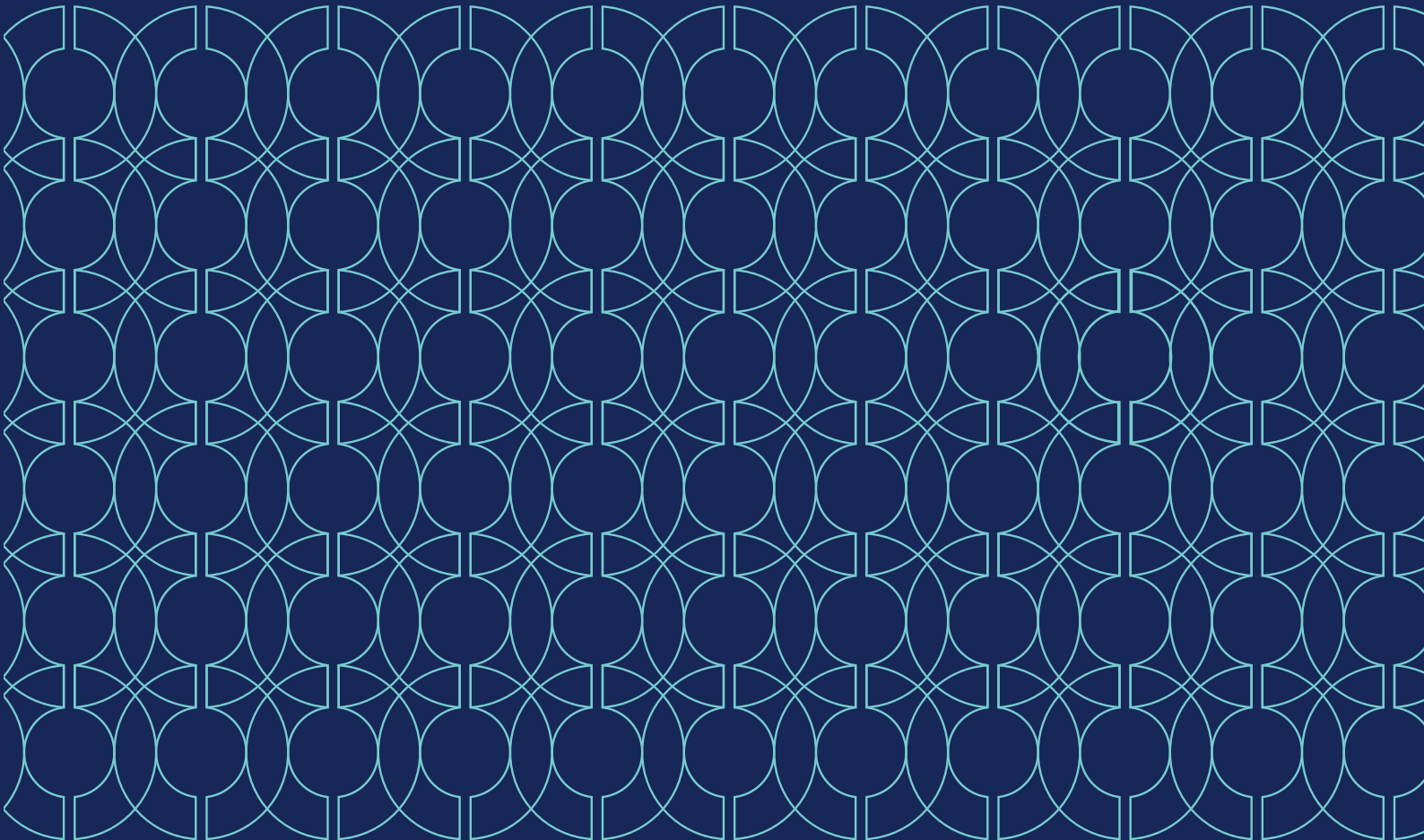


Schroders

Schroder Absolute Return Fund Company
Annual Report and Accounts
30 September 2023



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¹ Collectively these comprise the Authorised Corporate Director's report.

Company Information

General information

Schroder Absolute Return Fund Company (SARFCo or the Company) is an umbrella Company comprising one closed sub fund and one open sub fund which has its own investment objective and policy. As at 30 September 2023 the Company had the following sub fund available:

Schroder Tellworth UK Dynamic Absolute Return Fund

Principal activities

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

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

Liabilities of the Company

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

Shareholders are not liable for the debts of the Company.

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

Significant events

On 15 June 2020, Schroder European Equity Absolute Return Fund was closed. The last dealing of shares in Schroder European Equity Absolute Return Fund was on 15 June 2020. It is the intention of the Manager to terminate the fund at a later date once the residual assets and liabilities are settled. As a result the financial statements for this fund have not been prepared on a going concern basis.

With effect from 5 December 2022 Schroder UK Dynamic Absolute Return Fund's name changed to Schroder Tellworth UK Dynamic Absolute Return and the sub fund's Investment Manager changed to Tellworth Investments LLP.

Statement of the Authorised Corporate Director's Responsibilities

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

In preparing the accounts the Authorised Corporate Director is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its sub funds' 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 Company or its sub funds' or to cease operations, or have no realistic alternative but to do so. For the reasons stated in the Company Information, the financial statements of Schroder European Equity Absolute Return Fund have not been prepared on a going concern basis;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Authorised Corporate Director is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

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

P. Chislett
Directors
26 January 2024

S. Reedy

Report of the Depositary

Statement of the Depositary's responsibilities in respect of the Scheme and report of the Depositary to the shareholders of the Schroder Absolute Return Fund Company ('the Company') for the year ended 30 September 2023.

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

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors. The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the regulations.

The Depositary must ensure that:

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

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

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

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

J.P. Morgan Europe Limited

Depositary
Bournemouth
20 October 2023

Independent Auditor's Report to the Shareholders of Schroder Absolute Return Fund Company

Opinion

We have audited the financial statements of Schroder Absolute Return Fund Company ('the Company') for the year ended 30 September 2023 which comprise the Statements of Total Return, the Statements of Change in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for each of the Company's sub funds listed on page 2 and the accounting policies set out on pages 9 to 10.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of each of the sub funds as at 30 September 2023 and of the net revenue and the net capital losses on the property of each of the sub funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of Matter – non-going concern basis of preparation

In respect of Schroder European Equity Absolute Return Fund, we draw attention to the disclosure made in accounting policy "Basis of preparation" to the financial statements which explains that the financial statements of the sub fund have not been prepared on a going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Going concern

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

In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks to the Company's and its sub funds' business model and analysed how those risks might affect the Company's and its sub funds' financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company or its sub funds will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

- To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:
- Enquiring of Directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Authorised Corporate Director, the Depositary, the Administrator and the Investment Adviser; and
- Reading Authorised Corporate Director board minutes.

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

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

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

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

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

Independent Auditor's Report to the Shareholders of Schroder Absolute Return Fund Company (continued)

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

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

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

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

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

Other information

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

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

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

Matters on which we are required to report by exception

- We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:
- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records.

Authorised Corporate Director's responsibilities

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

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Archer

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

319 St Vincent Street

Glasgow

G2 5AS

26 January 2024

Statement of Cross Holdings

As of 30 September 2023 there were no sub fund cross holdings within the Company.

Accounting Policies

1 Accounting policies

Basis of preparation

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

For Schroder Tellworth UK Dynamic Absolute Return Fund, the Authorised Corporate Director has undertaken a detailed assessment of the sub fund's ability to meet its liabilities as they fall due, including liquidity, fluctuations in global capital markets and investor redemption levels. Based on this assessment, the sub fund continues to be open for trading and the Authorised Corporate Director is satisfied the sub 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.

Schroder European Equity Absolute Return Fund is no longer open to investors, having redeemed all of its shares on 15 October 2020. It is the intention of the ACD to terminate the sub fund at a later date once the residual assets and liabilities are settled. As a result the financial statements for this fund have not been prepared on a going concern basis. The prior year financial statements were also not prepared on a going concern basis. No adjustments were required to the financial statements to adjust assets or liabilities to their realisable values or to provide for liabilities arising from the decision to terminate the sub fund. No liabilities have been recorded for costs of the terminations as the intention is that the ACD will bear any such costs which may arise.

Revenue

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

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

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

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

Special dividends

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

Equalisation

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

Interest on debt securities bought or sold

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

Expenses

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

Prior to the implementation of the Schroders Annual Charge, the costs of establishing and maintaining the hedging programme for the hedged share classes, the liabilities, expenses and charges directly attributable to a hedged share class were allocated to the capital of that specific hedged share class.

Interest on contracts for differences is recognised on an accruals basis and is included in Interest payable and similar charges.

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 Company, less deductible expenses and taxation charged to revenue.

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

Dilution adjustment

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

Valuation

With the exception of forward foreign currency contracts which have been valued at the sub fund's valuation point (12:00) on the last working day of the accounting period, all other investments held by the Company have been valued at market value at 18:00 on the last working day of the accounting period. Market value is defined by the Statement of Recommended Practice as fair value which generally is the bid value of each security and the offer value for short positions. Non-exchange traded derivatives, including swaps and contracts for difference, are priced at fair value using valuation models and data sourced from market data providers and/or information provided by the relevant third party brokers.

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

Accounting Policies

(continued)

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.

Euro hedged share classes

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

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

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

Contracts for difference

Open contracts for difference are shown in the Portfolio Statement and are priced at fair value using valuation models and data sourced from market data providers. The upfront fees received on a mark to market basis are split between capital and revenue as appropriate.

Schroder Tellworth UK Dynamic Absolute Return Fund (formerly Schroder UK Dynamic Absolute Return Fund)

Fund Information

Investment objective and policy

Schroder Tellworth UK Dynamic Absolute Return Fund (formerly Schroder UK Dynamic Absolute Return Fund) (the 'Fund') aims to achieve an absolute return (after fees have been deducted) by investing in equity and equity related securities of UK companies.

Absolute returns means the Fund seeks a positive return over rolling 12-month periods in all market conditions, but this cannot be guaranteed and your capital is at risk.

The Fund invests at least 80% of its assets directly, or indirectly through derivatives, in equity and equity related securities of companies that are constituents of the FTSE All-Share Index or the Alternative Investment Market and that are incorporated in the UK, or derive a significant proportion of their revenues or profits from the UK, or are primarily operating in this jurisdiction. The Fund invests at least 50% of its assets in small and medium sized companies. Small and medium sized companies are companies which, at the time of purchase, are considered to be in the bottom 80% by market capitalisation of the UK equities market. The Fund may also invest in fixed income securities issued by UK companies or the UK government, money market instruments and may hold cash.

Fixed income securities will be rated investment grade (as measured by credit rating agencies, or if not rated, deemed by the ACD to have at least an equivalent rating. The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III Section 8: "Derivatives and Forwards" of the Prospectus). The Fund may have long and short positions and may be net long or short when long and short positions are combined. The Fund may use contracts for differences, forward foreign exchange transactions, interest rate and government bond futures, and other exchange traded and off exchange traded derivative contracts. Such derivative contracts have the potential to significantly increase the Fund's risk profile.

Fund characteristics

The Fund's performance should be assessed against its objective of providing a positive return over rolling 12-month periods in all market conditions and compared against the FTSE All Share (Gross Total Return) Index. The 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 ACD believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

Review of Investment Activities

From 30 September 2022 to 29 September 2023, the price of P2 Accumulation shares on a dealing price basis rose by 2.04%. In comparison, the FTSE¹ All Share index generated a total return of 13.84%².

The year can be split into two distinct periods – from mid-October to the end of January the UK market recovered strongly from early October lows as political stability returned and a less negative view emerged on the likelihood of an imminent recession in both the UK and globally. Following this strong bounce the UK market has struggled to perform – giving back a reasonable portion of those gains quickly and then remaining within a c.5% trading range over much of the summer.

Interest rates and hence bond yields continued to rise which lead to the more highly valued parts of the market coming under some pressure. The other notable feature was that the AIM market was notably much weaker than other parts of the UK stock market.

Shares in domestic based businesses generally performed well given that a lot of pessimism was in both the earnings estimates and valuations of these companies at the start of the period. We had strong contributions from retailers JD Sports Fashion, Next and Marks & Spencer Group (GBP) and pub/hotel operator Whitbread.

Given the generally positive performance in markets during the period, the long book drove most of the positive performance although we had some notable wins in short positions in Keywords Studios, WPP and Mobic Group (previously known as National Express Group). The smaller cap part of the market did not perform as strongly as large caps and Watkin Jones and Everyman Media Group were the worst performing positions in the Fund. Given the strong overall performance of equity markets over the period, the short book was a headwind to performance.

During the period we generally reduced our exposure to the smaller cap end of the markets given the liquidity headwinds this area of the market was feeling, however we remain cognisant of the significant value opportunity that is now emerging in small and mid-caps and see this as an interesting opportunity in the months ahead.

Co-Fund Manager:
Paul Marriage



Paul launched Tellworth Investments in October 2017. He joined Cazenove Capital in 2005 and became Head of UK Dynamic at Schroders in 2013 after the acquisition of Cazenove. Prior to this, Paul was Head of UK Small Cap investments at Insight Investments and an analyst at GH Asset Management. He has over 26 years of investment experience

Paul graduated from University College, Oxford University with a degree in Modern History

Co-Fund Manager:
John Warren



John launched Tellworth Investments in October 2017. He joined Cazenove Capital in 2010, moving to Schroders in 2013 after the acquisition of Cazenove. Prior to this, John worked at UBS and Investec Bank and before this PricewaterhouseCoopers where he qualified as a Chartered Accountant. He has over 23 years of investment experience

John graduated from Loughborough University with a degree in Economics and Accountancy

Co-Fund Manager:
Johnnie Smith



Johnnie joined Tellworth in June 2020 as a Fund Manager. He joined from CZ Capital where he was previously a Portfolio Manager, managing UK Equity long/short mandates. He was previously an analyst at the firm researching UK mid and large cap equities across multiple sectors. Prior to this Johnnie worked at JP Morgan in Equity Sales as a UK Specialist. He has over 10 years of investment experience

Johnnie graduated from the University of Exeter with a degree in History & Politics

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² Source: Refinitiv Eikon Datastream.

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

Risk Profile

Risk and reward indicator



The risk category is based upon the Fund’s risk target and there is no guarantee that the Fund will achieve it. The Fund’s risk category is not guaranteed to remain fixed and may change over time. A Fund in the lowest category does not mean a risk-free investment.

For specific risks, including the risk and reward profile, please refer to the Key Investor Information Document available on the following website www.schroders.com.

Comparative Table

Financial year to 30 September	P1 Accumulation shares			P1 Euro Hedged Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 ¢ per share [§]	2022 ¢ per share [§]	2021 ¢ per share [§]
Change in net asset value						
Opening net asset value	194.79	200.72	165.12	201.15	210.19	173.25
Return before operating charges*	5.00	(3.16)	38.35	0.90	(6.05)	39.88
Operating charges	(2.76)	(2.77)	(2.75)	(2.55)	(2.99)	(2.94)
Return after operating charges*	2.24	(5.93)	35.60	(1.65)	(9.04)	36.94
Distributions**	(1.52)	-	-	(1.48)	-	-
Retained distributions**	1.52	-	-	1.48	-	-
Closing net asset value	197.03	194.79	200.72	199.50	201.15	210.19
*after direct transaction costs of	(0.13)	(0.24)	(0.11)	(0.12)	(0.25)	(0.12)
Performance						
Return after charges (%)	1.15	(2.95)	21.56	(0.82)	(4.30)	21.32
Other information						
Closing net asset value (£000's)	913	15,068	16,897	1,274 [§]	1,693 [§]	1,875 [§]
Closing number of shares	463,243	7,735,272	8,418,138	736,725	954,289	1,035,541
Operating charges (%)	1.41	1.41	1.41	1.46	1.46	1.46
Performance fee (%)	-	-	2.74	-	-	2.07
Performance fees (£000's)	-	-	463	-	-	38
Direct transaction costs (%)***	0.07	0.12	0.06	0.07	0.12	0.06
Prices						
Highest dealing price	200.30p	201.50p	204.30p	205.40¢	211.00¢	214.20¢
Lowest dealing price	189.70p	189.90p	165.30p	193.00¢	198.10¢	173.40¢

Comparative Table (continued)

Financial year to 30 September	P2 Accumulation shares			P2 Euro Hedged Accumulation shares		
	2023 pence per share	2022 pence per share	2021 pence per share	2023 ¢ per share [§]	2022 ¢ per share [§]	2021 ¢ per share [§]
Change in net asset value						
Opening net asset value	206.16	211.38	173.54	216.06	224.43	184.53
Return before operating charges*	5.28	(3.33)	39.72	1.48	(6.27)	41.97
Operating charges	(1.89)	(1.89)	(1.88)	(1.81)	(2.10)	(2.07)
Return after operating charges*	3.39	(5.22)	37.84	(0.33)	(8.37)	39.90
Distributions**	(2.65)	-	-	(2.59)	-	-
Retained distributions**	2.65	-	-	2.59	-	-
Closing net asset value	209.55	206.16	211.38	215.73	216.06	224.43
*after direct transaction costs of	(0.14)	(0.25)	(0.12)	(0.13)	(0.26)	(0.13)
Performance						
Return after charges (%)	1.64	(2.47)	21.80	(0.15)	(3.73)	21.62
Other information						
Closing net asset value (£000's)	71,445	69,583	79,557	6,008 [§]	23,268 [§]	40,429 [§]
Closing number of shares	34,094,639	33,751,106	37,636,860	3,214,238	12,207,260	20,917,586
Operating charges (%)	0.91	0.91	0.91	0.96	0.96	0.96
Performance fee (%)	-	-	3.06	-	-	2.41
Performance fees (£000's)	-	-	2,883	-	-	990
Direct transaction costs (%)***	0.07	0.12	0.06	0.07	0.12	0.06
Prices						
Highest dealing price	212.30p	212.90p	214.90p	221.10¢	225.30¢	228.60¢
Lowest dealing price	201.60p	200.40p	173.70p	208.50¢	212.00¢	184.70¢

** 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 share 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 share class of a Fund based on the financial year's expenses and may vary from year to year. It includes charges such as the Fund's Authorised Corporate Director fee, Registrar fees, Safe custody fees, Depositary's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are shares of another Fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit www.schroders.com.

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 30.9.23	Market Value £000's	% of net assets
Government Bonds 89.68% (61.21%)			
UK Treasury 0.125% 31/01/2024	13,100,000	12,892	16.19
UK Treasury 1% 22/04/2024	12,100,000	11,831	14.86
UK Treasury 2.75% 07/09/2024	13,450,000	13,171	16.54
UK Treasury 0.25% 31/01/2025	10,300,000	9,702	12.18
UK Treasury 5% 07/03/2025	6,500,000	6,519	8.18
UK Treasury 0.625% 07/06/2025	500,000	468	0.59
UK Treasury Bill 0% 02/10/2023	11,000,000	11,000	13.81
UK Treasury Bill 0% 02/04/2024	6,000,000	5,839	7.33
Government Bonds total		71,422	89.68
Equities 5.73% (22.02%)			
Banks 0.00% (2.22%)			
Construction and Materials 0.00% (0.81%)			
Finance and Credit Services 0.00% (1.42%)			
Food Producers 0.00% (1.19%)			
Industrial Engineering 0.00% (1.49%)			
Industrial Transportation 0.00% (2.26%)			
Leisure Goods 1.24% (1.39%)			
Team17 Group#	360,443	991	1.24
		991	1.24
Media 0.97% (1.48%)			
Everyman Media Group#	1,537,868	769	0.97
		769	0.97
Non-life Insurance 0.00% (2.55%)			
Personal Goods 0.00% (1.58%)			
Real Estate Investment and Services 1.94% (1.28%)			
Harworth Group	1,462,331	1,543	1.94
		1,543	1.94
Software and Computer Services 0.00% (1.23%)			
Technology Hardware and Equipment 1.58% (1.88%)			
TT Electronics	739,829	1,258	1.58
		1,258	1.58
Travel and Leisure 0.00% (1.24%)			
Equities total		4,561	5.73
Contracts for Difference 0.20% (0.65%)			
Aerospace and Defense 0.00% (0.04%)			
Babcock International Group	(65,235)	7	0.01

	Holding at 30.9.23	Market Value £000's	% of net assets
BAE Systems	(77,669)	33	0.04
BAE Systems (GBP)	(29,909)	7	0.01
Chemring Group	380,197	(17)	(0.02)
Melrose Industries	233,063	(39)	(0.05)
Melrose Industries (GBP)	(49,346)	6	0.01
		(3)	0.00
Alternative Energy 0.00% (0.03%)			
Automobiles and Parts 0.00% (0.00%)			
Dowlais Group	(49,346)	1	0.00
TI Fluid Systems	(51,133)	2	0.00
		3	0.00
Banks (0.05%) ((0.28)%)			
NatWest Group	719,819	(41)	(0.05)
Virgin Money UK	(566,634)	0	0.00
		(41)	(0.05)
Beverages (0.06%) (0.17%)			
Britvic	222,251	(46)	(0.06)
		(46)	(0.06)
Chemicals 0.01% ((0.06)%)			
Treant	(99,544)	11	0.01
		11	0.01
Closed End Investments 0.04% (0.06%)			
HgCapital Trust	(168,014)	35	0.04
		35	0.04
Construction and Materials (0.09%) (0.04%)			
Genuit Group	(338,797)	(24)	(0.03)
Ibstock	834,420	(12)	(0.02)
Marshalls	(55,581)	3	0.00
Tyman	374,400	(30)	(0.04)
		(63)	(0.09)
Electronic and Electrical Equipment 0.13% (0.00%)			
Halma	(46,552)	64	0.08
IMI	77,490	62	0.08
Oxford Instruments	40,965	8	0.01
Spectris	(28,434)	(8)	(0.01)
Volex Group	350,441	(25)	(0.03)
		101	0.13
Finance and Credit Services 0.00% (0.00%)			
Mortgage Advice Bureau	(91,643)	4	0.01
OSB Group	261,203	(5)	(0.01)
		(1)	0.00
Gas, Water and Multi-utilities (0.21%) (0.00%)			
Centrica	811,435	(122)	(0.15)

Portfolio Statement (continued)

	Holding at 30.9.23	Market Value £000's	% of net assets
National Grid	78,334	(43)	(0.06)
		(165)	(0.21)
General Industrials (0.06)% (0.02%)			
Coats Group	1,137,022	(49)	(0.06)
		(49)	(0.06)
Health Care Providers (0.04)% (0.00%)			
Spire Healthcare Group	(419,603)	(33)	(0.04)
		(33)	(0.04)
Household Goods and Home Construction 0.06% (0.32%)			
Barratt Developments	(176,646)	43	0.05
Persimmon	(79,350)	18	0.02
Watkin Jones [#]	830,875	(12)	(0.01)
		49	0.06
Industrial Engineering 0.02% ((0.12)%)			
Spirax-Sarco Engineering	(6,482)	17	0.02
		17	0.02
Industrial Support Services 0.05% ((0.10)%)			
Diploma	(31,566)	38	0.05
FDM Group Holdings	(149,719)	18	0.02
Grafton Group	138,574	(20)	(0.03)
Inchcape	(24,735)	5	0.01
Marlowe	(57,852)	6	0.01
Midwich Group [#]	225,098	(29)	(0.04)
Mitie Group	(147,364)	4	0.00
RS Group	255,727	41	0.05
Sercu Group	(136,171)	5	0.01
Smart Metering Systems [#]	111,856	(27)	(0.04)
Travis Perkins	(21,707)	5	0.01
		46	0.05
Industrial Transportation 0.01% (0.01%)			
Redde Northgate	(65,314)	5	0.01
		5	0.01
Investment Banking and Brokerage Services 0.44% (0.12%)			
abrdn	(113,415)	4	0.01
AJ Bell	(140,164)	33	0.04
IG Group Holdings	181,829	(50)	(0.06)
Intermediate Capital Group	100,172	22	0.03
Jupiter Fund Management	(117,371)	3	0.00
Russell UK Mid 150	(2,769)	203	0.25
Russell UK Mid 150	(1,721)	107	0.13
TP ICAP Group	(90,802)	4	0.01

	Holding at 30.9.23	Market Value £000's	% of net assets
XPS Pensions Group	399,279	24	0.03
		350	0.44
Leisure Goods (0.01)% ((0.02)%)			
Games Workshop Group	9,913	(23)	(0.03)
Keywords Studios [#]	(27,937)	11	0.02
		(12)	(0.01)
Media (0.08)% ((0.17)%)			
Future	70,999	79	0.10
Informa	220,367	0	0.00
ITV	(1,455,085)	28	0.04
ITV (GBP)	(174,693)	3	0.00
Pearson	(105,003)	7	0.01
Pearson (GBP)	(23,271)	5	0.01
RELX	73,759	(39)	(0.05)
S4 Capital	(78,500)	1	0.00
WPP	(26,785)	5	0.01
YouGov [#]	155,038	(158)	(0.20)
		(69)	(0.08)
Medical Equipment and Services 0.01% (0.00%)			
ConvaTec Group	606,844	10	0.01
		10	0.01
Non-life Insurance (0.20)% ((0.10)%)			
Beazley	361,679	(65)	(0.08)
Lancashire Holdings	315,270	(95)	(0.12)
		(160)	(0.20)
Non-Renewable Energy 0.01% (0.00%)			
Energiean	(11,288)	3	0.00
Petrofac	(124,577)	3	0.01
		6	0.01
Oil, Gas and Coal 0.01% ((0.16)%)			
Shell	68,993	8	0.01
		8	0.01
Personal Care, Drug and Grocery Stores 0.32% (0.16%)			
J Sainsbury	(589,935)	142	0.18
Ocado Group	(52,892)	110	0.14
Ocado Group	(19,017)	3	0.01
THG	(453,171)	(8)	(0.01)
		247	0.32
Pharmaceuticals and Biotechnology 0.00% (0.18%)			
Oxford Nanopore Technologies	(23,253)	1	0.00
		1	0.00
Pharmaceuticals, Biotechnology and Marijuana Producers 0.01% (0.00%)			
AstraZeneca	(2,987)	8	0.01

Portfolio Statement (continued)

	Holding at 30.9.23	Market Value £000's	% of net assets
Genus	(4,517)	2	0.00
		10	0.01
Real Estate Investment and Services 0.05% (0.00%)			
Savills	(93,411)	41	0.05
		41	0.05
Real Estate Investment Trusts (0.10)% ((0.06)%)			
Land Securities Group	177,222	(29)	(0.03)
Tritax Big Box REIT	1,164,877	(56)	(0.07)
		(85)	(0.10)
Retailers 0.00% ((0.18)%)			
ASOS	231,683	(38)	(0.05)
Frasers Group	(14,436)	3	0.00
Frasers Group (GBP)	101,511	9	0.01
Halfords Group	(283,293)	(1)	0.00
Howden Joinery Group	(139,787)	18	0.02
Kingfisher	(443,987)	(34)	(0.04)
Marks & Spencer Group	(100,411)	6	0.01
Marks & Spencer Group (GBP)	730,449	40	0.05
		3	0.00
Software and Computer Services 0.11% ((0.06)%)			
Ascential	(66,725)	3	0.00
Computacenter	82,483	26	0.03
Just Eat Takeaway.com	(5,559)	1	0.00
Kainos Group	(59,045)	56	0.07
Softcat	(12,981)	5	0.01
		91	0.11
Technology Hardware and Equipment 0.00% (0.12%)			
Telecommunications Service Providers 0.05% (0.21%)			
BT Group	(744,251)	35	0.04

	Holding at 30.9.23	Market Value £000's	% of net assets
Vodafone Group	(265,088)	5	0.01
		40	0.05
Travel and Leisure (0.23)% (0.48%)			
Carnival	(20,911)	5	0.01
Carnival (GBP)	(107,931)	104	0.13
Firstgroup	(154,298)	6	0.01
Flutter Entertainment	(1,709)	6	0.01
InterContinental Hotels Group	(9,821)	(6)	(0.01)
International Consolidated Airlines Group	(631,385)	47	0.06
J D Wetherspoon	(35,756)	6	0.01
JET2*	186,318	(63)	(0.08)
Mitchells & Butlers	184,785	3	0.00
National Express Group	(68,360)	2	0.00
SSP Group	696,875	(293)	(0.37)
Trainline	602,139	73	0.09
Whitbread	44,584	(75)	(0.09)
		(185)	(0.23)
Contracts for Difference total		162	0.20
Futures 0.13% (0.34%)			
CBOE Volatility Index October 2023	61	89	0.11
FTSE 100 Index December 2023	(53)	16	0.02
Futures total		105	0.13
Forward Foreign Currency Contracts (0.04)% (0.28%)			
Buy EUR 8,447,242 Sell GBP 7,346,251 31/10/2023		(32)	(0.04)
Forward Foreign Currency Contracts total		(32)	(0.04)
Portfolio of investments		76,218	95.70
Net other assets		3,422	4.30
Net assets attributable to shareholders		79,640	100.00

The comparative percentage figures in brackets are as at 30 September 2022.
Unless otherwise stated, all securities are admitted to official stock exchange listings.

Security traded on another regulated market.

Statement of Total Return

For the year ended 30 September 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
Income					
Net capital losses	2		(319)		(2,533)
Revenue	3	3,358		1,613	
Expenses	4	(922)		(1,217)	
Interest payable and similar charges	5	(1,362)		(1,514)	
Net revenue/(expense) before taxation		1,074		(1,118)	
Taxation	6	-		-	
Net revenue/(expense) after taxation			1,074		(1,118)
Total return before distributions			755		(3,651)
Distributions	7		(1,129)		-
Change in net assets attributable to shareholders from investment activities			(374)		(3,651)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 30 September 2023

	2023		2022	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		109,612		138,758
Amounts receivable on issue of shares	4,942		3,051	
Amounts payable on cancellation of shares	(35,601)		(28,576)	
		(30,659)		(25,525)
Dilution adjustment		68		30
Change in net assets attributable to shareholders from investment activities		(374)		(3,651)
Retained distribution on Accumulation shares		993		-
Closing net assets attributable to shareholders		79,640		109,612

Balance Sheet

As at 30 September 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
Assets					
Investments			77,865		95,751
Current assets					
Debtors	9		204		692
Cash and bank balances	10		14,832		17,337
Total assets			92,901		113,780
Liabilities					
Investment liabilities			(1,647)		(3,125)
Creditors					
Bank overdrafts	11		(495)		-
Other creditors	12		(11,119)		(1,043)
Total liabilities			(13,261)		(4,168)
Net assets attributable to shareholders			79,640		109,612

Notes to the Accounts

For the year ended 30 September 2023

1 Accounting policies

Basis of preparation

The applicable accounting policies adopted by Schroder Tellworth UK Dynamic Absolute Return Fund (formerly Schroder UK Dynamic Absolute Return Fund) are disclosed on pages 9 to 10.

2 Net capital losses

The net capital losses during the year comprise:

	2023	2022
	£000's	£000's
Non-derivative securities	764	(15,451)
Derivative contracts	(577)	13,117
Forward foreign currency contracts	(524)	(209)
Foreign currency gains	18	10
Net capital losses	(319)	(2,533)

3 Revenue

	2023	2022
	£000's	£000's
UK dividends	383	599
Real estate income distributions	-	5
Interest on debt securities	1,626	208
Bank interest	335	30
Net revenue return from derivative contracts	1,014	771
Total revenue	3,358	1,613

4 Expenses

	2023	2022
	£000's	£000's
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Schroders Annual Charge ¹	919	1,217
Other expenses:		
Professional fee	3	-
Total expenses	922	1,217

¹ Audit fees including VAT for the financial year ending 2023 were £9,421 (2022 – £11,777).

5 Interest payable and similar charges

	2023	2022
	£000's	£000's
Interest payable	596	478
Dividends payable on short positions	766	1,036
Total interest payable and similar charges	1,362	1,514

Notes to the Accounts

For the year ended 30 September 2023 (continued)

6 Taxation

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

(a) Factors affecting the total tax charge for the year

The tax assessed for the year is different from that calculated with the standard rate of corporation tax for Open Ended Investment Companies of 20% (2022 – 20%) is applied to the net revenue/(expense) before taxation. The differences are explained below.

	2023 £000's	2022 £000's
Net revenue/(expense) before taxation	1,074	(1,118)
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	215	(224)
Effects of:		
Revenue not subject to corporation tax	(77)	(119)
Movement in excess management expenses	(138)	242
Loan relationship deficit	-	101
Total tax charge for the year (Note 6(a))	-	-

(b) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £15,001,261 (2022 – £15,139,664) in respect of unutilised management expenses. It is unlikely the sub 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.

7 Distributions

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

	2023 £000's	2022 £000's
Final Dividend distribution	993	-
Add: Revenue deducted on cancellation of shares	153	-
Deduct: Revenue received on issue of shares	(17)	-
Distributions	1,129	-
Net revenue/(expense) after taxation	1,074	(1,118)
Deficit taken to capital	-	1,118
Equalisation on conversions	55	-
Distributions	1,129	-

Details of the distributions per share are set out in the Distribution Table on page 27.

8 Fair value hierarchy

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

Basis of valuation	2023		2022	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	76,088	-	91,611	-
Level 2: Observable market data	1,777	(1,647)	4,140	(3,125)
Level 3: Unobservable data	-	-	-	-
Total	77,865	(1,647)	95,751	(3,125)

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

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

Level 3: Valuation techniques using unobservable inputs.

Notes to the Accounts

For the year ended 30 September 2023 (continued)

Unobservable data

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

9 Debtors

	2023	2022
	£000's	£000's
Amounts receivable for issue of shares	68	-
Sales awaiting settlement	25	86
Amounts receivable on derivative contracts	-	516
Accrued revenue	110	89
Income tax recoverable	1	1
Total debtors	204	692

10 Cash and bank balances

	2023	2022
	£000's	£000's
Cash and bank balances	2,958	6,718
Amounts held at brokers	11,874	10,619
Total cash and bank balances	14,832	17,337

11 Bank overdrafts

	2023	2022
	£000's	£000's
Amounts overdrawn at brokers	495	-
Total bank overdrafts	495	-

12 Other creditors

	2023	2022
	£000's	£000's
Amounts payable for cancellation of shares	1	737
Purchases awaiting settlement	11,059	207
Amounts payable on derivative contracts	-	8
Accrued expenses	59	91
Total other creditors	11,119	1,043

13 Contingent liabilities

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

14 Related party transactions

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

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

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

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the Fund's net asset value at the balance sheet date were 20.76% (2022 - 17.98%).

Notes to the Accounts

For the year ended 30 September 2023 (continued)

15 Performance fee

The Authorised Corporate Director is entitled to receive out of the assets of each share class of the Fund a performance related management fee (Performance fee) equal to 20% of the increase in the net asset value per share of each class (after adding back any distributions made if applicable) of the Fund outstanding in respect of each performance period less any carry forward per share of such class. The Performance fee is payable in arrears in respect of each performance period. Each performance period shall be twelve months. A fuller explanation of the calculation of the Performance fee can be found in the Prospectus.

If a shareholder redeems or switches all or part of their shares before the end of a performance period, any accrued Performance fee with respect to such shares will crystallise on that business day and will then become payable to the Authorised Corporate Director.

The Performance fee payable to the Authorised Corporate Director is disclosed under Expenses in the Notes to the Accounts (where applicable for the year) and in the Comparative Table on pages 14 to 15.

16 Share classes

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

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 14 to 15.

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 share classes.

17 Derivative and other financial instruments

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

Market price risk

The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the Authorised Corporate Director in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the Collective Investment Schemes sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer. At the year end date, if the prices of investments held by the Fund increased or decreased by 10%, with all other variables remaining constant, then net assets attributable to the shareholders would increase or decrease by approximately £7,621,800 (2022 - £9,262,600).

Derivative risk

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

Foreign currency risk

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

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

Liquidity risk

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

Credit risk

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

Interest rate risk

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

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

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

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

Notes to the Accounts

For the year ended 30 September 2023 (continued)

Floating rate financial assets and financial liabilities

Sterling denominated bank balances and bank overdrafts bear interest at rates based on the Sterling Overnight Index Average Rate. Foreign currency bank balances 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

Absolute VaR approach

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

Regulatory VaR limit utilisation

	2023			2022		
	Lowest	Highest	Average	Lowest	Highest	Average
	12.09%	21.70%	15.64%	11.06%	18.98%	14.54%

Information on VaR model

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

Leverage

Information on the limit usage and level of leverage

The level of leverage is an indication of the derivative usage and of any leverage generated by the reinvestment of cash received as collateral when using efficient portfolio management techniques. It does not take into account other physical assets directly held in the portfolio of the Fund. The figure is not representative of the maximum amount that a Fund could lose, as it includes the derivatives used to protect the Net Asset Value of a Fund as well as the derivatives backed by risk free assets and derivatives which do not generate any incremental exposure, leverage or market risk from an economic perspective. The reported leverage figure is therefore not a true representation of the economic leverage¹ in the Fund.

The level of leverage disclosed is based on the total notional value² of all derivative instruments held by a Fund and is expressed as a percentage of the Fund's Net Asset Value. For the purpose of this calculation the holdings and offset derivative positions (long and short positions) do not cancel each other out and the figure is a sum of the total holdings.

Leverage

	2023				2022			
	Lowest	Highest	Average	Leverage 30 September	Lowest	Highest	Average	Leverage 30 September
	72.54%	122.29%	94.93%	103.94%	70.62%	117.61%	88.34%	78.67%

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

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

18 Debt security credit analysis

	2023 £000's	2022 £000's
Investment grade securities	71,422	67,095
Total debt securities	71,422	67,095

Notes to the Accounts

For the year ended 30 September 2023 (continued)

19 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
Purchases						
Bonds	102,052	-	-	102,052	-	-
Equities	11,957	5	59	12,021	0.04	0.49
	114,009	5	59	114,073		
Sales						
Bonds	99,892	-	-	99,892	-	-
Equities	31,519	(10)	-	31,509	(0.03)	-
	131,411	(10)	-	131,401		
Total cost as a % of the Fund's average net asset value (%)		0.02	0.06			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
Purchases						
Bonds	80,472	-	-	80,472	-	-
Equities	28,341	13	115	28,468	0.05	0.40
	108,813	13	115	108,940		
Sales						
Bonds	85,963	-	-	85,963	-	-
Equities	36,189	(19)	-	36,170	(0.05)	-
	122,152	(19)	-	122,133		
Total cost as a % of the Fund's average net asset value (%)		0.03	0.09			

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.29% (2022 - 0.40%).

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.

20 Shares in issue reconciliation

	Number of shares in issue 30.9.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 30.9.23
P1 Accumulation shares	7,735,272	63	(462,444)	(6,809,648)	463,243
P1 Euro Hedged Accumulation shares	954,289	35,761	(339,329)	86,004	736,725
P2 Accumulation shares	33,751,106	2,231,880	(8,296,452)	6,408,105	34,094,639
P2 Euro Hedged Accumulation shares	12,207,260	119,200	(9,032,222)	(80,000)	3,214,238

Notes to the Accounts

For the year ended 30 September 2023 (continued)

21 Counterparty exposure

The types of non-exchange traded derivatives held at the balance sheet date 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
Bank of America										
2023	-	-	-	(88)	-	-	-	-	-	(88)
2022	-	-	-	333	-	-	-	-	-	333
HSBC										
2023	(32)	-	-	-	-	-	-	-	-	(32)
2022	303	-	-	-	-	-	-	-	-	303
Morgan Stanley										
2023	-	-	-	250	-	-	-	-	-	250
2022	-	-	-	379	-	-	-	-	-	379

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

Counterparty	2023 £000's	2022 £000's
Bank of America	(4,636)	(4,119)
HSBC	-	1,520
Morgan Stanley	(6,277)	(7,846)
Total	(10,913)	(10,445)

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

	2023 £000's	2022 £000's
Cash	(10,913)	(10,445)
Total	(10,913)	(10,445)

22 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 30 September 2023, the price of each share class has changed as follows:

	Number of shares in issue 23.1.24	Number of shares in issue 29.9.23	% change	Dealing price 23.1.24	Dealing price 29.9.23	% change
P1 Accumulation shares	461,108	463,243	(0.46)	201.70p	197.30p	2.23
P1 EUR Accumulation Hedged shares	677,567	736,725	(8.03)	203.70c	200.20c	1.75
P2 Accumulation shares	30,307,724	34,094,639	(11.11)	214.90p	209.90p	2.38
P2 EUR Accumulation Hedged shares	692,499	3,214,238	(78.46)	220.50c	216.50c	1.85

The Fund experienced higher than average cancellation of shares 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 29 September 2023

Group 1 Shares purchased prior to 2 October 2022

Group 2 Shares purchased on or after 2 October 2022

	Net revenue 2023 per share	Equalisation 2023 per share	Distribution paid 30.11.23 per share	Distribution paid 0per share
P1 EUR Accumulation Hedged units				
Group 1	1.4767c	-	1.4767c	-
Group 2	0.7647c	0.7120c	1.4767c	-
P1 GBP Accumulation units				
Group 1	1.5236p	-	1.5236p	-
Group 2	1.4737p	0.0499p	1.5236p	-
P2 EUR Accumulation Hedged units				
Group 1	2.5879c	-	2.5879c	-
Group 2	0.8301c	1.7578c	2.5879c	-
P2 GBP Accumulation units				
Group 1	2.6523p	-	2.6523p	-
Group 2	1.6908p	0.9615p	2.6523p	-

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.

Schroder European Equity Absolute Return Fund

Fund Information

On 15 June 2020, Schroder European Equity Absolute Return Fund was closed. The last dealing of shares in Schroder European Equity Absolute Return Fund was on 15 June 2020. It is the intention of the Authorised Corporate Director to terminate the Fund at a later date once the residual assets and liabilities are settled. As a result the financial statements for this Fund have not been prepared on a going concern basis.

Review of Investment Activities

Following the Fund closure on 15 June 2020, there has been no dealing activity in the year under review.

Statement of Total Return

For the year ended 30 September 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
Income					
Net capital losses	2		-		(3)
Revenue	3	2		-	
Expenses	4	5		-	
Net revenue before taxation		7		-	
Taxation	5	-		-	
Net revenue after taxation			7		-
Total return before distributions			7		(3)
Distributions			-		-
Change in net assets attributable to shareholders from investment activities			7		(3)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 30 September 2023

	2023	2022
	£000's	£000's
Opening net assets attributable to shareholders	-	-
Amount payable to shareholders on termination	(7)	3
Change in net assets attributable to shareholders from investment activities	7	(3)
Closing net assets attributable to shareholders	-	-

Balance Sheet

As at 30 September 2023

	Notes	2023		2022	
		£000's	£000's	£000's	£000's
Assets					
Current assets					
Debtors	6	17		21	
Cash and bank balances		89		83	
Total assets		106		104	
Liabilities					
Creditors					
Other creditors	7	(106)		(104)	
Total liabilities		(106)		(104)	
Net assets attributable to shareholders		-		-	

Notes to the Accounts

For the year ended 30 September 2023

1 Accounting policies

Basis of preparation

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

2 Net capital losses

The net capital losses during the year comprise:

	2023	2022
	£000's	£000's
Transaction costs	-	(3)
Net capital losses	-	(3)

3 Revenue

	2023	2022
	£000's	£000's
Bank interest	2	-
Total revenue	2	-

4 Expenses

	2023	2022
	£000's	£000's
Other expenses:		
Hedging program costs	(5)	-
Total expenses	(5)	-

1 Audit fees including VAT for the financial year ending 2023 were £1,732 (2022 – £2,166) and were invoiced directly to the Authorised Corporate Director.

5 Taxation

(a) Factors affecting the total tax charge for the year

The tax assessed for the year is different from that calculated with the standard rate of corporation tax for Open Ended Investment Companies of 20% (2022 – 20%) is applied to the net expense before taxation. The differences are explained below.

	2023	2022
	£000's	£000's
Net revenue before taxation	7	-
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	1	-
Effects of:		
Movement in excess management expenses	(1)	-
Total tax charge for the year (Note 5(a))	-	-

(b) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £5,944,291 (2022 – £5,945,366) in respect of unutilised management expenses and loan relationship debits. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

6 Debtors

	2023	2022
	£000's	£000's
Overseas withholding tax recoverable	17	21
Total debtors	17	21

Notes to the Accounts

For the year ended 30 September 2023 (continued)

7 Other creditors

	2023	2022
	£000's	£000's
Amount payable to shareholders on termination of the Fund	106	94
Accrued expenses	-	10
Total other creditors	106	104

9 Contingent liabilities

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

10 Related party transactions

The Authorised Corporate Director provides key management personnel services for the Fund and is therefore considered a related party. The Audit fee of £1,732 (2022 – £2,166) has been invoiced directly to the Authorised Corporate Director.

11 Share classes

The Fund has no share classes as the Fund closed on 15 June 2020.

12 Derivative and other financial instruments

As the Fund closed on 15 June 2020, there are no investments and no exposure to financial instruments' risks.

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 SUTL¹. Employees of other Schroders Group entities who serve as Directors of SUTL receive no additional fees in respect of their role on the Board of SUTL.
- The following disclosures relate to UCITS MRTs of SUTL. Most of those UCITS MRTs were employed by and provided services to other Schroders group companies and clients. In the interests of transparency, the aggregate remuneration figures that follow reflect the full remuneration for each SUTL UCITS MRT. The aggregate total remuneration paid to the 158 UCITS MRTs of SUTL in respect of the financial year ended 31 December 2022 is £113.41 million, of which £38.94 million was paid to senior management, and £74.47 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the UCITS funds that it manages and Control Function MRTs.

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

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

General Information

Authorised Corporate Director

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

Directors

J. Rainbow (Chairman)
P. Chislett
L. Morgan
A. O'Donoghue
S. Reedy
C. Thomson
P. Truscott
H. Williams

Investment Adviser

Schroder Tellworth UK Dynamic Absolute Return Fund
Tellworth Investments LLP
Eagle House
108-110 Jermyn Street
London SW1Y 6EE
Authorised and regulated by the Financial Conduct Authority

Schroder European Equity Absolute Return Fund
Schroder Investment Management Limited
1 London Wall Place
London EC2Y 5AU
Authorised and regulated by the Financial Conduct Authority

Depository

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

Registrar

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

The 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 Company is an investment Company with variable capital under Regulation 12 of the OEIC Regulations, incorporated with limited liability in England and Wales and authorised by the Financial Conduct Authority under Regulation 14 of the OEIC Regulations. The Company is a UCITS scheme for the purpose of the categorisation of the Collective Investment Schemes sourcebook.

Value Assessment

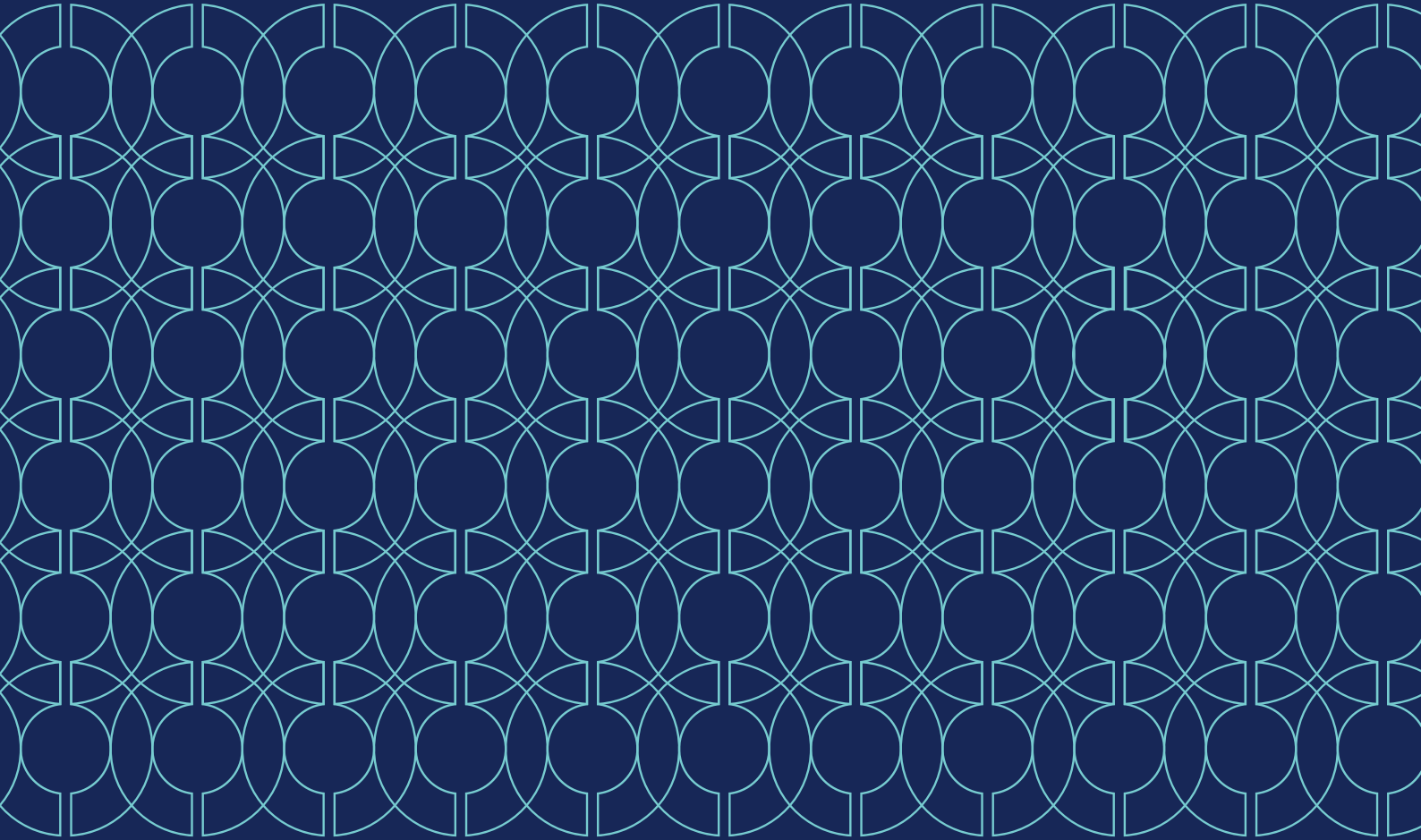
For Schroder Tellworth UK Dynamic Absolute Return Fund, a statement on the Assessment of Value is published on the Global Fund Centre in the Fund Literature section at www.Schroders.com within 4 months of the annual 'reference date' 31 December.

Task Force on Climate-Related Financial Disclosures

For Schroder Tellworth UK Dynamic Absolute Return Fund, a statement on the climate related financial disclosures is published at 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.



EST. 1804

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

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