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

# Fund Information

## Investment objective and policy

Schroder Income Portfolio (the 'Fund') aims to provide an income of 3% to 5% per year and capital growth by investing in a diversified range of assets and markets worldwide with a target average annual volatility (a measure of how much the Fund's returns may vary over a year) over a rolling five year period of between 50% to 65% of that of global stock markets (represented by the MSCI All Country World index). This is not guaranteed and could change depending on market conditions.

The Fund is actively managed and invests its assets in collective investment schemes, closed ended investment schemes, real estate investment trusts and exchange traded funds which themselves invest worldwide in any of the following:

- (A) equity or equity related securities;
- (B) fixed income securities (including government bonds and corporate bonds);
- (C) currencies;
- (D) alternative assets; and
- (E) derivatives

Alternative assets may include funds that use absolute return strategies or funds that invest indirectly in real estate, infrastructure and commodities.

The Fund seeks to achieve the target average volatility by varying the weighting of asset types. During the relevant rolling five year period the Fund's volatility may be higher or lower than the target average level if the investment manager believes it is necessary to seek to mitigate potential losses. The Fund's potential gains and losses are likely to be constrained by the aim to achieve its target average volatility.

The Fund invests between 20% and 60% of its assets in equity and equity related securities.

The Fund may invest up to 20% of its assets in Schroder funds. The Fund may also hold cash.

The Fund will not use derivatives directly.

## Fund characteristics

The Fund's performance should be assessed against the income target of 3-5% per year, and compared against the Investment Association Mixed Investment 20% to 60% Shares sector average return. The target benchmark has been selected because the target return of the Fund is to deliver or exceed the return of that benchmark as stated in the investment objective. The comparator 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.

## Total purchases and sales

	For the period to 31.8.23 £000's	For the year to 28.2.23 £000's
Total purchases	19,140	47,640
Total sales	18,168	30,505

# Fund Performance

	Number of units in issue 31.8.23	Net asset value per unit 31.8.23	Net asset value per unit 28.2.23
A Accumulation units	2,527,493	160.22p	160.34p
A Income units	144,112	107.42p	109.24p
S Accumulation units	2,000	62.90p	62.96p
S Income units	2,159,038	48.64p	49.46p
Z Accumulation units	14,597,983	167.18p	167.31p
Z Income units	25,843,457	112.36p	114.26p

**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.**

# Review of Investment Activities

**The Fund's performance should be assessed against the income target of 3-5% per year. From 28 February 2023 to 31 August 2023, the price of Z Accumulation units on a dealing price basis fell by 0.48%. In comparison, the Investment Association Mixed Investment 20% to 60% shares sector average generated a negative total return of 0.47%<sup>1</sup>.**

The income yield of the portfolio is comprised of dividends from the equity portion and coupons from the fixed income portion. Over the period, the contribution to income from equity holdings have been inline with our expectations. This however, has been negated by historically low yields in fixed income. The US central bank, the Federal Reserve, began raising interest rates in March 2022 to combat rising inflation. This has led to increased yields in the fixed income allocation of the portfolio and we expect to see a greater contribution to income from this asset class going forward.

In April 2023 we made changes to our Strategic Asset Allocation. In our latest return forecast, we revised up the return we expect on cash over the long-term which in turn, led us to revise up expected returns for other asset classes. As a result, we increased exposure to government bonds within the portfolio, funded through a reduction in equities. This provides an opportunity for the portfolio to deliver its expected level of long-term return at a slightly lower level of expected risk. We also adjusted the regional allocation within Equities. We reduced the allocation to UK, Japanese and Emerging Market Equities and increased the allocation to US Equities. We also increased the allocation to the Global Equity asset class.

We are monitoring the economic and market environment to understand the risks and opportunities that may arise. A key concern remains inflation and the resulting consequences. We believe that central banks will be reluctant to cut interest rates until they consider inflation is clearly under control. Given this, we remain cautiously optimistic about our fixed income allocation. We expect the defensive characteristics of government bonds to re-assert themselves as inflationary pressures continue to fall. This offers protection against the potential for a more meaningful growth slowdown. We have increased our exposure to Emerging Market Debt (EMD). These are bonds issued by a government or companies, in emerging market countries such as Brazil and India, to borrow money from investors. We believe debt issued by emerging market governments is currently well priced relative to the risks associated within these markets. We expect this will provide an opportunity for higher yields going forward. Overall, we are maintaining exposure to higher quality credit bonds.

Alongside the delayed effects of a rapid rise in interest rates, there are ongoing recessionary risks in the equity market. In this environment, we believe that higher-quality and defensive businesses will be resilient. Quality companies are typically those with strong balance sheets, low levels of debt, and a history of generating stable earnings and cash flows. In line with our preference for larger companies with defensive quality characteristics, we added the Fidelity Global Dividend Fund to the Global Equity allocation in April 2023.

Over the last 18 months we have leaned into value or growth orientated strategies in markets and regions we deemed appropriate and beneficial. Growth stocks tend to be companies with high earnings growth potential, often in emerging industries or with innovative products or services. Value stocks are those that are undervalued by the market, often due to temporary setbacks or challenges. Historically, growth and value stocks have tended to perform differently in different market environments. As we approach the transitional period from interest rate increases, to pausing, and eventually cutting interest rates, we believe that a more equal weighting to these investing strategies is prudent.

We're using alternative assets to provide investors with additional diversification in the face of volatility. Alternatives are investments outside of the traditional asset classes of equities, bonds and cash. We're focusing on return-enhancing and risk-diversifying funds, and we're tilted towards assets like hedge funds, infrastructure and specialised property. If we move to return-enhancing assets, we'll need to balance the level of risk we take on with the potential for generating returns.

**Fund Manager:**  
**Alex Funk**



Alex has many years of financial services experience which ranges from discretionary fund management, corporate finance, banking, capital raising, private equity to venture capital. Alex started managing a discretionary fund management business in South Africa and Mauritius, where he designed and managed model portfolios for financial advisers and wealth management firms across the world. Alex has extensive experience in managing multi-asset portfolios in the UK and is responsible for a range of portfolios and funds

Alex holds a Bcom Honours in Financial Analysis (Cum Laude) from the University of Stellenbosch, South Africa and is a CFA Charterholder

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

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

# Risk Profile

## Risk and reward indicator



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

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

# Statement of the Manager's Responsibilities

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

In preparing the accounts the Manager is required to:

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

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

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

**P. Chislett**

Directors

18 October 2023

**J. Rainbow**

# Portfolio Statement

	Holding at 31.8.23	Market Value £000's	% of net assets
<b>Collective Investment Schemes 98.28% (98.69%)</b>			
<b>Asia Pacific ex Japan Equity Funds 0.78% (1.90%)</b>			
Schroder Asian Income Fund - Class L Income GBP <sup>††</sup>	161,363	112	0.19
Schroder Asian Income Maximiser Fund - Class L Income GBP <sup>†</sup>	823,260	348	0.59
		<b>460</b>	<b>0.78</b>
<b>Cash Funds 1.51% (1.51%)</b>			
Royal London Short-Term Money Market Fund - Income - Class Y Shares <sup>††</sup>	898,150	887	1.51
		<b>887</b>	<b>1.51</b>
<b>Emerging Markets Equity Funds 3.13% (5.68%)</b>			
JPM Emerging Markets Income Fund C - Net Income <sup>†</sup>	2,873,594	1,839	3.13
		<b>1,839</b>	<b>3.13</b>
<b>Europe ex UK Equity Funds 4.80% (3.66%)</b>			
BlackRock Continental European Income Fund - Class D Income GBP <sup>†</sup>	1,605,972	2,818	4.80
		<b>2,818</b>	<b>4.80</b>
<b>European Fixed Interest Funds 3.79% (4.29%)</b>			
Schroder Strategic Credit Fund - Class S Income GBP <sup>††</sup>	5,145,950	2,227	3.79
		<b>2,227</b>	<b>3.79</b>
<b>Global Emerging Markets Fixed Interest Funds 2.79% (1.91%)</b>			
M&G Emerging Markets Bond Fund GBP PP-H Inc	2,086,954	1,635	2.79
		<b>1,635</b>	<b>2.79</b>
<b>Global Equity Funds 14.20% (11.75%)</b>			
Fidelity Global Dividend Fund - R Income (monthly) Shares <sup>†</sup>	2,492,182	2,530	4.31
Lazard Global Thematic Focus Fund J Dist GBP <sup>†</sup>	30,982	3,291	5.61
RobecoSAM Sustainable Water Equities Fund - G GBP <sup>†</sup>	3,139	842	1.43
Schroder Global Sustainable Value Equity Fund - Class Q1 Income GBP <sup>†</sup>	3,248,169	1,675	2.85
		<b>8,338</b>	<b>14.20</b>
<b>Global Fixed Interest Funds 13.23% (11.68%)</b>			
HSBC Global Government Bond Index Fund - Class:S2QHGBP <sup>†</sup>	725,351	6,594	11.23

	Holding at 31.8.23	Market Value £000's	% of net assets
Vanguard Global Short-Term Bond Index Fund - GBP Hedged Dist <sup>†</sup>	12,131	1,171	2.00
		<b>7,765</b>	<b>13.23</b>
<b>Hedge Funds 4.30% (4.40%)</b>			
MontLake Crabel Gemini Fund - GBP Institutional A Pooled Class Shares <sup>†</sup>	12,473	1,259	2.15
Neuberger Berman Uncorrelated Strategies Fund - GBP I2 Accumulating Class <sup>†</sup>	118,675	1,264	2.15
		<b>2,523</b>	<b>4.30</b>
<b>Infrastructure and Renewable Energy Funds 0.00% (1.00%)</b>			
<b>Japanese Equity Funds 2.63% (3.65%)</b>			
Fidelity Investment Funds - Index Japan Fund - P Income Shares	905,279	1,541	2.63
		<b>1,541</b>	<b>2.63</b>
<b>Multi Asset Funds 5.25% (7.58%)</b>			
Schroder SSF Diversified Alternative Assets - Class S Distribution GBP <sup>††</sup>	33,596	3,080	5.25
		<b>3,080</b>	<b>5.25</b>
<b>Property Funds 3.02% (3.07%)</b>			
iShares Environment & Low Carbon Tilt Real Estate Index Fund (UK) - Class D Income GBP <sup>†</sup>	1,076,319	1,771	3.02
		<b>1,771</b>	<b>3.02</b>
<b>UK Equity Funds 11.03% (14.80%)</b>			
City of London Investment Trust <sup>§</sup>	815,530	3,197	5.45
LF Montanaro UK Income Fund - GBP A Income Shares <sup>†</sup>	807,103	631	1.07
Schroder UK-Listed Equity Income Maximiser Fund - Class Q1 Income GBP <sup>††</sup>	3,759,691	1,990	3.39
TB Evenlode Income Fund - C Inc <sup>†</sup>	263,608	656	1.12
		<b>6,474</b>	<b>11.03</b>
<b>UK Fixed Interest Funds 17.28% (12.65%)</b>			
Edentree Responsible And Sustainable Short Dated Bond Fund - Share Class B <sup>†</sup>	2,998,569	2,776	4.73
Jupiter Strategic Bond Fund - Z Class <sup>†</sup>	4,136,705	2,161	3.68

# Portfolio Statement (continued)

	Holding at 31.8.23	Market Value £000's	% of net assets
MI TwentyFour Dynamic Bond Fund - I Income Shares <sup>^</sup>	24,181	2,217	3.78
Vontobel Fund - TwentyFour Absolute Return Credit - Class AQNG GBP <sup>^</sup>	31,127	2,989	5.09
		<b>10,143</b>	<b>17.28</b>
<b>US Equity Funds 10.54% (9.16%)</b>			
Fidelity US Quality Income Fund	481,180	3,382	5.76

	Holding at 31.8.23	Market Value £000's	% of net assets
HSBC American Index Fund - Class Income C <sup>^</sup>	40,400	318	0.54
Schroder US Equity Income Maximiser Fund - Class L Income GBP <sup>^†</sup>	3,744,345	2,486	4.24
		<b>6,186</b>	<b>10.54</b>
<b>Collective Investment Schemes total</b>		<b>57,687</b>	<b>98.28</b>
<b>Portfolio of investments</b>		<b>57,687</b>	<b>98.28</b>
<b>Net other assets</b>		<b>1,011</b>	<b>1.72</b>
<b>Net assets attributable to unitholders</b>		<b>58,698</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 28 February 2023.

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

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

<sup>†</sup> A related party to the Fund.

<sup>1</sup> Cash equivalents.

<sup>§</sup> Closed ended Fund.



## Statement of Total Return (unaudited)

For the six months ended 31 August 2023

	31.8.23		31.8.22	
	£000's	£000's	£000's	£000's
<b>Income</b>				
Net capital losses		(922)		(850)
Revenue	1,024		680	
Expenses	(63)		(45)	
Net revenue before taxation	<b>961</b>		<b>635</b>	
Taxation	(76)		(50)	
Net revenue after taxation		<b>885</b>		<b>585</b>
<b>Total return before distributions</b>		<b>(37)</b>		<b>(265)</b>
Distributions		(935)		(623)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(972)</b>		<b>(888)</b>

## Statement of Change in Net Assets Attributable to Unitholders (unaudited)

For the six months ended 31 August 2023

	31.8.23		31.8.22	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		58,405 <sup>^</sup>		41,411
Amounts receivable on issue of units	5,083		20,775	
Amounts payable on cancellation of units	(4,266)		(4,047)	
		<b>817</b>		<b>16,728</b>
Dilution adjustment		-		6
Change in net assets attributable to unitholders from investment activities		(972)		(888)
Retained distribution on Accumulation units		448		376
<b>Closing net assets attributable to unitholders</b>		<b>58,698</b>		<b>57,633<sup>^</sup></b>

<sup>^</sup> The opening net assets attributable to unitholders for the current period do not equal the closing net assets attributable to unitholders for the comparative period as they are not consecutive periods.

## Balance Sheet (unaudited)

As at 31 August 2023

	31.8.23	28.2.23
	£000's	£000's
<b>Assets</b>		
Investments	56,800	56,755
<b>Current assets</b>		
Debtors	365	459
Cash and bank balances	1,201	724
Cash equivalents	887	882
<b>Total assets</b>	<b>59,253</b>	<b>58,820</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Bank overdrafts	(4)	-
Distributions payable	(288)	(218)
Other creditors	(263)	(197)
<b>Total liabilities</b>	<b>(555)</b>	<b>(415)</b>
<b>Net assets attributable to unitholders</b>	<b>58,698</b>	<b>58,405</b>

# Notes to the Accounts (unaudited)

## Accounting policies

### Basis of preparation

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

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

The accounting policies applied are consistent with those of the annual accounts for the year ended 28 February 2023 and are described in those annual accounts.

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

## Trustee

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

## Registrar

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

## Administration Details

Schroders Investor Services  
PO BOX 1402  
Sunderland  
SR43 4AF

## Independent Auditor

KPMG LLP  
319 St Vincent Street  
Glasgow G2 5AS

## Authorisation

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

## Value Assessment

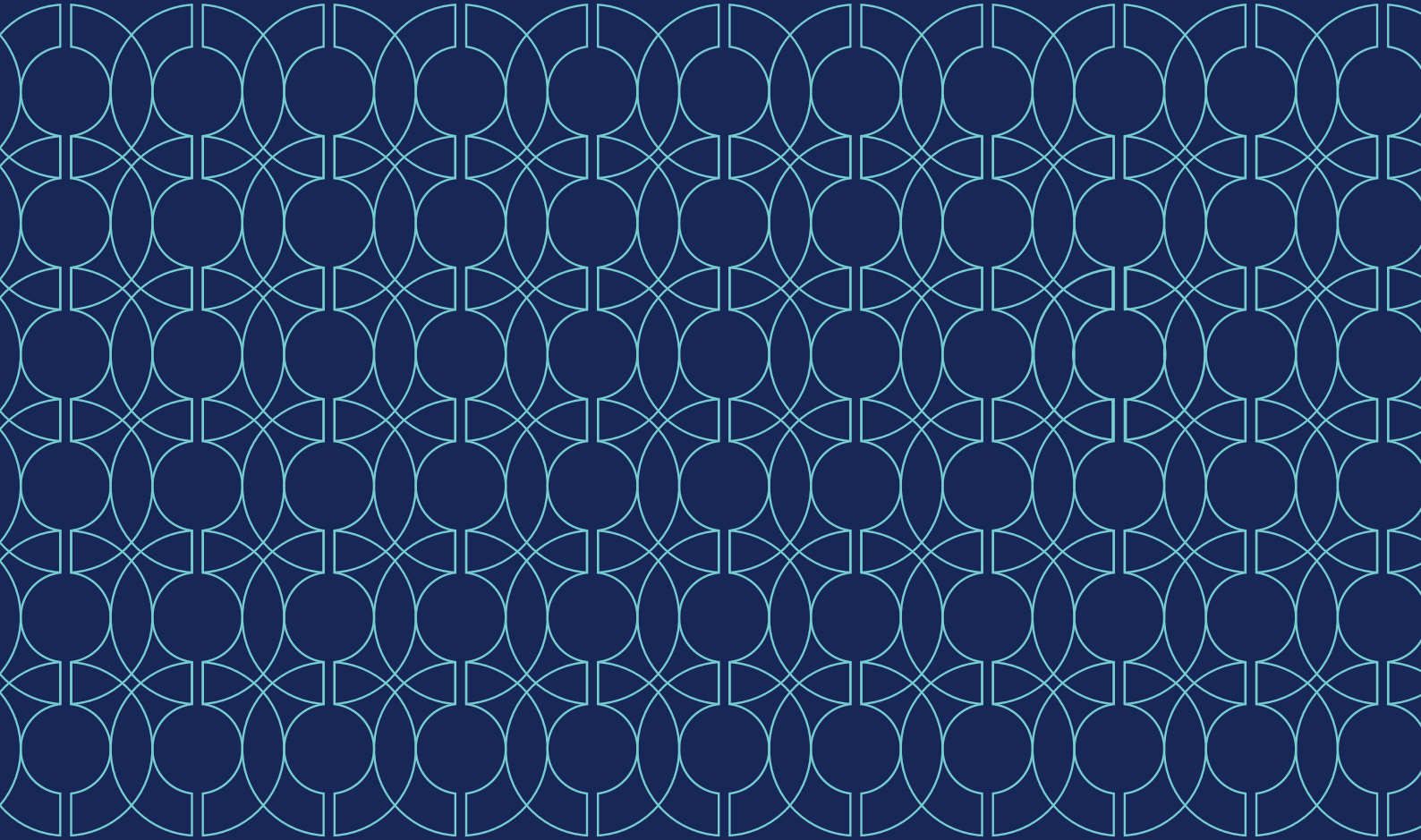
A statement on the Assessment of Value is published on the Global Fund Centre in the Fund Literature section at [www.Schroders.com](http://www.Schroders.com) within 4 months of the annual 'reference date' 31 December.

## 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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