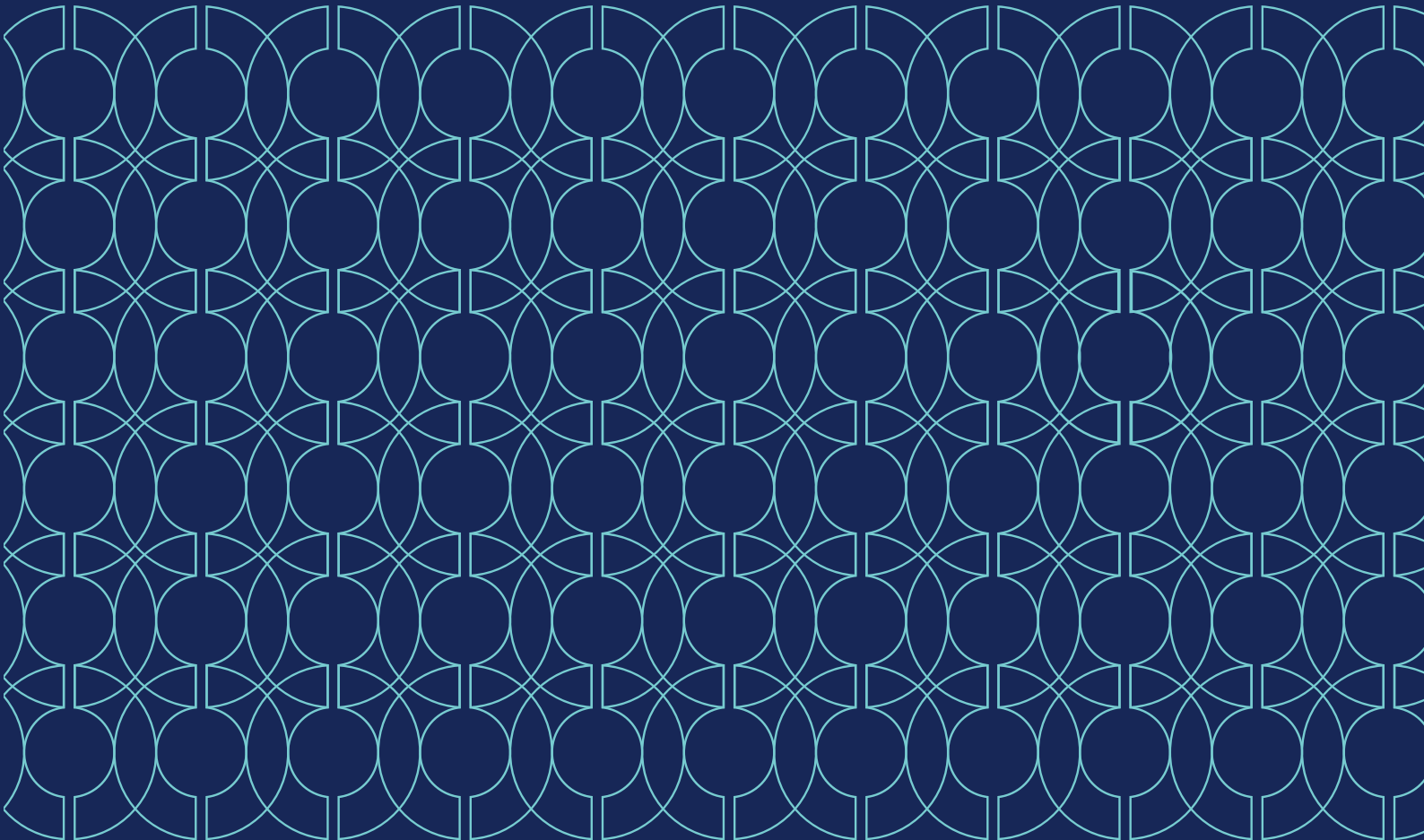


Schroders

Schroder European Fund  
Annual Report and Accounts  
15 January 2023



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

# Fund Information

## Investment objective and policy

Schroder European 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 large and mid sized European companies, excluding the UK. These are companies that, at the time of purchase, are considered to be in the top 90% by market capitalisation of the European equities market.

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 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 FTSE World Series Europe ex UK (Gross Total Return) index, and compared against 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 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 14 January 2022 to 13 January 2023, the price of I Accumulation units on a dealing price basis fell 2.84%. In the same period, the FTSE<sup>1</sup> World Series Europe ex UK Index generated a total return of 1.80%<sup>2</sup> in sterling terms.**

Europe ex UK shares posted a small gain for the 12 months under review. The period was marked by sharply rising inflation. This was exacerbated by Russia's invasion of Ukraine in February, which contributed to further rises in energy and other commodity prices as Western nations imposed sanctions on Russian oil. There were also fears that Europe might suffer power cuts after Russia halted natural gas supplies. However, a combination of reduced usage, milder weather and LNG purchases meant outages did not transpire.

Against this backdrop the Fund underperformed the benchmark, posting a negative return. Computer games publisher Ubisoft Entertainment was a detractor, largely due to reduced merger & acquisition appeal after Tencent increased its stake in the business. Porsche SE weighed on relative returns despite the successful listing of Porsche cars by Volkswagen. Porsche SE is the main shareholder in both businesses. Kion Group weighed on relative returns. For the warehouse automation business in particular, Kion will need to work through its order backlog and review the cost increases that have occurred. This will take time and we have sold our holding. Another detractor was utility group Fortum. It was the major shareholder in Germany's Uniper. After Russia cut off gas supplies, Uniper had to buy more expensive gas on the spot market to meet its supply commitments. Towards the end of the year, the German government nationalised Uniper, leaving Fortum as a pure play on renewable power generation in the Nordics.

On the positive side, Bank of Ireland Group was the main positive contributor. It benefited from the environment of rising interest rates, enabling it to re-price loans, and from reduced competition in the Irish banking market.

Portfolio activity in the period included building new positions in Siemens Energy Software, CaixaBank and Worldline. Exits included KPN and Sampo.

Europe ex UK shares have enjoyed much better performance in the last few months. The economy has proved more resilient than feared. Inflation may have already reached its peak, although the European Central Bank has signalled its intention to keep tightening monetary policy. Gas prices have fallen amid warmer weather and energy saving measures, reducing the pressure on corporates and consumers. Europe is due a rebound if the worst case scenario of a steep, prolonged recession can be avoided. This would also support better sentiment towards the region, particularly as Europe remains extremely out of favour with equity investors.

Our Blend strategy draws the best ideas from both value and growth parts of the market. We continue to maintain our diversified approach, with limited tilts to any particular investment style.

**Fund Manager:  
Martin Skanberg**



Martin joined Schroders in 2004 as an Industrials analyst, before taking on portfolio management responsibilities in 2006 and is now a fund manager for the Schroder European Fund and Schroder ISF EURO Equity

Investment career commenced in 1994 when he joined SEB Asset Management as an investment analyst for Nordic Industrials and Basic Materials. In 1999 he became Head of European Research

Also previously worked at American Express Asset Management as a senior investment analyst responsible for Industrials and Telecommunications

Masters in Financial Economics

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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).

# 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;
- 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 15 January 2023 were signed on 5 May 2023 on behalf of the Manager by:

**P. Chislett**  
Directors

**P. Truscott**

# Report of the Trustee

## **Statement of the Trustee's responsibilities in respect of the Scheme and report of the Trustee to the unitholders of the Schroder European Fund ('the Fund') for the year ended 15 January 2023.**

The Trustee of the Schroder European 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  
30 January 2023

# Independent auditors' report to the Unitholders of Schroder European Fund

## Report on the audit of the financial statements

### Opinion

In our opinion, the financial statements of Schroder European Fund (the "Fund"):

- give a true and fair view of the financial position of the Fund as at 15 January 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 15 January 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 European 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

5 May 2023

# Comparative Table

Financial year to 15 January	A Accumulation units			A Income units		
	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	132.80	119.84	113.14	122.83	111.10	105.55
Return before operating charges*	(2.75)	15.09	8.49	(2.55)	13.99	7.92
Operating charges	(2.00)	(2.13)	(1.79)	(1.85)	(1.97)	(1.67)
<b>Return after operating charges*</b>	<b>(4.75)</b>	<b>12.96</b>	<b>6.70</b>	<b>(4.40)</b>	<b>12.02</b>	<b>6.25</b>
Distributions**	(1.69)	(0.32)	(0.76)	(1.56)	(0.29)	(0.70)
Retained distributions**	1.69	0.32	0.76	-	-	-
<b>Closing net asset value</b>	<b>128.05</b>	<b>132.80</b>	<b>119.84</b>	<b>116.87</b>	<b>122.83</b>	<b>111.10</b>
*after direct transaction costs of	(0.08)	(0.12)	(0.15)	(0.08)	(0.11)	(0.14)
<b>Performance</b>						
Return after charges (%)	(3.58)	10.81	5.92	(3.58)	10.82	5.92
<b>Other information</b>						
Closing net asset value (£000's)	16,095	26,219	26,656	795	919	1,057
Closing number of units	12,569,736	19,742,287	22,242,105	680,714	748,526	951,232
Operating charges (%)	1.67	1.65	1.68	1.67	1.65	1.68
Direct transaction costs (%)***	0.07	0.09	0.14	0.07	0.09	0.14
<b>Prices</b>						
Highest dealing price	133.70p	140.80p	121.16p	123.60p	130.50p	113.03p
Lowest dealing price	108.30p	116.10p	78.25p	100.20p	107.63p	72.99p

# Comparative Table (continued)

Financial year to 15 January	GBP Hedged A Accumulation units			GBP Hedged A Income units		
	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	105.60	89.35	88.77	99.94	84.72	84.72
Return before operating charges*	(5.50)	17.93	1.92	(5.21)	17.01	1.82
Operating charges	(1.60)	(1.68)	(1.34)	(1.51)	(1.59)	(1.28)
<b>Return after operating charges*</b>	<b>(7.10)</b>	<b>16.25</b>	<b>0.58</b>	<b>(6.72)</b>	<b>15.42</b>	<b>0.54</b>
Distributions**	(1.31)	(0.20)	(0.57)	(1.24)	(0.20)	(0.54)
Retained distributions**	1.31	0.20	0.57	-	-	-
<b>Closing net asset value</b>	<b>98.50</b>	<b>105.60</b>	<b>89.35</b>	<b>91.98</b>	<b>99.94</b>	<b>84.72</b>
*after direct transaction costs of	(0.07)	(0.09)	(0.11)	(0.06)	(0.09)	(0.11)
<b>Performance</b>						
Return after charges (%)	(6.72)	18.19	0.65	(6.72)	18.20	0.64
<b>Other information</b>						
Closing net asset value (£000's)	24	25	24	18	20	17
Closing number of units	24,013	24,013	26,486	20,000	20,000	20,000
Operating charges (%)	1.70	1.68	1.68	1.70	1.68	1.68
Direct transaction costs (%)***	0.07	0.09	0.14	0.07	0.09	0.14
<b>Prices</b>						
Highest dealing price	106.20p	109.99p	91.66p	100.50p	104.30p	87.47p
Lowest dealing price	83.40p	87.84p	57.31p	78.93p	83.30p	54.69p

# Comparative Table (continued)

Financial year to 15 January	GBP Hedged Z Accumulation units			GBP Hedged Z Income units		
	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	112.78	94.72	93.85	100.69	85.09	85.00
Return before operating charges*	(5.85)	19.05	1.65	(5.17)	17.37	1.91
Operating charges	(0.95)	(0.99)	(0.78)	(0.85)	(0.86)	(0.71)
<b>Return after operating charges*</b>	<b>(6.80)</b>	<b>18.06</b>	<b>0.87</b>	<b>(6.02)</b>	<b>16.51</b>	<b>1.20</b>
Distributions**	(2.16)	(1.02)	(1.14)	(1.93)	(0.91)	(1.11)
Retained distributions**	2.16	1.02	1.14	-	-	-
<b>Closing net asset value</b>	<b>105.98</b>	<b>112.78</b>	<b>94.72</b>	<b>92.74</b>	<b>100.69</b>	<b>85.09</b>
*after direct transaction costs of	(0.07)	(0.10)	(0.12)	(0.06)	(0.08)	(0.11)
<b>Performance</b>						
Return after charges (%)	(6.03)	19.07	0.93	(5.98)	19.40	1.41
<b>Other information</b>						
Closing net asset value (£000's)	742	1,028	1,164	1,896	3,343	9,235
Closing number of units	699,736	911,596	1,229,175	2,044,516	3,320,199	10,853,355
Operating charges (%)	0.95	0.93	0.93	0.95	0.93	0.93
Direct transaction costs (%)***	0.07	0.09	0.14	0.07	0.09	0.14
<b>Prices</b>						
Highest dealing price	113.50p	117.33p	96.96p	101.30p	105.69p	87.83p
Lowest dealing price	89.55p	93.15p	60.64p	79.98p	83.68p	54.94p

# Comparative Table (continued)

Financial year to 15 January	I Accumulation units			I 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	2,735.75	2,447.19	2,289.69	1,682.15	1,521.18	1,443.89
Return before operating charges*	(55.19)	309.08	174.46	(33.84)	192.16	109.99
Operating charges	(19.17)	(20.52)	(16.96)	(11.79)	(12.72)	(10.68)
<b>Return after operating charges*</b>	<b>(74.36)</b>	<b>288.56</b>	<b>157.50</b>	<b>(45.63)</b>	<b>179.44</b>	<b>99.31</b>
Distributions**	(57.09)	(29.71)	(33.59)	(35.11)	(18.47)	(22.02)
Retained distributions**	57.09	29.71	33.59	-	-	-
<b>Closing net asset value</b>	<b>2,661.39</b>	<b>2,735.75</b>	<b>2,447.19</b>	<b>1,601.41</b>	<b>1,682.15</b>	<b>1,521.18</b>
*after direct transaction costs of	(1.74)	(2.38)	(3.05)	(1.07)	(1.48)	(1.92)
<b>Performance</b>						
Return after charges (%)	(2.72)	11.79	6.88	(2.71)	11.80	6.88
<b>Other information</b>						
Closing net asset value (£000's)	216,055	239,373	216,500	80,601	92,160	98,432
Closing number of units	8,118,124	8,749,811	8,846,871	5,033,119	5,478,717	6,470,797
Operating charges (%)	0.77	0.77	0.78	0.77	0.77	0.78
Direct transaction costs (%)***	0.07	0.09	0.14	0.07	0.09	0.14
<b>Prices</b>						
Highest dealing price	2,754.00p	2,897.00p	2,473.65p	1,693.00p	1,801.00p	1,559.88p
Lowest dealing price	2,235.00p	2,373.74p	1,585.89p	1,374.00p	1,475.58p	1,000.06p

# Comparative Table (continued)

Financial year to 15 January	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	104.15	93.21	87.28	92.19	83.37	79.14
Return before operating charges*	(2.10)	11.77	6.63	(1.86)	10.53	6.03
Operating charges	(0.79)	(0.83)	(0.70)	(0.70)	(0.74)	(0.64)
<b>Return after operating charges*</b>	<b>(2.89)</b>	<b>10.94</b>	<b>5.93</b>	<b>(2.56)</b>	<b>9.79</b>	<b>5.39</b>
Distributions**	(2.11)	(1.08)	(1.26)	(1.87)	(0.97)	(1.16)
Retained distributions**	2.11	1.08	1.26	-	-	-
<b>Closing net asset value</b>	<b>101.26</b>	<b>104.15</b>	<b>93.21</b>	<b>87.76</b>	<b>92.19</b>	<b>83.37</b>
*after direct transaction costs of	(0.07)	(0.09)	(0.12)	(0.06)	(0.08)	(0.11)
<b>Performance</b>						
Return after charges (%)	(2.77)	11.74	6.79	(2.78)	11.74	6.81
<b>Other information</b>						
Closing net asset value (£000's)	84,104	95,454	100,364	103,258	118,131	158,416
Closing number of units	83,060,620	91,648,570	107,670,540	117,662,297	128,142,966	190,020,431
Operating charges (%)	0.84	0.82	0.85	0.84	0.82	0.85
Direct transaction costs (%)***	0.07	0.09	0.14	0.07	0.09	0.14
<b>Prices</b>						
Highest dealing price	104.80p	110.30p	94.22p	92.79p	98.64p	85.44p
Lowest dealing price	85.07p	90.41p	60.44p	75.30p	80.86p	54.81p

# Comparative Table (continued)

Financial year to 15 January	Q Accumulation EUR units			S Income units		
	2023 ¢ per unit <sup>§</sup>	2022 ¢ per unit <sup>§</sup>	2021 ¢ per unit <sup>§</sup>	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	135.56	113.85	110.51	90.73	82.04	77.86
Return before operating charges*	(10.68)	22.63	4.10	(1.81)	10.37	5.95
Operating charges	(0.89)	(0.92)	(0.76)	(0.45)	(0.48)	(0.41)
<b>Return after operating charges*</b>	<b>(11.57)</b>	<b>21.71</b>	<b>3.34</b>	<b>(2.26)</b>	<b>9.89</b>	<b>5.54</b>
Distributions**	(2.69)	(1.51)	(1.65)	(2.08)	(1.20)	(1.36)
Retained distributions**	2.69	1.51	1.65	-	-	-
<b>Closing net asset value</b>	<b>123.99</b>	<b>135.56</b>	<b>113.85</b>	<b>86.39</b>	<b>90.73</b>	<b>82.04</b>
*after direct transaction costs of	(0.08)	(0.11)	(0.14)	(0.06)	(0.08)	(0.10)
<b>Performance</b>						
Return after charges (%)	(8.53)	19.07	3.02	(2.49)	12.06	7.12
<b>Other information</b>						
Closing net asset value (£000's)	649 <sup>§</sup>	648 <sup>§</sup>	29,236 <sup>§</sup>	5,845	8,803	9,728
Closing number of units	589,537	572,930	28,890,779	6,765,322	9,702,290	11,856,996
Operating charges (%)	0.74	0.74	0.75	0.54	0.54	0.55
Direct transaction costs (%)***	0.07	0.09	0.14	0.07	0.09	0.14
<b>Prices</b>						
Highest dealing price	136.30¢	141.50¢	114.40¢	91.33p	97.30p	84.30p
Lowest dealing price	106.50¢	111.90¢	71.86¢	74.14p	79.61p	53.95p

# Comparative Table (continued)

Financial year to 15 January	Y Accumulation 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	93.15	82.95	77.27	150.24	134.56	126.09
Return before operating charges*	(1.85)	10.49	5.92	(3.05)	16.99	9.58
Operating charges	(0.27)	(0.29)	(0.24)	(1.25)	(1.31)	(1.11)
<b>Return after operating charges*</b>	<b>(2.12)</b>	<b>10.20</b>	<b>5.68</b>	<b>(4.30)</b>	<b>15.68</b>	<b>8.47</b>
Distributions**	(2.33)	(1.41)	(1.51)	(2.94)	(1.45)	(1.74)
Retained distributions**	2.33	1.41	1.51	2.94	1.45	1.74
<b>Closing net asset value</b>	<b>91.03</b>	<b>93.15</b>	<b>82.95</b>	<b>145.94</b>	<b>150.24</b>	<b>134.56</b>
*after direct transaction costs of	(0.06)	(0.08)	(0.10)	(0.10)	(0.13)	(0.17)
<b>Performance</b>						
Return after charges (%)	(2.28)	12.30	7.35	(2.86)	11.65	6.72
<b>Other information</b>						
Closing net asset value (£000's)	323,486	353,459	471,047	144,842	167,422	124,993
Closing number of units	355,371,638	379,438,874	567,836,136	99,246,249	111,439,029	92,888,889
Operating charges (%)	0.32	0.32	0.33	0.92	0.90	0.93
Direct transaction costs (%)***	0.07	0.09	0.14	0.07	0.09	0.14
<b>Prices</b>						
Highest dealing price	93.76p	98.55p	83.84p	151.20p	159.10p	136.02p
Lowest dealing price	76.14p	80.52p	53.56p	122.70p	130.50p	87.31p



# Comparative Table (continued)

Financial year to 15 January	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	132.41	119.75	113.69
Return before operating charges*	(2.67)	15.11	8.64
Operating charges	(1.10)	(1.16)	(1.00)
<b>Return after operating charges*</b>	<b>(3.77)</b>	<b>13.95</b>	<b>7.64</b>
Distributions**	(2.59)	(1.29)	(1.58)
<b>Closing net asset value</b>	<b>126.05</b>	<b>132.41</b>	<b>119.75</b>
*after direct transaction costs of	(0.08)	(0.12)	(0.15)
<b>Performance</b>			
Return after charges (%)	(2.85)	11.65	6.72
<b>Other information</b>			
Closing net asset value (£000's)	7,026	12,749	17,370
Closing number of units	5,574,069	9,628,106	14,505,362
Operating charges (%)	0.92	0.90	0.93
Direct transaction costs (%)***	0.07	0.09	0.14
<b>Prices</b>			
Highest dealing price	133.30p	141.60p	122.64p
Lowest dealing price	108.10p	116.14p	78.72p

\*\* 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 Change in net asset value is shown in cents as this is the reporting currency of the unit class, however, the Closing net asset value is shown in sterling as this is the reporting currency of the Fund.

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

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

# Portfolio Statement

	Holding at 15.1.23	Market Value £000's	% of net assets
<b>Equities 98.78% (99.12%)</b>			
<b>Austria 1.13% (2.34%)</b>			
Verbund	168,302	11,168	1.13
		<b>11,168</b>	<b>1.13</b>
<b>Belgium 6.17% (7.93%)</b>			
Ageas	636,980	24,854	2.52
Azelis Group	621,052	13,974	1.42
Galapagos	139,674	5,397	0.55
Umicore	526,316	16,565	1.68
		<b>60,790</b>	<b>6.17</b>
<b>Denmark 1.42% (2.72%)</b>			
Novozymes B	335,786	13,970	1.42
		<b>13,970</b>	<b>1.42</b>
<b>Finland 6.91% (9.71%)</b>			
Fortum	2,175,101	28,338	2.88
Neste	495,924	19,882	2.02
Outokumpu	4,402,518	19,859	2.01
		<b>68,079</b>	<b>6.91</b>
<b>France 10.74% (11.35%)</b>			
Carrefour	981,701	14,413	1.46
Danone	395,995	17,454	1.77
Pernod Ricard	97,294	16,726	1.70
Societe Generale	885,047	19,377	1.97
Ubisoft			
Entertainment	666,784	12,290	1.25
Worldline	692,255	25,562	2.59
		<b>105,822</b>	<b>10.74</b>
<b>Germany 24.01% (21.76%)</b>			
Bayer	829,596	42,218	4.28
Beiersdorf	307,918	29,865	3.03
Fresenius	661,906	16,613	1.69
GEA Group	621,022	22,067	2.24
Knorr-Bremse	321,638	17,138	1.74
MTU Aero Engines	137,059	27,000	2.74
Porsche Automobil Holding Preference	510,872	24,911	2.53
Siemens Energy	1,001,433	16,767	1.70
Software	473,266	10,792	1.09
Wacker Chemie	93,580	11,105	1.13
Zalando	481,447	18,162	1.84
		<b>236,638</b>	<b>24.01</b>
<b>Ireland 1.85% (1.66%)</b>			
Bank of Ireland Group	2,251,106	18,185	1.85
		<b>18,185</b>	<b>1.85</b>
<b>Italy 1.38% (0.00%)</b>			
Intesa Sanpaolo	6,737,795	13,635	1.38
		<b>13,635</b>	<b>1.38</b>
<b>Netherlands 10.34% (13.03%)</b>			
ASM International	38,474	9,953	1.01
BE Semiconductor Industries	533,800	30,856	3.13
CNH Industrial	261,421	3,714	0.38
Koninklijke Philips	1,316,703	18,517	1.88

	Holding at 15.1.23	Market Value £000's	% of net assets
OCI	87,808	2,398	0.24
QIAGEN	879,188	36,463	3.70
		<b>101,901</b>	<b>10.34</b>
<b>Norway 2.72% (1.03%)</b>			
Aker BP	438,070	11,056	1.12
Mowi	1,093,259	15,766	1.60
		<b>26,822</b>	<b>2.72</b>
<b>Spain 3.55% (0.00%)</b>			
Amadeus IT Group	266,403	13,491	1.37
CaixaBank	6,213,097	21,527	2.18
		<b>35,018</b>	<b>3.55</b>
<b>Sweden 16.77% (15.56%)</b>			
AAK	1,263,617	18,364	1.86
Billerud	1,817,978	18,498	1.88
Elekta B	2,077,018	11,364	1.15
Munters Group	1,521,430	12,313	1.25
Mycronic	492,329	7,752	0.79
Saab B	522,982	16,880	1.71
SKF B	1,870,356	27,343	2.78
Svenska Handelsbanken A	2,919,741	25,123	2.55
Tele2 B	2,424,889	17,979	1.82
Viaplay Group B	550,681	9,641	0.98
		<b>165,257</b>	<b>16.77</b>
<b>Switzerland 11.79% (12.03%)</b>			
Cie Financiere Richemont	408,985	49,902	5.06
Novartis	609,263	45,498	4.62
Swiss Re	253,533	20,755	2.11
		<b>116,155</b>	<b>11.79</b>
<b>Equities total</b>		<b>973,440</b>	<b>98.78</b>
<b>Forward Foreign Currency Contracts 0.00% (0.01%)</b>			
Buy CHF 21,876 Sell GBP 19,506 31/01/2023		0	0.00
Buy EUR 8,798 Sell GBP 7,757 31/01/2023		0	0.00
Buy NOK 1,159 Sell GBP 97 31/01/2023		0	0.00
Buy NOK 59,037 Sell GBP 4,864 31/01/2023		0	0.00
Buy SEK 10,680 Sell GBP 847 31/01/2023		0	0.00
Buy SEK 17,739 Sell GBP 1,400 31/01/2023		0	0.00
Sell CHF 384,909 Buy GBP 343,734 31/01/2023		3	0.00
Sell EUR 2,053,538 Buy GBP 1,799,718 31/01/2023		(25)	0.00
Sell NOK 64,994 Buy GBP 5,381 31/01/2023		0	0.00
Sell NOK 891,073 Buy GBP 74,527 31/01/2023		0	0.00
Sell SEK 5,780,426 Buy GBP 457,941 31/01/2023		2	0.00
Sell SEK 84,348 Buy GBP 6,624 31/01/2023		0	0.00
<b>Forward Foreign Currency Contracts total</b>		<b>(20)</b>	<b>0.00</b>
<b>Portfolio of investments</b>		<b>973,420</b>	<b>98.78</b>
<b>Net other assets</b>		<b>12,016</b>	<b>1.22</b>
<b>Net assets attributable to unitholders</b>		<b>985,436</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 15 January 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

# Statement of Total Return

For the year ended 15 January 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital (losses)/gains	2		(60,165)		130,123
Revenue	3	32,528		27,334	
Expenses	4	(6,629)		(8,383)	
Net revenue before taxation		<b>25,899</b>		<b>18,951</b>	
Taxation	5	(2,128)		(2,316)	
Net revenue after taxation			<b>23,771</b>		<b>16,635</b>
<b>Total return before distributions</b>			<b>(36,394)</b>		<b>146,758</b>
Distributions	6		(23,773)		(16,638)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(60,167)</b>		<b>130,120</b>

# Statement of Change in Net Assets Attributable to Unitholders

For the year ended 15 January 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		1,119,753		1,264,239
Amounts receivable on issue of units	33,014		87,577	
Amounts payable on cancellation of units	(124,993)		(373,041)	
		<b>(91,979)</b>		<b>(285,464)</b>
Dilution adjustment		5		217
Change in net assets attributable to unitholders from investment activities		(60,167)		130,120
Retained distribution on Accumulation units		17,824		10,641
<b>Closing net assets attributable to unitholders</b>		<b>985,436</b>		<b>1,119,753</b>

# Balance Sheet

As at 15 January 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
<b>Assets</b>					
Investments			973,445		1,109,969
<b>Current assets</b>					
Debtors	8		15,318		10,203
Cash and bank balances			11,052		16,793
<b>Total assets</b>			<b>999,815</b>		<b>1,136,965</b>
<b>Liabilities</b>					
Investment liabilities			(25)		(1)
<b>Creditors</b>					
Distributions payable			(4,305)		(2,525)
Other creditors	9		(10,049)		(14,686)
<b>Total liabilities</b>			<b>(14,379)</b>		<b>(17,212)</b>
<b>Net assets attributable to unitholders</b>			<b>985,436</b>		<b>1,119,753</b>

# Notes to the Accounts

## For the year ended 15 January 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 receivable from equity investments are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex-dividend.

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

#### Special dividends

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

#### Expenses

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

#### Taxation

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

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

#### Distributions

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

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

#### Dilution adjustment

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

#### Valuation

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

#### Foreign currencies

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

#### Sterling hedged unit classes

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

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

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

### 2 Net capital (losses)/gains

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

	2023	2022
	£000's	£000's
Non-derivative securities	(60,546)	130,374
Forward foreign currency contracts	(108)	264
Foreign currency gains/(losses)	489	(487)
Transaction costs	-	(28)
<b>Net capital (losses)/gains</b>	<b>(60,165)</b>	<b>130,123</b>

# Notes to the Accounts

## For the year ended 15 January 2023 (continued)

### 3 Revenue

	2023	2022
	£000's	£000's
Overseas dividends	32,488	27,216
Bank interest	40	1
Interest on tax reclaims	-	117
<b>Total revenue</b>	<b>32,528</b>	<b>27,334</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>		
Annual management charge	-	805
Administration charge	-	91
Schroders Annual Charge <sup>1,2</sup>	6,575	7,325
	<b>6,575</b>	<b>8,221</b>
<b>Payable to the Trustee, associates of the Trustee and agents of either of them:</b>		
Trustee's fees	-	11
Safe custody fees	-	17
	-	<b>28</b>
<b>Other expenses:</b>		
Audit fee <sup>2</sup>	-	1
Professional fee	14	59
Interest payable	40	74
	<b>54</b>	<b>134</b>
<b>Total expenses</b>	<b>6,629</b>	<b>8,383</b>

1 Fees such as the Annual Management Charge, Administration fee, Trustee fee and Audit fee were paid separately to 28 February 2021. From 1 March 2021 these fees were replaced with the Schroders Annual Charge.

2 Audit fees including VAT for the financial year ending 2023 were £15,162 (2022 - £9,673).

### 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	2,128	3,330
Prior year adjustment	-	(1,014)
<b>Total current tax (Note 5(b))</b>	<b>2,128</b>	<b>2,316</b>

# Notes to the Accounts

## For the year ended 15 January 2023 (continued)

### (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>25,899</b>	<b>18,951</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	5,180	3,790
<b>Effects of:</b>		
Revenue not subject to corporation tax	(6,498)	(5,443)
Movement in excess management expenses	1,318	1,653
Overseas withholding tax	2,128	3,330
Prior year adjustment <sup>1</sup>	-	(1,014)
<b>Current tax charge for the year (Note 5(a))</b>	<b>2,128</b>	<b>2,316</b>

<sup>1</sup> Recoveries of corporation tax from HMRC relating to prior years.

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

At the balance sheet date, there is a potential deferred tax asset of £13,786,058 (2022 – £12,468,302) 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 units and revenue deducted on the cancellation of units, and comprise:

	2023	2022
	£000's	£000's
Final Dividend distribution	22,129	13,165
Add: Revenue deducted on cancellation of units	2,085	3,787
Deduct: Revenue received on issue of units	(441)	(314)
<b>Distributions</b>	<b>23,773</b>	<b>16,638</b>
Net revenue after taxation	23,771	16,635
Movement in undistributed revenue	-	1
Equalisation on conversions	2	2
<b>Distributions</b>	<b>23,773</b>	<b>16,638</b>

Details of the distributions per unit are set out in the Distribution Table on pages 28 to 29.

# Notes to the Accounts

## For the year ended 15 January 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 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	973,440	-	1,109,879	-
Level 2: Observable market data	5	(25)	90	(1)
Level 3: Unobservable data	-	-	-	-
<b>Total</b>	<b>973,445</b>	<b>(25)</b>	<b>1,109,969</b>	<b>(1)</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

#### Unobservable data

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

### 8 Debtors

	2023 £000's	2022 £000's
Amounts receivable for issue of units	38	136
Sales awaiting settlement	7,971	5,360
Overseas withholding tax recoverable	7,309	4,707
<b>Total debtors</b>	<b>15,318</b>	<b>10,203</b>

### 9 Other creditors

	2023 £000's	2022 £000's
Amounts payable for cancellation of units	1,214	5,525
Purchases awaiting settlement	8,063	8,208
Accrued expenses	772	953
<b>Total other creditors</b>	<b>10,049</b>	<b>14,686</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 22.95% (2022 - 23.39%).

# Notes to the Accounts

## For the year ended 15 January 2023 (continued)

### 12 Unit classes

At the reporting date the Fund had fifteen 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 17.

The distributions per unit class are given in the Distribution Table on pages 28 to 29.

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

### 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 £97,342,000 (2022 - £110,996,800).

#### 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 Manager may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the Fund's exposure to currency risk is reduced.

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

#### Currency risk profile

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

Currency	2023 £000's	2022 £000's
Danish krone	14,292	30,629
Euro	662,644	759,038
Norwegian krone	26,748	11,704
Sterling	175	1,314
Swedish krona	165,259	173,484
Swiss franc	116,317	143,584
US dollar	1	-

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 £98,526,100 (2022 - £111,843,900).

#### 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.

At the year end date 1.12% (2022 - 1.50%) 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 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 15 January 2023 (continued)

### 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 15 January 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 15 January	2022			Leverage 15 January
	Lowest	Highest	Average		Lowest	Highest	Average	
	0.00%	0.96%	0.10%	0.07%	0.00%	2.59%	0.15%	0.31%

### 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	460,162	214	282	460,658	0.05	0.06
<b>Sales</b>						
Equities	536,778	(236)	-	536,542	(0.04)	-
Total cost of the Fund's average net asset value (%)		0.05	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	782,846	351	423	783,620	0.04	0.05
<b>Sales</b>						
Equities	1,055,032	(426)	-	1,054,606	(0.04)	-
Total cost of the Fund's average net asset value (%)		0.06	0.04			

#### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.07% (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.

# Notes to the Accounts

## For the year ended 15 January 2023 (continued)

### 15 Units in issue reconciliation

	Number of units in issue 15.1.22	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue 15.1.23
A Accumulation units	19,742,287	122,599	(6,928,219)	(366,931)	12,569,736
A Income units	748,526	546	(96,863)	28,505	680,714
GBP Hedged A Accumulation units	24,013	-	-	-	24,013
GBP Hedged A Income units	20,000	-	-	-	20,000
GBP Hedged Z Accumulation units	911,596	1,286	(213,146)	-	699,736
GBP Hedged Z Income units	3,320,199	11,018	(1,286,701)	-	2,044,516
I Accumulation units	8,749,811	71,105	(745,119)	42,327	8,118,124
I Income units	5,478,717	278,524	(731,199)	7,077	5,033,119
L Accumulation units	91,648,570	4,176,473	(12,669,376)	(95,047)	83,060,620
L Income units	128,142,966	12,050,394	(22,265,981)	(265,082)	117,662,297
Q Accumulation EUR units	572,930	26,607	(10,000)	-	589,537
S Income units	9,702,290	-	(2,936,968)	-	6,765,322
Y Accumulation units	379,438,874	3,475,128	(27,542,364)	-	355,371,638
Z Accumulation units	111,439,029	6,680,900	(18,500,206)	(373,474)	99,246,249
Z Income units	9,628,106	665,820	(4,778,409)	58,552	5,574,069

### 16 Counterparty exposure

The types of non-exchange traded derivatives held at the balance sheet date were forward foreign currency contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

Counterparty	Forward foreign currency contracts £000's	Credit default swaps £000's	Commodity index swaps £000's	Contract for difference £000's	Interest rate swaps £000's	Total return swaps £000's	Inflation linked swaps £000's	Options contracts £000's	Swaption contracts £000's	Total £000's
<b>HSBC</b>										
2023	(20)	-	-	-	-	-	-	-	-	(20)
2022	89	-	-	-	-	-	-	-	-	89

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.

# Notes to the Accounts

## For the year ended 15 January 2023 (continued)

### 17 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 15 January 2023, the price of each unit class has changed as follows:

	Number of units in issue 2.5.23	Number of units in issue 13.1.23	% change	Dealing price 2.5.23	Dealing price 13.1.23	% change
A Accumulation units	12,150,528	12,569,736	(3.34)	131.80p	128.20p	2.81
A Income units	695,619	680,714	2.19	120.30p	118.60p	1.43
GBP Hedged A Accumulation units	24,013	24,013	-	103.10p	98.61p	4.55
GBP Hedged A Income units	20,000	20,000	-	96.25p	93.32p	3.14
GBP Hedged Z Accumulation units	684,176	699,736	(2.22)	111.10p	106.10p	4.71
GBP Hedged Z Income units	2,000,433	2,044,516	(2.16)	97.27p	94.76p	2.65
I Accumulation units	6,132,547	8,118,124	(24.46)	2,748.00p	2,664.00p	3.15
I Income units	4,868,213	5,033,119	(3.28)	1,653.00p	1,638.00p	0.92
L Accumulation units	79,341,432	83,060,620	(4.48)	104.50p	101.40p	3.06
L Income units	117,404,404	117,662,297	(0.22)	90.59p	89.72p	0.97
Q Accumulation EUR units	552,887	589,537	(6.22)	129.40c	124.10c	4.27
S Income units	6,453,411	6,765,322	(4.61)	89.26p	88.57p	0.78
Y Accumulation units	320,504,000	355,371,638	(9.81)	94.10p	91.12p	3.27
Z Accumulation units	44,979,764	99,246,249	(54.68)	150.60p	146.10p	3.08
Z Income units	4,729,039	5,574,069	(15.16)	130.10p	128.80p	1.01

The Fund experienced higher than average cancellation of units post year end. The liquidity measures within the Fund remain within normal range and there is no immediate or material uncertainty about the viability of the Fund as a going concern.

# Distribution Table

## Final distribution for the year ended 15 January 2023

**Group 1** Units purchased prior to 16 January 2022

**Group 2** Units purchased on or after 16 January 2022

	Net revenue 2023 per unit	Equalisation 2023 per unit	Distribution payable 15.3.23 per unit	Distribution paid 15.3.22 per unit
<b>A Accumulation units</b>				
Group 1	1.6904p	-	1.6904p	0.3156p
Group 2	0.3410p	1.3494p	1.6904p	0.3156p
<b>A Income units</b>				
Group 1	1.5607p	-	1.5607p	0.2879p
Group 2	0.4583p	1.1024p	1.5607p	0.2879p
<b>GBP Hedged A Accumulation units</b>				
Group 1	1.3111p	-	1.3111p	0.2003p
Group 2	1.3111p	-	1.3111p	0.2003p
<b>GBP Hedged A Income units</b>				
Group 1	1.2405p	-	1.2405p	0.2001p
Group 2	1.2405p	-	1.2405p	0.2001p
<b>GBP Hedged Z Accumulation units</b>				
Group 1	2.1589p	-	2.1589p	1.0170p
Group 2	0.3141p	1.8448p	2.1589p	1.0170p
<b>GBP Hedged Z Income units</b>				
Group 1	1.9279p	-	1.9279p	0.9117p
Group 2	1.5935p	0.3344p	1.9279p	0.9117p
<b>I Accumulation units</b>				
Group 1	57.0936p	-	57.0936p	29.7056p
Group 2	36.8060p	20.2876p	57.0936p	29.7056p
<b>I Income units</b>				
Group 1	35.1071p	-	35.1071p	18.4657p
Group 2	19.4398p	15.6673p	35.1071p	18.4657p
<b>L Accumulation units</b>				
Group 1	2.1140p	-	2.1140p	1.0796p
Group 2	0.9765p	1.1375p	2.1140p	1.0796p
<b>L Income units</b>				
Group 1	1.8715p	-	1.8715p	0.9676p
Group 2	0.9216p	0.9499p	1.8715p	0.9676p
<b>Q Accumulation EUR units</b>				
Group 1	2.6940c	-	2.6940c	1.5086c
Group 2	1.5106c	1.1834c	2.6940c	1.5086c
<b>S Income units</b>				
Group 1	2.0848p	-	2.0848p	1.1996p
Group 2	2.0848p	-	2.0848p	1.1996p
<b>Y Accumulation units</b>				
Group 1	2.3283p	-	2.3283p	1.4112p
Group 2	0.3652p	1.9631p	2.3283p	1.4112p
<b>Z Accumulation units</b>				
Group 1	2.9391p	-	2.9391p	1.4523p
Group 2	0.6337p	2.3054p	2.9391p	1.4523p

# Distribution Table (continued)

	Net revenue 2023 per unit	Equalisation 2023 per unit	Distribution payable 15.3.23 per unit	Distribution paid 15.3.22 per unit
<b>Z Income units</b>				
Group 1	2.5909p	–	2.5909p	1.2903p
Group 2	0.3615p	2.2294p	2.5909p	1.2903p

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

## Trustee

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

## Registrar

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

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

## Administration Details

Schroders Investor Services  
PO BOX 1402  
Sunderland  
SR43 4AF

## Independent Auditors

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

## Authorisation

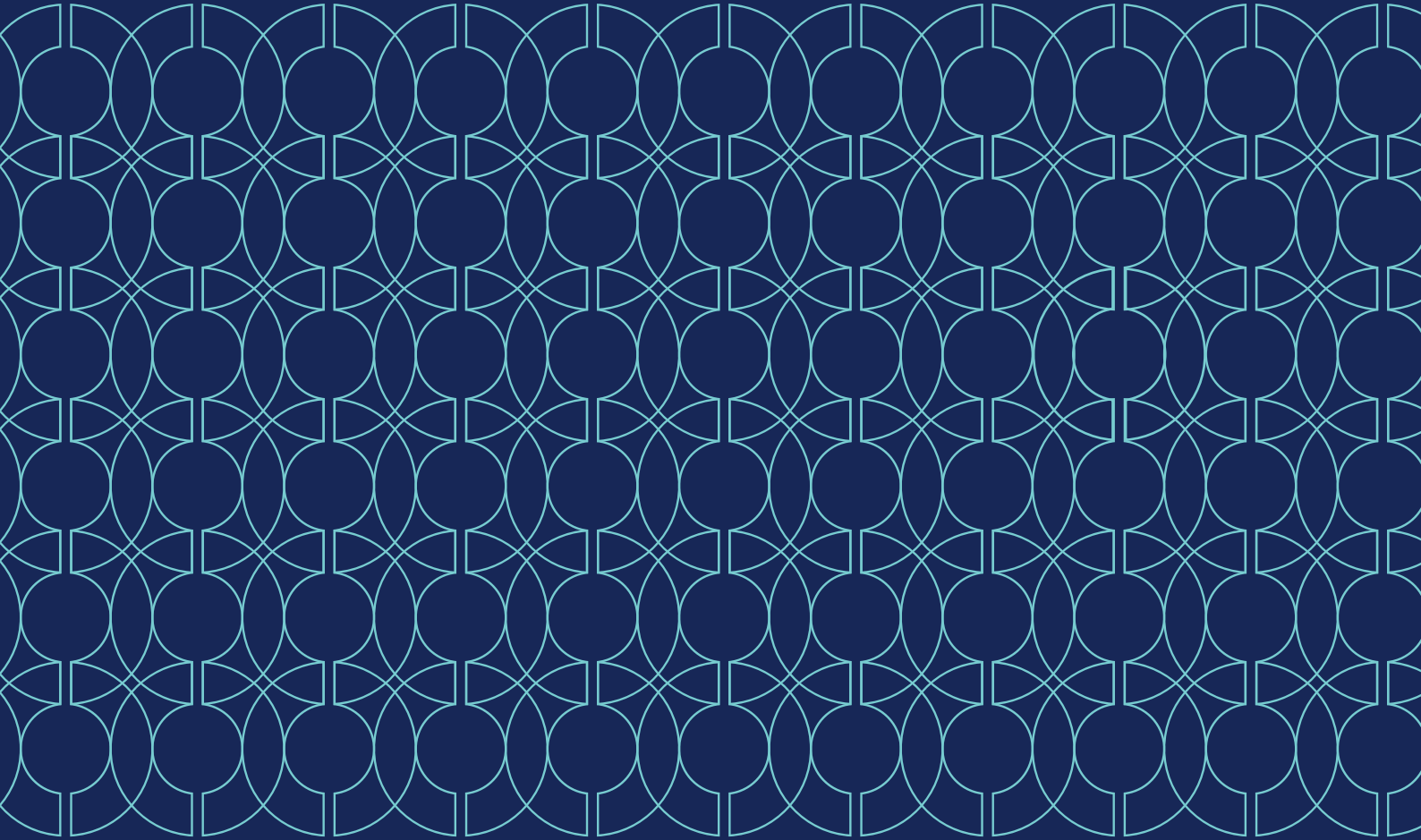
The Fund is an authorised unit trust and is constituted pursuant to the Collective Investment Schemes sourcebook and is structured as a Trust. The Fund is a UCITS scheme for the purpose of the categorisation of the Collective Investment Schemes sourcebook.

## 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.

## Other information

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



EST. 1804

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

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