 1 June 2022

	Net revenue 2023 per unit	Equalisation 2023 per unit	Distribution payable 31.7.23 per unit	Distribution paid 31.7.22 per unit
<b>L Accumulation units</b>				
Group 1	0.3778p	-	0.3778p	0.2145p
Group 2	0.1252p	0.2526p	0.3778p	0.2145p
<b>L Income units</b>				
Group 1	0.3722p	-	0.3722p	0.2122p
Group 2	0.1838p	0.1884p	0.3722p	0.2122p
<b>S Income units</b>				
Group 1	0.7713p	-	0.7713p	0.5914p
Group 2	0.7713p	-	0.7713p	0.5914p
<b>Z Accumulation units</b>				
Group 1	0.3191p	-	0.3191p	0.1198p
Group 2	0.1206p	0.1985p	0.3191p	0.1198p
<b>Z Income units</b>				
Group 1	0.3164p	-	0.3164p	0.1003p
Group 2	0.1635p	0.1529p	0.3164p	0.1003p

The A Accumulation units and A Income units have made no distribution to date.

## Equalisation

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

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

# Remuneration

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

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

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

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

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

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

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

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

For additional qualitative information on remuneration policies and practices see [www.schroders.com/rem-disclosures](http://www.schroders.com/rem-disclosures).

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



# General Information

## Manager

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

## Investment Adviser

Schroder Investment Management North America Inc.  
7 Bryant Park  
New York  
NY 10018-3706  
USA  
Registered with the Securities and Exchange Commission of the United States of America

## Trustee

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

## Registrar

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

The Manager is responsible for maintaining the register for each Fund. It has delegated certain registrar functions to HSBC Bank Plc, 8 Canada Square, London, E14 8HQ.

## Administration Details

Schroders Investor Services  
PO BOX 1402  
Sunderland  
SR43 4AF

## Independent Auditors

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

## Authorisation

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

## Value Assessment

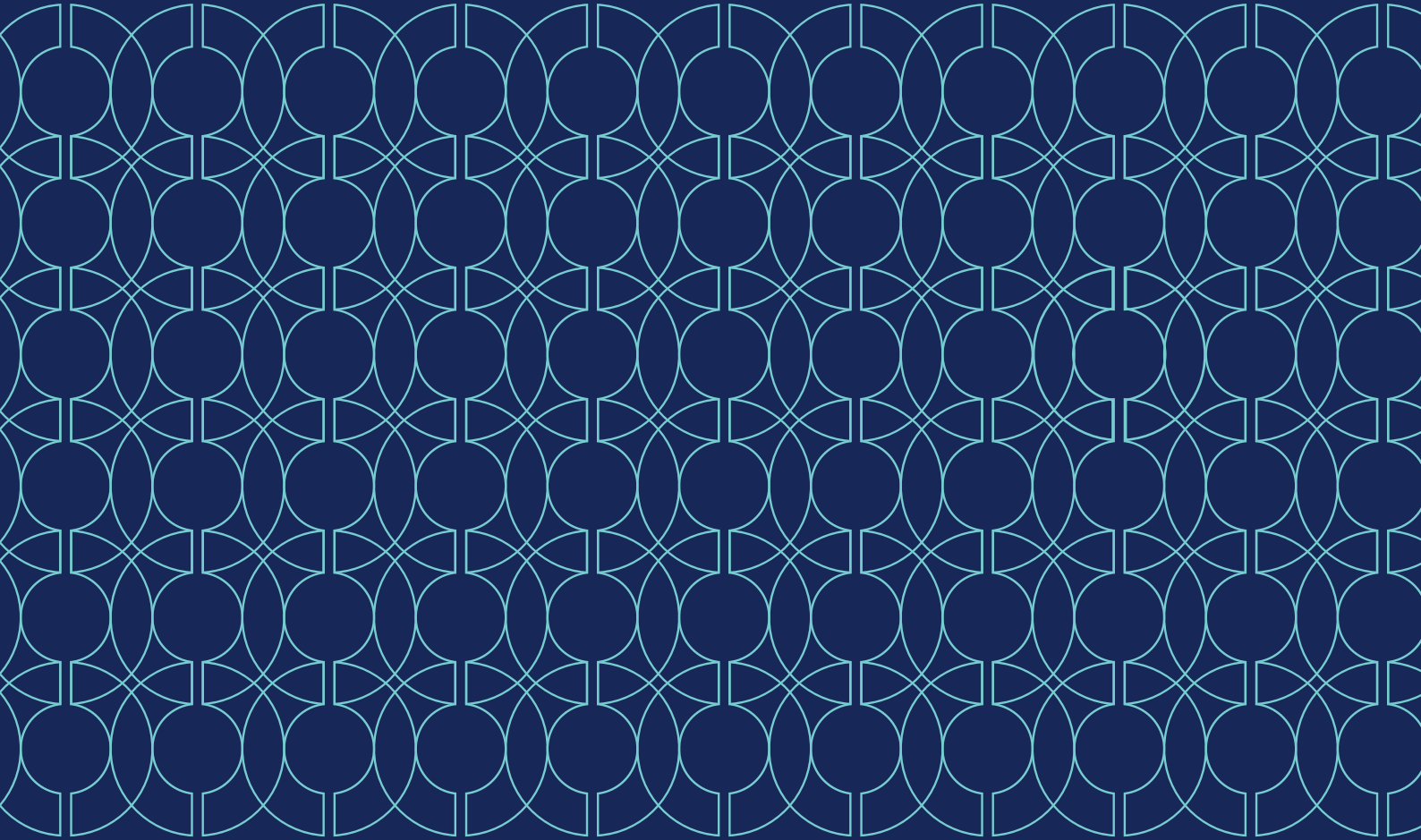
A statement on the Assessment of Value is published on the Global Fund Centre in the Fund Literature section at [www.Schroders.com](http://www.Schroders.com) within 4 months of the annual 'reference date' 31 December.

## Task Force on Climate-Related Financial Disclosures

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

## Other information

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



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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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