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

# Fund Information

## Investment objective and policy

Schroder UK Multi-Cap Income Fund (the 'Fund') aims to provide income and capital growth in excess of the FTSE All Share (Gross Total Return) Index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of UK companies. The Fund also aims to deliver an income of 5% per year, although this is not guaranteed and could change depending on market conditions.

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

The Fund focusses on companies with a range of market capitalisations that have certain "Quality" characteristics. Quality is assessed by looking at indicators such as a company's profitability, stability and financial strength. To seek to enhance the yield, the Investment Manager selectively sells short dated call options over individual securities, portfolios of securities or indices held by the Fund, by agreeing strike prices above which potential capital growth is sold.

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

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for more information please refer to Appendix I Section 10: Derivatives and Forward Transactions of the Prospectus).

The Fund's investment strategy may typically underperform a similar portfolio of equities without a derivative overlay in periods when the underlying equity prices are rising, and has the potential to outperform when the underlying equity prices are falling.

## Fund characteristics

The Fund's performance should be assessed against its target benchmarks, being (1) to exceed the FTSE All Share (Gross Total Return) index; and (2) to provide 5% income per year, and compared against the Investment Association UK Equity Income sector average return. The Investment Manager invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmarks have been selected either because they are representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide, or 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 Manager and the Investment 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	4,136	32,388
Total sales	38,047	169,900

# 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	136,487	126.36p	129.17p
A Income units	22,881	85.29p	95.95p
L Accumulation units	2,000	45.33p	46.19p
L Income units	2,000	41.05p	43.31p
Q1 Accumulation units	2,000	45.65p	46.42p
Q1 Income units	2,000	41.29p	43.51p
S Accumulation units	258,254	131.99p	134.34p
S Income units	3,411,040	48.26p	50.94p
X Accumulation units	52,942,875	46.02p	46.71p
X Income units	2,000	42.79p	43.83p
Z Accumulation units	3,082,577	134.29p	136.81p
Z Income units	567,116	91.23p	96.55p

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

**From 28 February 2023 to 31 August 2023, the price of Z Accumulation units on a dealing price basis fell by 1.82%. In the same period, the FTSE<sup>1</sup> All Share Index generated a negative total return of 3.23%<sup>2</sup>. The Fund's performance should also be assessed against the income target of 5% per year.**

The Fund outperformed over the period. It continued to deliver on its targeted 5% income yield, distributing 3.73% over the past six months. The forward looking 12 month dividend yield from Bloomberg shows the Fund yielding 4.9% (excluding any additional income from selective call overwriting), compared with 4.4% from the FTSE All-Share index (a 112% premium).

The Fund's natural bias towards mid-cap companies was negatively impacted during the period, with larger capitalisation companies in the FTSE 100 Index continuing to outperform. However, an increase in the value of sterling against both the US dollar and euro helped domestically-oriented stocks outperform, while high quality companies with a proven track record of value creation performed well despite a significant increase in interest rates and Gilt yields (source: Bloomberg).

Outperformance was driven by a combination of sector allocation and stock selection. At the sector level, the Fund benefited from being overweight in industrials, consumer discretionary and information technology. At the stock level, key positives were the overweight holdings in Games Workshop Group, 3i Group, Softcat, DNB Bank and Domino's Pizza Group, partially offset by disappointing performance from OSB Group.

Over the period new positions were started in Telecom Plus, Unilever and Shell. This was funded by selling holdings in Eurocell, Strix Group, Tyman, Secure Trust Bank, Headlam Group, XP Power, Diageo and TotalEnergies.

With the governor of the Bank of England recently indicating that interest rate increases may be coming to an end and inflation starting to fall, the outlook for the UK economy looks more optimistic than earlier in the year. UK-listed companies are also generally in good health, providing a supportive outlook for dividend payments and with the balance sheets and cash flow to support growth initiatives. However, both domestic and international investors have recently been significantly reducing exposure to UK equities, resulting in lacklustre performance of the FTSE All-Share index relative to other developed equity markets so far this year. It is almost impossible to predict when this negative sentiment will change but, in the meantime, long-term investors are able to accumulate holdings in a portfolio of high quality UK-listed companies at attractive prices.

**Co-Fund Manager:**  
**Duncan Green**



Joined Schroders in October 2020 from Santander Asset Management

Co-manager of Santander Enhanced Income and Santander Equity Income funds since 2017

Previously a senior investment risk manager at Ignis Asset Management and Standard Life Investments

**Co-Fund Manager:**  
**Graham Ashby**



Joined Schroders in October 2020 from Santander Asset Management

Lead manager of Santander UK Growth

Co-manager of Santander Enhanced Income and Santander Equity Income funds

Fund manager in UK equity market for 30 years for Ignis Asset Management, LV= Asset Management, Credit Suisse Asset Management, Sarasin Chiswell and Deutsche / Morgan Grenfell Asset Management

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<sup>2</sup> Source: Refinitiv Eikon Datastream.

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# 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>Equities 96.13% (98.06%)</b>			
<b>France 0.00% (3.41%)</b>			
<b>Guernsey 1.65% (1.44%)</b>			
Sirius Real Estate	592,032	516	1.65
		<b>516</b>	<b>1.65</b>
<b>Isle of Man 0.00% (0.52%)</b>			
<b>Norway 5.79% (5.49%)</b>			
Aker BP	34,611	741	2.37
DNB Bank	68,253	1,066	3.42
		<b>1,807</b>	<b>5.79</b>
<b>Singapore 0.00% (0.71%)</b>			
<b>Switzerland 1.89% (2.38%)</b>			
Roche Holding	2,533	589	1.89
		<b>589</b>	<b>1.89</b>
<b>United Kingdom 85.95% (82.84%)</b>			
3i Group	54,870	1,094	3.51
4imprint Group	6,492	330	1.06
Admiral Group	7,273	181	0.58
Anglo American	25,888	544	1.74
Ashtead Group	13,556	749	2.40
Associated British Foods	24,747	493	1.58
Berkeley Group Holdings	14,266	579	1.86
Bioventix*	8,442	317	1.02
Bloomsbury Publishing	83,558	345	1.11
Bunzl	24,933	705	2.26
Close Brothers Group	51,411	422	1.35
Cranswick	14,149	477	1.53
Diversified Energy	346,809	318	1.02
Domino's Pizza Group	98,920	391	1.25
Drax Group	104,786	578	1.85
Dunelm Group	62,056	721	2.31
FDM Group Holdings	43,378	249	0.80
Games Workshop Group	10,161	1,098	3.52
Gamma Communications*	27,509	295	0.94
GSK	77,752	1,080	3.46
Hilton Food Group	7,124	48	0.15
Hollywood Bowl Group	186,819	442	1.42
Howden Joinery Group	53,419	395	1.27
HSBC Holdings	218,896	1,276	4.09
IMI	19,612	295	0.94
Kainos Group	16,541	201	0.64
Legal & General Group	498,852	1,090	3.49
LondonMetric Property REIT	84,314	153	0.49
National Grid	57,388	568	1.82

	Holding at 31.8.23	Market Value £000's	% of net assets
Next	10,455	730	2.34
OSB Group	193,602	661	2.12
Polar Capital Holdings*	47,495	230	0.74
QinetiQ Group	124,745	416	1.33
Redrow	60,720	289	0.93
RELX	54,587	1,407	4.51
Rightmove	82,866	464	1.49
Rio Tinto	22,213	1,082	3.47
RS Group	35,941	273	0.87
Severfield	374,567	255	0.82
Shell	40,197	969	3.10
Softcat	70,771	1,064	3.41
SSE	37,088	603	1.93
SThree	99,119	353	1.13
Telecom Plus	18,353	291	0.93
Tritax Big Box REIT	216,084	305	0.98
Unilever	35,607	1,439	4.61
United Utilities Group	21,837	207	0.66
Vertu Motors*	500,106	349	1.12
		<b>26,821</b>	<b>85.95</b>
<b>United States of America 0.85% (1.27%)</b>			
Somero Enterprises*	94,431	264	0.85
		<b>264</b>	<b>0.85</b>
<b>Equities total</b>		<b>29,997</b>	<b>96.13</b>
<b>Collective Investment Schemes 0.92% (0.74%)</b>			
<b>Infrastructure and Renewable Energy Funds 0.92% (0.00%)</b>			
Greencoat UK Wind <sup>§</sup>	203,729	288	0.92
		<b>288</b>	<b>0.92</b>
<b>Collective Investment Schemes total</b>		<b>288</b>	<b>0.92</b>
<b>Options 0.00% ((0.10)%)</b>			
<b>Written Options 0.00% ((0.10)%)</b>			
Anglo American Call 27.36 18/09/2023	(6,472)	0	0.00
Ashtead Group Call 60.77 18/09/2023	(3,389)	0	0.00
Associated British Foods Call 22.282 18/09/2023	(6,186)	0	0.00
HSBC Holdings Call 6.765 18/09/2023	(54,724)	0	0.00
Next Call 76.968 18/09/2023	(2,613)	0	0.00
RELX Call 27.02 18/09/2023	(13,646)	0	0.00
<b>Written Options total</b>		<b>0</b>	<b>0.00</b>
<b>Options total</b>		<b>0</b>	<b>0.00</b>
<b>Portfolio of investments</b>		<b>30,285</b>	<b>97.05</b>
<b>Net other assets</b>		<b>920</b>	<b>2.95</b>
<b>Net assets attributable to unitholders</b>		<b>31,205</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.

# Security traded on another regulated market.

§ Closed ended Fund.

## Statement of Total Return (unaudited)

For the period ended 31 August 2023

	31.8.23		31.8.22	
	£000's	£000's	£000's	£000's
<b>Income</b>				
Net capital losses		(3,264)		(23,304)
Revenue	1,748		7,436	
Expenses	(30)		(54)	
Net revenue before taxation	<b>1,718</b>		<b>7,382</b>	
Taxation	(80)		(384)	
Net revenue after taxation		<b>1,638</b>		<b>6,998</b>
<b>Total return before distributions</b>		<b>(1,626)</b>		<b>(16,306)</b>
Distributions		(1,662)		(7,050)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(3,288)</b>		<b>(23,356)</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		68,290 <sup>^</sup>		231,897
Amounts receivable on issue of units	516		247	
Amounts payable on cancellation of units	(35,418)		(43,629)	
		<b>(34,902)</b>		<b>(43,382)</b>
Dilution adjustment		72		83
Change in net assets attributable to unitholders from investment activities		(3,288)		(23,356)
Retained distribution on Accumulation units		1,033		5,818
<b>Closing net assets attributable to unitholders</b>		<b>31,205</b>		<b>171,060<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	30,285	67,468
<b>Current assets</b>		
Debtors	344	243
Cash and bank balances	665	1,234
<b>Total assets</b>	<b>31,294</b>	<b>68,945</b>
<b>Liabilities</b>		
Investment liabilities	-	(65)
<b>Creditors</b>		
Distributions payable	(85)	(55)
Other creditors	(4)	(535)
<b>Total liabilities</b>	<b>(89)</b>	<b>(655)</b>
<b>Net assets attributable to unitholders</b>	<b>31,205</b>	<b>68,290</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 Investment Management Limited  
1 London Wall Place  
London EC2Y 5AU  
Authorised and regulated by the Financial Conduct Authority

## Trustee

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

## Registrar

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

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

## Administration Details

Schroders Investor Services  
PO BOX 1402  
Sunderland  
SR43 4AF

## Independent 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

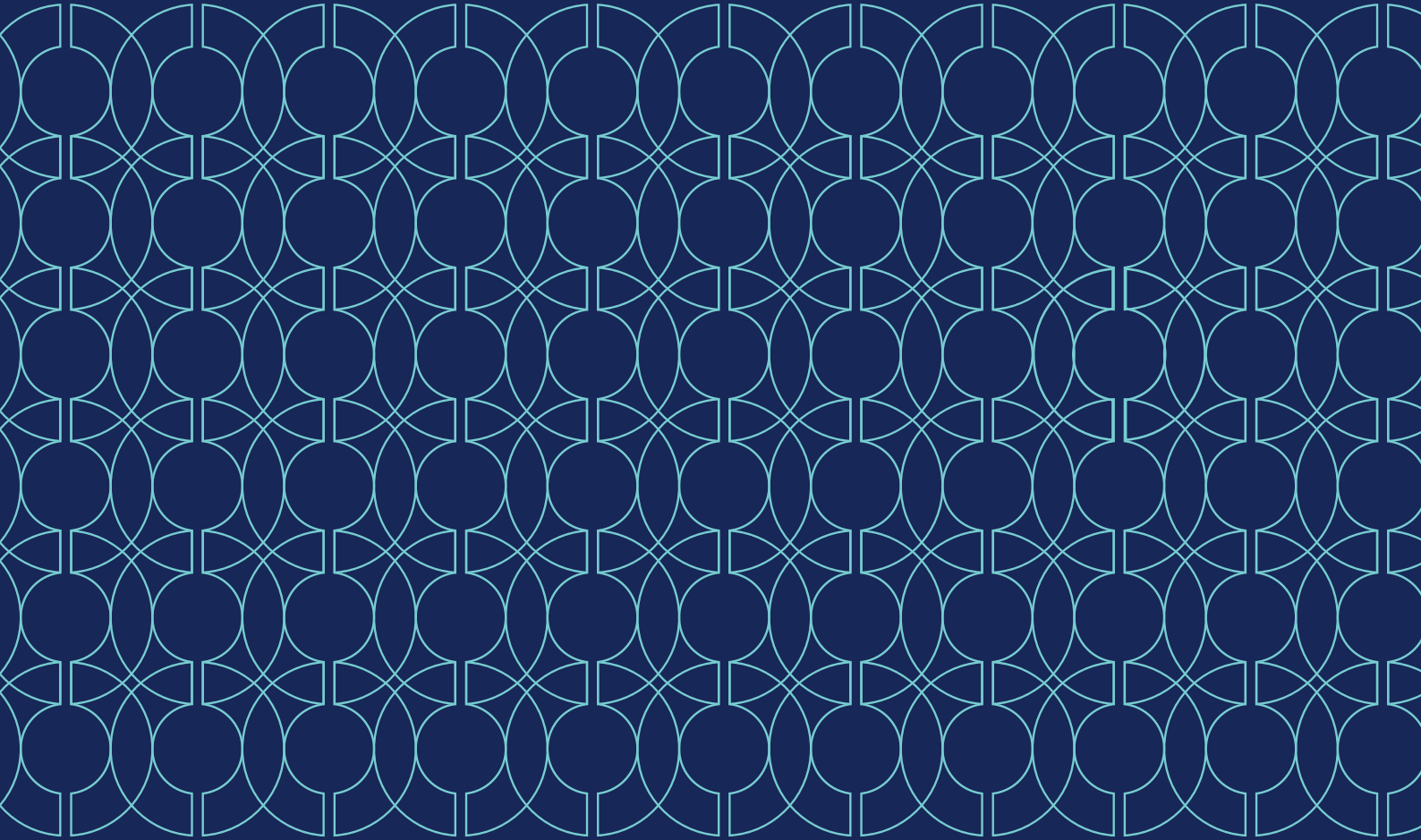
A statement on the Assessment of Value is published on the Global Fund Centre in the Fund Literature section at [www.Schroders.com](http://www.Schroders.com) within 4 months of the annual 'reference date' 31 December.

## 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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