

Schroder Long Dated Corporate Bond Fund

Final Report and Accounts
April 2013



Schroders

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Schroder

Long Dated Corporate Bond Fund

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1 Collectively these comprise the Authorised Fund Manager's report.

Fund Information

Investment objective and policy

The fund's investment objective is to provide capital growth and income primarily through investment in long dated non-government debt securities.

The fund may also invest in a wide range of investments including transferable securities, derivatives, cash, deposits, collective investment schemes and money market instruments.

Financial highlights

Dealing price	10.4.13	10.4.12	% change
I Accumulation (Gross) units	219.30p	192.20p	14.10
X Accumulation (Gross) units	110.60p	96.71p	14.36
	10.6.13	10.6.12	
Final distribution per I Accumulation (Gross) unit	9.6825p	9.5403p	

Fund information

Launch date	24 March 2005	
Launch price	132.00p per I Accumulation (Gross) unit	
	65.23p per X Accumulation (Gross) unit	
	Interim	Final
Accounting dates	10 October	10 April
Revenue allocation date		10 June

Ongoing charges figure

	For the year to 10.4.13	For the year to 10.4.12
I Accumulation (Gross) units	0.27%	0.27%
X Accumulation (Gross) units ¹	0.02%	0.02%

1 The annual management charge for X Accumulation (Gross) units is invoiced directly to unitholders and is therefore not included in the Ongoing charges figure for that unit class.

Review of Investment Activities

From 10 April 2012 to 10 April 2013 the price of I Accumulation (Gross) units on a dealing price to dealing price basis rose 14.10%. In comparison, the Bank of America Merrill Lynch Sterling Non-Gilts All Stocks Over 15 Years Index generated a total return of 13.42%¹.

¹ Source: Thomson Reuters Datastream.

Market sentiment received a boost soon after the start of the period under review, due largely to the actions and pronouncements of central banks. In particular, European Central Bank president Mario Draghi pledged to do “whatever it takes” to safeguard the euro. Market sentiment continued to improve in the final months of 2012 and early 2013 as the fear of a euro breakup dissipated. Despite the re-emergence of eurozone concerns in the first quarter of 2013, UK corporate bonds outperformed gilts overall during the period and investors were encouraged to add yield to their portfolios due to the low yields on offer on gilts.

The fund outperformed its benchmark over the period. The focus of the portfolio shifted towards the end of 2012, away from the areas of the market that had performed well such as financials and into less economically sensitive sectors. Currently we are mindful of the risk of rising gilt yields, so we have been reducing exposure to the corporate bonds most closely correlated with the gilt market. Although the corporate bond market as a whole is not looking particularly cheap on a historical basis, there are still pockets of opportunity to be found. Currently, for example, we have an overweight exposure to selected BBB rated bonds. Looking ahead we think careful individual credit selection will be rewarded.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.



Fund Manager:
Alix Stewart

Investment career started in 1994

Joined Schroders in August 2012 as a Credit Portfolio Manager

Prior to joining Schroders Alix worked for the following companies:

2011 – UBS Global AM, Head of UK Fixed Interest

2009 – UBS Global AM, Fund Manager – UK Corporate Bonds

2008 – UBS Global AM, Fund Manager – Global Corporate Bonds

2006 – SWIP, Fund Manager – High Alpha UK Retail Corporate Bonds

2003 – Gartmore, Fund Manager – High Alpha UK Retail Corporate Bonds

1999: Standard Life Investments, Fund Manager – Corporate Bonds

1994: Scottish Mutual (ANFIS) – Fund Manager, Corporate Bonds

1991: Scottish Mutual (ANFIS) – Actuarial Trainee

BSc (Hons) in Economic and Mathematics from University of Leeds

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 is in this category because it can take higher risks in search of higher rewards and its price may rise and fall accordingly.

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.

Specific risks

The fund invests predominantly in the securities of a particular country. There may be a greater risk than investing in funds that hold securities in a range of countries.

The fund invests in higher yielding bonds (non-investment grade). The risk of default is higher with non-investment grade bonds than with investment grade bonds. Higher yielding bonds may also have an increased potential to erode your capital sum than lower yielding bonds.

The fund uses derivatives for specific investment purposes. This involves a higher degree of risk and may lead to a higher volatility in the unit prices of the fund. The Manager employs a risk management process to allow the Manager 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 Manager conducts daily value at risk analysis of the fund and performs both stress and back testing of the fund.

The fund may have entered into stock lending arrangements. There was a risk that the borrower may have become insolvent or refused to honour its obligations to return the securities causing a delay to the fund in recovering its securities and possibly incurring a loss. Although the fund is permitted to stock lend it is not the intention to do so in the future.

As a result of the annual management charge for I Accumulation (Gross) units being charged wholly to capital, the distributable revenue of the fund may be higher, but the capital value of the fund may be eroded which may affect future performance.

For these reasons, the purchase of units should not normally be regarded as a short term investment.

Net Asset Value and Comparative Tables

Unit price range

Year to 31 December	I Accumulation (Gross) units		X Accumulation (Gross) units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2008	149.80	130.80	74.51	65.22
2009	165.60	134.70	82.71	67.18
2010	180.90	159.00	90.57	79.48
2011	189.90	170.10	95.39	85.23
2012	215.30	187.70	108.50	94.33
2013 to 10 April	220.40	205.20	111.20	103.50

Net revenue

Year to 31 December	I Accumulation (Gross) units pence per unit	X Accumulation (Gross) units pence per unit
2008	7.6953	3.8213
2009	7.7163	3.8421
2010	9.1824	4.4722
2011	9.7060	4.7800
2012	9.5403	4.7859
2013 to 10 April	9.6825	4.8787

Net asset value

As at 10 April	Net asset value £000's	Net asset value per unit p	Number of units in issue
2011			
I Accumulation (Gross) units	195,922	173.57	112,879,382
X Accumulation (Gross) units	36,636	87.05	42,087,285
2012			
I Accumulation (Gross) units	249,995	192.40	129,935,221
X Accumulation (Gross) units	27,041	96.80	27,934,002
2013			
I Accumulation (Gross) units	272,874	217.40	125,516,817
X Accumulation (Gross) units	30,340	109.64	27,671,432

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

Portfolio Statement

	Holding at 10.4.13	Market Value £000's	% of net assets
Euro Denominated Short Term Bonds 1.04%			
(2012 – 0.00%)			
Electricity Supply Board Finance 6.25% Notes 2017	€900,000	895	0.30
Portugal (Republic of) 4.35% Bonds 2017	€1,300,000	1,076	0.36
Viridian Group Fundco II 11.125% Bonds 2017	€1,000,000	924	0.30
Banco Espirito Santo 4.75% Notes 2018	€300,000	250	0.08
		3,145	1.04
Euro Denominated Medium Term Bonds 2.80%			
(2012 – 0.00%)			
Nara Cable Funding 8.875% Notes 2018	€1,000,000	909	0.30
Abertis Infrastructure 4.75% Bonds 2019	€400,000	367	0.12
Electricity Supply Board Finance 4.375% Notes 2019	€2,050,000	1,907	0.63
Rottapharm 6.125% Bonds 2019	€300,000	261	0.09
Gas Natural Capital 6% Bonds 2020	€900,000	890	0.29
Heidelbergcement 7.5% Bonds 2020	€595,000	617	0.20
Commerzbank 7.75% Notes 2021	€700,000	653	0.22
Ireland (Republic of) 3.9% Bonds 2023	€1,800,000	1,529	0.51
UnityMedia 5.75% Bonds 2023	€500,000	434	0.14
Ireland (Republic of) 5.4% Bonds 2025	€974,400	919	0.30
		8,486	2.80
Euro Denominated Long Term Bonds 0.40%			
(2012 – 0.00%)			
Mapfre 5.921% Bonds 2037	€900,000	692	0.23
Telekom Austria 5.625% Perpetual Bonds	€600,000	531	0.17
		1,223	0.40
Euro Denominated Derivatives (0.07)%			
(2012 – (0.05)%)			
Forward to sell €15,116,235 for £12,889,114	€(15,116,235)	(50)	(0.02)

Portfolio Statement (continued)

	Holding at 10.4.13	Market Value £000's	% of net assets
Euro Denominated Derivatives (continued)			
Euro-Bobl Futures June 2013	(7)	(3)	0.00
Euro-Bund Futures June 2013	30	55	0.02
Adecco 2017 Credit Default Swap Buy Protection ¹	€1,500,000	9	0.00
Safeway 2017 Credit Default Swap Buy Protection ¹	€250,000	(2)	0.00
STMicroelectronics 2017 Credit Default Swap Buy Protection ¹	€1,850,000	(15)	0.00
Citigroup Marks & Spencers 2017 Credit Default Swap Sell Protection ¹	€930,000	(32)	(0.01)
JP Morgan Marks & Spencers 2017 Credit Default Swap Sell Protection ^{1 2}	€1,950,000	(68)	(0.02)
Barclays Telenor 2018 Credit Default Swap Buy Protection ¹	€1,950,000	(46)	(0.02)
JP Morgan Telenor 2018 Credit Default Swap Buy Protection ^{1 2}	€1,570,000	(37)	(0.01)
Vivendi 2018 Credit Default Swap Buy Protection ^{1 2}	€385,000	5	0.00
Volkswagen 2018 Credit Default Swap Buy Protection ¹	€3,430,000	(28)	(0.01)
Wolters Kluwer 2018 Credit Default Swap Buy Protection ¹	€2,090,000	(22)	(0.01)
Deutsche Bank Heathrow Funding 2018 Credit Default Swap Sell Protection ¹	€2,550,000	(41)	(0.01)
E.ON 2018 Credit Default Swap Sell Protection ^{1 2}	€3,430,000	33	0.01
iTraxx 2018 Credit Default Swap Sell Protection ¹	€3,580,000	66	0.02
JP Morgan Heathrow Funding 2018 Credit Default Swap Sell Protection ^{1 2}	€2,450,000	(40)	(0.01)
Koninklijke Ahold 2018 Credit Default Swap Sell Protection ¹	€1,500,000	(9)	0.00
PPR 2018 Credit Default Swap Sell Protection ¹	€1,340,000	1	0.00
SSE 2018 Credit Default Swap Sell Protection ^{1 2}	€335,000	(5)	0.00
		(229)	(0.07)
Sterling Denominated Short Term Bonds 0.00%			
(2012 – 2.08%)			

Portfolio Statement (continued)

	Holding at 10.4.13	Market Value £000's	% of net assets
Sterling Denominated Medium Term Bonds 8.06%			
(2012 – 0.00%)			
BAA 5.375% Notes 2019	£1,100,000	1,108	0.37
Arqiva Broadcast 9.5% Notes 2020	£200,000	210	0.07
Jaguar Land Rover 8.25% Bonds 2020	£1,075,000	1,211	0.40
Kelda Finance 3 5.75% Notes 2020	£1,200,000	1,209	0.40
Lynx I 6% Notes 2021	£1,300,000	1,344	0.44
Old Mutual 8% Notes 2021	£550,000	607	0.20
Firstgroup 5.25% Notes 2022	£1,400,000	1,496	0.49
Friends Life Group 8.25% Notes 2022	£1,398,000	1,567	0.52
GKN Holdings 5.375% Bonds 2022	£1,450,000	1,545	0.51
Intercontinental Hotels 3.875% Bonds 2022	£800,000	844	0.28
Virgin Media Finance 5.125% Notes 2022	£1,700,000	1,715	0.57
Intu Finance 3.875% Bonds 2023	£900,000	933	0.31
BAA Funding 7.125% Bonds 2024	£450,000	553	0.18
Digital Stout Holdings 4.25% Notes 2025	£1,000,000	1,020	0.34
Marks & Spencer 4.75% Notes 2025	£1,100,000	1,131	0.37
Anglian Water Services Financing 4.5% Notes 2026	£900,000	941	0.31
Severn Trent Finance 3.625% Notes 2026	£1,360,000	1,396	0.46
Anglian Water Services Financing 4.5% Notes 2027	£100,000	109	0.04
British Sky Broadcasting Group 6% Bonds 2027	£550,000	681	0.22
EDF Energy Networks 6.125% Notes 2027	£464,000	577	0.19
British Land 5.357% Bonds 2028	£474,000	522	0.17
DWR Cymru Financing 6.015% Bonds 2028	£606,000	768	0.25
Intu Finance 4.625% Bonds 2028	£2,600,000	2,718	0.90
Wales & West Utilities Finance 5% Notes 2028	£200,000	227	0.07
		24,432	8.06
Sterling Denominated Long Term Bonds 84.22%			
(2012 – 91.51%)			
Bank of America 7% Notes 2028	£1,950,000	2,577	0.85

Portfolio Statement (continued)

	Holding at 10.4.13	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
Deutsche Telekom International Finance 8.875% Bonds 2028	£780,000	1,218	0.40
EDF 6.25% Bonds 2028	£700,000	864	0.28
European Bank for Reconstruction & Development 5.625% Notes 2028	£2,112,000	2,844	0.94
European Investment Bank 0% Bonds 2028	£1,451,000	861	0.28
European Investment Bank 6% Bonds 2028	£836,000	1,129	0.37
France Telecom 8.125% Bonds 2028	£800,000	1,152	0.38
General Electric Capital 5.25% Notes 2028	£758,000	878	0.29
Hammerson 7.25% Bonds 2028	£441,000	595	0.20
LCR Finance 4.5% Bonds 2028	£2,112,000	2,523	0.83
National Grid Electricity Transmission 6.5% Bonds 2028	£370,000	487	0.16
Royal Bank of Scotland 6.375% Bonds 2028	£398,000	481	0.16
SSE 8.375% Notes 2028	£750,000	1,142	0.38
Thames Water Utilities Finance 6.75% Bonds 2028	£240,000	323	0.11
Yorkshire Power Finance 7.25% Bonds 2028	£275,000	365	0.12
Anglian Water Services Financing 6.625% Notes 2029	£1,439,000	1,928	0.64
Centrica 4.375% Notes 2029	£1,300,000	1,402	0.46
Comcast 5.5% Notes 2029	£1,041,000	1,257	0.41
Directv Holdings 4.375% Notes 2029	£2,450,000	2,467	0.81
European Investment Bank 4.5% Bonds 2029	£1,467,000	1,708	0.56
Rabobank Nederland 4.55% Notes 2029	£284,000	309	0.10
Severn Trent Utilities Finance 6.25% Bonds 2029	£597,000	779	0.26
Southern Gas Network 4.875% Bonds 2029	£550,000	615	0.20
Southern Water Services Finance 6.192% Bonds 2029	£502,000	629	0.21
Wells Fargo 3.5% Notes 2029	£500,000	487	0.16
America Movil 5.75% Notes 2030	£1,700,000	2,059	0.68
Anglian Water Service Finance 6.293% Bonds 2030	£716,000	926	0.31
BAA Funding 7.075% Bonds 2030	£400,000	541	0.18

Portfolio Statement (continued)

	Holding at 10.4.13	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
Deutsche Telekom International Finance 7.125% Bonds 2030	£653,000	933	0.31
Heinz (H.J.) 6.25% Bonds 2030	£390,000	427	0.14
Mitchells & Butlers Finance 5.574% Bonds 2030	£607,081	680	0.22
Mitchells & Butlers Finance 6.013% Bonds 2030	£942,000	1,024	0.34
Motability Operations 5.625% Notes 2030	£400,000	496	0.16
Network Rail Infrastructure Finance 4.375% Notes 2030	£3,960,000	4,686	1.55
Procter & Gamble 6.25% Bonds 2030	£918,000	1,253	0.41
RWE Finance 6.25% Notes 2030	£1,193,000	1,505	0.50
South Eastern Power 5.625% Notes 2030	£400,000	475	0.16
Suez Environnement 5.375% Bonds 2030	£100,000	117	0.04
Wales & West Utilities Finance 5.75% Notes 2030	£500,000	609	0.20
Wal-Mart Stores 5.75% Bonds 2030	£739,000	956	0.32
Broadgate Financing 4.949% Bonds 2031	£300,973	354	0.12
Citigroup 4.5% Bonds 2031	£800,000	766	0.25
East Japan Railway 4.75% Notes 2031	£600,000	668	0.22
EDF 5.875% Bonds 2031	£955,000	1,119	0.37
General Electric Capital 5.625% Notes 2031	£284,000	335	0.11
Great Rolling Stock 6.5% Bonds 2031	£700,000	883	0.29
Greene King Finance 5.318% Bonds 2031	£375,643	399	0.13
Legal & General Finance 5.875% Notes 2031	£474,000	589	0.19
National Grid Electricity Transmission 7.375% Bonds 2031	£2,373,000	3,368	1.11
Places for People Homes 5.875% Notes 2031	£350,000	414	0.14
RZD Capital 7.487% Notes 2031	£1,050,000	1,286	0.42
South Eastern Power Networks 6.125% Notes 2031	£500,000	640	0.21
Time Warner Cable 5.75% Notes 2031	£900,000	1,041	0.34

Portfolio Statement (continued)

	Holding at 10.4.13	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
Yorkshire Water Services Odsal Finance 6.6011% Bonds 2031	£903,000	1,192	0.39
E.ON International Finance 6.375% Notes 2032	£1,515,000	1,966	0.65
European Investment Bank 5.625% Bonds 2032	£3,633,000	4,771	1.57
KFW 5.75% Bonds 2032	£4,451,000	6,254	2.06
Land Securities Capital Markets 5.396% Notes 2032	£474,000	581	0.19
McDonald's 5.875% Bonds 2032	£900,000	1,177	0.39
Mitchells & Butlers Finance 6.469% Notes 2032	£568,000	565	0.19
Northern Powergrid Yorkshire 4.375% Notes 2032	£300,000	311	0.10
Southern Electric Power Distribution 5.5% Bonds 2032	£502,000	615	0.20
Thames Water Utilities Finance 6.5% Bonds 2032	£200,000	263	0.09
Western Power Distribution (West Midlands) 5.75% Notes 2032	£1,475,000	1,774	0.59
BAA Funding 6.45% Bonds 2033	£2,744,000	3,497	1.15
Canary Wharf Finance II 6.455% Bonds 2033	£2,202,214	2,801	0.92
Canary Wharf Finance II 6.8% Bonds 2033	£609,950	776	0.26
Centrica 7% Bonds 2033	£1,898,000	2,670	0.88
East Japan Railway 5.25% Notes 2033	£450,000	535	0.18
GE Capital UK Funding 5.875% Notes 2033	£1,004,000	1,226	0.40
GlaxoSmithkline Capital 5.25% Notes 2033	£332,000	407	0.13
HSBC Bank 5.375% Notes 2033	£644,000	718	0.24
Juturna 5.0636% Notes 2033	£1,182,565	1,351	0.45
Legal & General Finance 5.875% Notes 2033	£284,000	353	0.12
Northumbrian Water Finance 5.625% Bonds 2033	£1,524,000	1,848	0.61
Procter And Gamble 5.25% Notes 2033	£284,000	354	0.12
Telereal Securitisation 4.09% Bonds 2033	£900,000	924	0.30
Telereal Securitisation 5.5534% Bonds 2033	£292,280	361	0.12

Portfolio Statement (continued)

	Holding at 10.4.13	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
Telereal Securitisation 6.1645% Bonds 2033	£2,425,070	2,912	0.96
BAT International Finance 6% Notes 2034	£947,000	1,218	0.40
East Japan Railway 4.875% Notes 2034	£450,000	514	0.17
EDF 6.125% Bonds 2034	£1,450,000	1,758	0.58
Greene King Finance 5.106% Bonds 2034	£908,000	916	0.30
RWE Finance 4.75% Notes 2034	£900,000	963	0.32
Scotland Gas Network 4.875% Bonds 2034	£300,000	329	0.11
Thames Water Cayman 4.375% Notes 2034	£300,000	310	0.10
Wal-Mart Stores 5.625% Bonds 2034	£1,708,000	2,208	0.73
British Land 5.264% Bonds 2035	£474,000	485	0.16
CTRL Section 1 Finance 5.234% Bonds 2035	£202,000	251	0.08
Eversholt Funding 6.697% Notes 2035	£1,250,000	1,599	0.53
Great Rolling Stock 6.875% Notes 2035	£850,000	1,075	0.35
Northern Electric Finance 5.125% Bonds 2035	£200,000	223	0.07
Slough Estates 5.75% Notes 2035	£319,000	359	0.12
Wal-Mart Stores 5.25% Bonds 2035	£1,486,000	1,807	0.60
Wells Fargo 4.625% Bonds 2035	£1,215,000	1,285	0.42
Wells Fargo 4.875% Notes 2035	£1,800,000	1,862	0.61
White City Property Finance 5.1202% Bonds 2035	£795,955	895	0.30
Yorkshire Electricity Distribution 5.125% Bonds 2035	£300,000	335	0.11
Broadgate Financing 4.821% Notes 2036	£570,000	657	0.22
East Japan Railway 4.5% Stock 2036	£450,000	479	0.16
EDF Energy Networks 6% Bonds 2036	£500,000	637	0.21
Land Securities Capital Markets 5.125% Notes 2036	£994,000	1,197	0.40
Longstone Finance 4.791% Bonds 2036	£753,878	872	0.29

Portfolio Statement (continued)

	Holding at 10.4.13	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
Longstone Finance 4.896% Notes 2036	£890,000	912	0.30
Wellcome Trust Finance 4.625% Bonds 2036	£900,000	1,029	0.34
Canary Wharf Finance II 5.952% Bonds 2037	£645,000	831	0.27
E.ON International Finance 5.875% Bonds 2037	£3,000,000	3,709	1.22
EDF 5.5% Notes 2037	£800,000	886	0.29
Enel 5.75% Bonds 2037	£797,000	737	0.24
Gatwick Funding 5.75% Notes 2037	£500,000	577	0.19
General Electric Capital 4.875% Notes 2037	£1,288,000	1,298	0.43
Southern Electric Power Distribution 4.625% Notes 2037	£850,000	929	0.31
Thames Water Utilities Finance 5.125% Bonds 2037	£2,284,000	2,567	0.85
Yorkshire Water Services Finance 5.125% Bonds 2037	£2,900,000	3,475	1.15
Circle Anglia Social Housing 7.25% Notes 2038	£600,000	876	0.29
GE Capital UK Funding 6.25% Notes 2038	£918,000	1,170	0.39
Goldman Sachs Group 6.875% Bonds 2038	£547,000	651	0.22
High Speed Rail Finance 4.375% Bonds 2038	£1,500,000	1,580	0.52
HSBC Holdings 7% Bonds 2038	£2,750,000	3,540	1.17
National Grid Gas 6% Bonds 2038	£845,000	1,067	0.35
Pfizer 6.5% Bonds 2038	£2,600,000	3,684	1.21
SSE 6.25% Notes 2038	£650,000	854	0.28
Southern Water Services Finance 4.5% Notes 2038	£800,000	823	0.27
Treasury 4.5% Stock 2038	£1,255,000	1,660	0.55
Citigroup 7.375% Notes 2039	£3,406,000	4,842	1.60
E.ON International 6.75% Notes 2039	£1,050,000	1,431	0.47
European Investment Bank 5% Bonds 2039	£2,556,000	3,143	1.04
GE Capital UK Funding 8% Notes 2039	£968,000	1,446	0.48
GlaxoSmithKline Capital 6.375% Notes 2039	£2,235,000	3,093	1.02

Portfolio Statement (continued)

	Holding at 10.4.13	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
RWE Finance 6.125% Bonds 2039	£4,900,000	6,124	2.02
Vattenfall 6.875% Bonds 2039	£870,000	1,247	0.41
Wal-Mart Stores 4.875% Bonds 2039	£1,922,000	2,236	0.74
Yorkshire Water Services Finance 6.375% Bonds 2039	£1,200,000	1,587	0.52
Aspire Defence Finance A 4.674% Bonds 2040	£1,720,000	1,786	0.59
Aspire Defence Finance B 4.674% Bonds 2040	£1,531,000	1,590	0.52
AT&T 7% Bonds 2040	£1,950,000	2,747	0.91
Dong Energy 5.75% Notes 2040	£936,000	1,119	0.37
Enel Finance International 5.75% Bonds 2040	£2,487,000	2,269	0.75
GE Capital UK Funding 5.375% Notes 2040	£663,000	754	0.25
HSBC Holdings 6% Notes 2040	£1,457,000	1,678	0.55
Lloyds TSB Bank 6.5% Notes 2040	£2,770,000	3,467	1.14
London & Quadrant Housing 5.5% Bonds 2040	£1,765,000	2,214	0.73
Northern Gas Networks Finance 5.625% Notes 2040	£1,642,000	1,955	0.65
Southern Gas Network 6.375% Notes 2040	£1,231,000	1,614	0.53
UPP Bond Issuer 4.9023% Notes 2040	£2,800,000	2,956	0.98
Western Power Distribution (East Midlands) 5.75% Bonds 2040	£500,000	638	0.21
Western Power Distribution (South Wales) 5.75% Notes 2040	£600,000	719	0.24
Western Power Distribution (South West) 5.75% Bonds 2040	£300,000	359	0.12
EDF 5.5% Bonds 2041	£2,500,000	2,766	0.91
HSBC Bank 6.25% Notes 2041	£359,000	443	0.15
Rabobank Nederland 5.25% Bonds 2041	£644,000	726	0.24
Southern Water Services Finance 5% Bonds 2041	£960,000	1,016	0.34
Thames Water Cayman 5.5% Notes 2041	£900,000	1,062	0.35
BHP Billiton Finance 4.3% Notes 2042	£1,600,000	1,615	0.53
GlaxoSmithKline Capital 5.25% Bonds 2042	£1,647,000	1,971	0.65

Portfolio Statement (continued)

	Holding at 10.4.13	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
Hastoe Capital 5.6% Bonds 2042	£200,000	233	0.08
Northumbrian Water Finance 5.125% Notes 2042	£600,000	668	0.22
Notting Hill Housing Trust 5.25% Bonds 2042	£1,446,000	1,739	0.57
Severn Trent Water 4.875% Notes 2042	£200,000	216	0.07
Siemens Financieringsmaat 3.75% Notes 2042	£800,000	762	0.25
Time Warner Cable 5.25% Notes 2042	£1,000,000	1,059	0.35
Treasury 4.5% Stock 2042	£1,705,000	2,184	0.72
Allianz Finance II 4.5% Notes 2043	£1,300,000	1,344	0.44
BAA Funding 5.875% Bonds 2043	£1,300,000	1,555	0.51
Gatwick Funding 6.5% Notes 2043	£600,000	762	0.25
Sovereign Housing 4.768% Bonds 2043	£300,000	335	0.11
AT&T 4.875% Bonds 2044	£1,200,000	1,275	0.42
Centrica 4.25% Notes 2044	£500,000	486	0.16
Circle Anglia Social Housing 5.2% Notes 2044	£300,000	341	0.11
European Investment Bank 4.5% Notes 2044	£1,420,000	1,621	0.53
HSBC Bank 4.75% Bonds 2046	£936,000	901	0.30
Thames Water Cayman 4.625% Notes 2046	£300,000	305	0.10
Sanctuary Capital 5% Bonds 2047	£400,000	461	0.15
EDF 5.125% Notes 2050	£1,700,000	1,731	0.57
France Telecom 5.375% Bonds 2050	£850,000	899	0.30
LCR Finance 5.1% Bonds 2051	£1,704,000	2,312	0.76
Southern Water Services Finance 4.5% Bonds 2052	£300,000	285	0.09
European Investment Bank 4.625% Notes 2054	£1,193,000	1,395	0.46
DWR Cymru Financing 4.473% Notes 2057	£200,000	196	0.06
Aviva 6.875% Bonds 2058	£1,400,000	1,456	0.48
Thames Water Cayman 7.241% Notes 2058	£600,000	731	0.24
GDF Suez 5% Notes 2060	£3,100,000	3,277	1.08
Reseau Ferre de France 4.83% Notes 2060	£3,881,000	4,040	1.33

Portfolio Statement (continued)

	Holding at 10.4.13	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
NGG Finance 5.625% Bonds 2073	£1,500,000	1,512	0.50
Assicurazioni Generali 6.269% Perpetual Bonds	£150,000	117	0.04
Assicurazioni Generali 6.416% Perpetual Notes	£200,000	162	0.05
Aviva 5.9021% Perpetual Bonds	£2,151,000	2,050	0.68
Barclays Bank 5.33% Perpetual Bonds	£750,000	637	0.21
EDF 6% Perpetual Notes	£1,200,000	1,239	0.41
Nationwide Building Society 5.769% Perpetual Notes	£1,610,000	1,459	0.48
Nationwide Building Society 7.859% Perpetual Notes	£100,000	105	0.03
Rabobank Nederland 6.567% Perpetual Notes	£1,100,000	1,144	0.38
Standard Chartered Bank 7.75% Perpetual Notes	£800,000	911	0.30
		255,378	84.22
Sterling Denominated Derivatives 0.33%			
(2012 – 0.51%)			
Long Gilt Futures June 2013	311	1,015	0.33
		1,015	0.33
US Dollar Denominated Medium Term Bonds 0.09%			
(2012 – 0.00%)			
Cemex 5.875% Bonds 2019	400,000	267	0.09
		267	0.09
US Dollar Denominated Long Term Bonds 0.47%			
(2012 – 0.00%)			
Ageas 6.75% Perpetual Notes	US\$600,000	402	0.13
Friends Life Group 7.875% Perpetual Notes	US\$1,450,000	1,017	0.34
		1,419	0.47
US Dollar Denominated Derivatives (0.05)%			
(2012 – 0.00%)			
Forward to sell US\$2,202,230 for £1,450,272	US\$(2,202,230)	11	0.00
US Treasury 5 Year Futures June 2013	(8)	(2)	0.00

Portfolio Statement (continued)

	Holding at 10.4.13	Market Value £000's	% of net assets
US Dollar Denominated Derivatives (continued)			
US Treasury 10 Year Futures June 2013	(197)	(137)	(0.04)
Berkshire Hathaway 2017 Credit Default Swap Buy Protection ¹	US\$200,000	(2)	0.00
Citigroup Japan 2017 Credit Default Swap Buy Protection ¹	US\$3,300,000	(34)	(0.01)
Credit Suisse Japan 2017 Credit Default Swap Buy Protection ¹	US\$1,500,000	(16)	0.00
Commonwealth of Australia 2017 Credit Default Swap Buy Protection ^{1 2}	US\$200,000	(4)	0.00
Peoples Republic of China 2017 Credit Default Swap Buy Protection ¹	US\$200,000	(3)	0.00
BNP Paribas Lowe's 2018 Credit Default Swap Buy Protection ¹	US\$1,078,000	(19)	(0.01)
Goodyear Tire & Rubber 2018 Credit Default Swap Buy Protection ¹	US\$640,000	3	0.00
JP Morgan Lowe's 2018 Credit Default Swap Buy Protection ^{1 2}	US\$1,122,000	(19)	(0.01)
American Axle & Manufacturing 2018 Credit Default Swap Sell Protection ^{1 2}	US\$640,000	8	0.00
CDX.NA.HY 2018 Credit Default Swap Sell Protection ^{1 2}	US\$2,350,000	66	0.02
US 10 year T-Note Buy Call Option US\$129.00 24.5.13	(80)	(3)	0.00
US 10 year T-Note Buy Put Option US\$130.50 24.5.13	80	10	0.00
		(141)	(0.05)
Portfolio of investments ³		294,995	97.29
Net other assets		8,219	2.71
Net assets attributable to unitholders		303,214	100.00%

Portfolio Statement (continued)

	Market Value £000's	% of net assets
Investment grade securities	279,040	92.03
Speculative grade securities	14,303	4.72
Unrated securities	1,007	0.33
Total of debt securities	294,350	97.08%

Unless otherwise stated the above securities are admitted to official stock exchange listings or traded on a regulated market.

- 1 Over the counter derivative instruments not listed on recognised exchanges.
- 2 JP Morgan are the related party to the fund (Note 12).
- 3 Including derivative liabilities.

Summary of Portfolio Transactions

Largest purchases

For the year ended 10 April 2013	Cost £000's
Treasury 6% Stock 2028	25,287
Treasury 4.5% Stock 2042	24,089
Treasury 2.5% Index Linked Stock 2024	18,924
Treasury 1.875% Index Linked Stock 2022	12,303
Treasury 2.5% Index Linked Stock 2020	11,686
Treasury 4% Stock 2022	8,020
Treasury 4% Stock 2060	5,588
European Investment Bank 5% Bonds 2039	3,080
Telereal Securitisation 6.1645% Bonds 2033	2,876
UPP Bond Issuer 4.9023% Notes 2040	2,800

Largest sales

For the year ended 10 April 2013	Proceeds £000's
Treasury 6% Stock 2028	25,256
Treasury 4.5% Stock 2042	21,148
Treasury 2.5% Index Linked Stock 2024	19,151
Treasury 1.875% Index Linked Stock 2022	12,302
Treasury 2.5% Index Linked Stock 2020	11,731
Treasury 4.25% Stock 2032	10,804
Treasury 4% Stock 2022	7,987
European Investment Bank 6% Bonds 2028	5,772
Treasury 4% Stock 2060	5,474
Koninklijke KPN 5.75% Notes 2029	5,473

Statement of the Manager's Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds issued by the IMA in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- prepare the accounts on the basis that the fund will continue in operation unless it is inappropriate to do so;
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements.

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

The Manager's report and accounts for the year ended 10 April 2013 were signed on 31 May 2013 on behalf of the Manager by:

C.E. Helmstetter
Directors

J.M. Cardew

Report of the Trustee

Statement of the Trustee's responsibilities in relation to the accounts of the Scheme

The Trustee is responsible for the safekeeping of all of the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed by the Authorised Fund Manager in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) and the Scheme's Trust Deed and Prospectus, as appropriate, in relation to the pricing of, and dealings in, units in the Scheme; the application of revenue of the Scheme; and the investment and borrowing powers of the Scheme.

Report of the Trustee for the accounting period from 11 April 2012 to 10 April 2013

Schroder Long Dated Corporate Bond Fund ("the Scheme")

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the COLL as appropriate, and, where applicable, the Scheme's Trust Deed and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

J.P. Morgan Trustee and Depositary Company Limited

Trustee
Bournemouth
1 May 2013

Report of the Independent Auditors

Independent Auditors' report to the unitholders of Schroder Long Dated Corporate Bond Fund ("the fund")

We have audited the financial statements of Schroder Long Dated Corporate Bond Fund for the year ended 10 April 2013 which comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet, the related notes to the accounts and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

Respective responsibilities of Authorised Fund Manager and Auditors

As explained more fully in the Authorised Fund Manager's Responsibilities Statement the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the report and accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Report of the Independent Auditors (continued)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the fund at 10 April 2013 and of the net revenue and the net capital gains of the scheme property of the fund for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial period for which the financial statements are prepared 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 the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

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

PricewaterhouseCoopers LLP

Chartered Accountants & Statutory Auditors

Edinburgh

31 May 2013

- (a) The maintenance and integrity of the Schroders website is the responsibility of the Authorised Fund Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Total Return

For the year ended 10 April 2013

		2013		2012	
	Notes	£000's	£000's	£000's	£000's
Income					
Net capital gains	2		23,548		13,020
Revenue	3	13,631		13,242	
Expenses	4	(731)		(601)	
Finance costs:					
Interest payable	6	0		(7)	
Net revenue before taxation		12,900		12,634	
Taxation	5	0		0	
Net revenue after taxation			12,900		12,634
Total return before distributions			36,448		25,654
Finance costs: Distributions	6		(13,863)		(13,181)
Change in net assets attributable to unitholders from investment activities			22,585		12,473

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 10 April 2013

	2013		2012	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		277,036		232,558
Amounts receivable on creation of units	22,946		44,679	
Amounts payable on cancellation of units	(32,856)		(26,407)	
		(9,910)		18,272
Change in net assets attributable to unitholders from investment activities		22,585		12,473
Retained distribution on Accumulation units		13,503		13,733
Closing net assets attributable to unitholders		303,214		277,036

Balance Sheet

As at 10 April 2013

		2013		2012	
	Notes	£000's	£000's	£000's	£000's
Assets					
Investment assets			295,632		261,346
Debtors	7	10,040		7,589	
Cash and bank balances	8	8,502		11,302	
Total other assets			18,542		18,891
Total assets			314,174		280,237
Liabilities					
Investment liabilities			(637)		(795)
Creditors	9	(3,081)		(2,406)	
Bank overdrafts	10	(7,242)		0	
Total other liabilities			(10,323)		(2,406)
Total liabilities			(10,960)		(3,201)
Net assets attributable to unitholders					
			303,214		277,036

Notes to the Accounts

1 Accounting policies

Basis of accounting

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 Authorised Funds (SORP) issued by the IMA in October 2010.

Revenue

Interest receivable from bank balances and 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.

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 fund.

Expenses

Expenses of the fund are charged against revenue except for costs associated with the purchase and sale of investments which are allocated to the capital of the fund.

For I Accumulation (Gross) units, the annual management charge is initially charged to revenue but ultimately borne by the capital of the fund and is accrued within the price. This charge is invoiced directly to the holders of X Accumulation (Gross) units.

Taxation

The fund satisfied the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19 throughout the year. All distributions made are therefore made as interest distributions.

The fund has no corporation tax liability as interest distributions are tax deductible.

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.

Notes to the Accounts (continued)

Distributions

The revenue available for distribution is the total revenue earned by the fund, less deductible expenses and taxation charged to revenue. For the purpose of calculating the distribution, revenue on debt securities is calculated on a coupon basis where this exceeds the amount determined on an effective yield basis. As a consequence, the capital value of the fund may be eroded. For Accumulation units this revenue is not distributed but automatically reinvested in the fund and is reflected in the value of these units.

From 11 April 2012, the distribution of the fund changed from an effective yield basis to a coupon basis.

Valuation

Listed investments of the fund have been valued at market value at 18:00 on the balance sheet date, net of any accrued interest which is included in the balance sheet as a revenue related item. Market value is defined by the SORP as fair value which generally is the bid value of each security and the offer value for short positions.

Forward currency contracts

Open forward currency contracts are shown in the Portfolio Statement at market value and the net (losses)/gains are reflected in Net capital gains.

Futures contracts

Open futures contracts are shown in the Portfolio Statement at market value and the net gains/(losses) are reflected within Derivative contracts in Net capital gains.

Credit default swaps

Open credit default swaps are shown in the Portfolio Statement at market value 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. The capital element is reflected within Derivative contracts in Net capital gains and the revenue element is reflected within Net revenue return from derivative contracts in Revenue. Net gains/(losses) are reflected within Derivative contracts in Net capital gains. For sell protections, periodic premiums are included within Net revenue return from derivative contracts in Revenue, and are accounted for on an accruals basis.

Interest rate swaps

Net gains are reflected within Derivative contracts in Net capital gains. Interest receivable or payable on interest rate swaps is accounted for on an accruals basis and is included within Net revenue return from derivative contracts in Revenue.

Notes to the Accounts (continued)

Options contracts

Open option contracts are shown in the Portfolio Statement and are priced at fair value using valuation models and data sourced from market data providers. Net gains are reflected within Derivative contracts in Net capital gains.

Foreign currencies

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

2 Net capital gains

The net capital gains during the year comprise:

	2013 £000's	2012 £000's
Non-derivative securities	23,422	15,722
Derivative contracts	778	(2,708)
Forward currency contracts	(570)	9
Currency losses	(73)	(8)
Transaction charges	(9)	5
Net capital gains	23,548	13,020

3 Revenue

	2013 £000's	2012 £000's
Interest on debt securities	13,366	12,964
Bank interest	12	24
Interest on amounts held at futures clearing houses and brokers	0	6
Net revenue return from derivative contracts	253	248
Total revenue	13,631	13,242

Notes to the Accounts (continued)

4 Expenses

	2013 £000's	2012 £000's
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	667	547
	667	547
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	32	28
Safe custody fees	18	14
	50	42
Other expenses:		
Financial Services Authority fee	1	0
Audit fee	13	12
	14	12
Total expenses	731	601

5 Taxation

Corporation tax has not been provided for as expenses and interest distributions payable by the fund exceed the revenue liable to corporation tax.

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for authorised unit trusts of 20% (2012 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2013 £000's	2012 £000's
Net revenue before taxation	12,900	12,634
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	2,580	2,527
Effects of:		
Movement in excess management expenses	(506)	109
Tax deductible on interest distributions	(2,074)	(2,636)
Current tax charge for the year	0	0

Notes to the Accounts (continued)

6 Finance costs

Distributions and interest payable

The distribution, which is on a coupon basis (2012 – effective yield basis), takes account of revenue received on the creation of units and revenue deducted on the cancellation of units, and comprises:

	2013 £000's	2012 £000's
Final Interest distribution	13,503	13,733
Add: Revenue deducted on cancellation of units	756	852
Deduct: Revenue received on creation of units	(396)	(1,404)
Finance costs: Distributions	13,863	13,181
Finance costs: Interest payable	0	7
Total finance costs	13,863	13,188
Net revenue after taxation	12,900	12,634
Annual management charge taken to capital	667	547
Adjustment for coupon distributions	296	0
Finance costs: Distributions	13,863	13,181

Details of the distribution per unit are set out in the Distribution Table on page 39.

7 Debtors

	2013 £000's	2012 £000's
Amounts receivable for creation of units	4,621	209
Sales awaiting settlement	0	1,852
Accrued interest on debt securities	5,398	5,440
Revenue receivable from derivative contracts	21	88
Total debtors	10,040	7,589

8 Cash and bank balances

	2013 £000's	2012 £000's
Cash and bank balances	8,253	10,626
Amounts held at futures clearing houses and brokers	249	676
Total cash and bank balances	8,502	11,302

Notes to the Accounts (continued)

9 Creditors

	2013		2012	
	£000's	£000's	£000's	£000's
Amounts payable for cancellation of units		0		10
Purchases awaiting settlement		2,987		2,312
Accrued expenses				
Manager and Agents				
Annual management charge		73		67
Trustee and Agents				
Trustee's fees	4		3	
Safe custody fees	3		2	
Transaction charges	1		0	
		8		5
Other accrued expenses		13		12
Total creditors		3,081		2,406

10 Bank overdrafts

	2013 £000's	2012 £000's
Bank overdrafts	7,097	0
Amounts overdrawn at futures clearing houses & brokers	145	0
Total bank overdrafts	7,242	0

11 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2012 – Nil).

12 Related party transactions

The Manager and the Trustee actively co-operate to exercise control over the fund and are therefore related parties by virtue of their controlling influence.

Amounts paid during the year or due to the Manager or the Trustee at the balance sheet date are disclosed under Expenses and Creditors in the Notes to the Accounts. Transaction charges and bank interest payable by the fund, which are paid to the Trustee are disclosed separately under Net capital gains and Finance costs respectively in the Notes to the Accounts.

Cash and bank balances and bank overdrafts with the Trustee are disclosed under Cash and bank balances and Bank overdrafts respectively in the Notes to the Accounts. Bank interest paid or payable to the fund by the Trustee is disclosed under Revenue and Debtors in the Notes to the Accounts.

Notes to the Accounts (continued)

The Manager acts as principal on all transactions of units in the fund. The aggregate monies received through the creation and cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and Finance costs in the Notes to the Accounts. Amounts due to or from the Manager in respect of unit transactions at the balance sheet date are disclosed under Debtors and Creditors in the Notes to the Accounts.

Units held or managed by the Manager or associates of the Manager as a percentage of the fund's net asset value at the balance sheet date were 97.61%.

Related party holdings are disclosed in the Portfolio Statement. The net revenue return from these investments of £18,606 (2012 – £2,016) is disclosed under Revenue in the Notes to the Accounts. Amounts receivable or payable at the balance sheet date of £9,308 (2012 – £286) are disclosed under Debtors and Creditors respectively in the Notes to the Accounts.

13 Unit classes

The fund currently has two unit classes: I Accumulation (Gross) units and X Accumulation (Gross) units. The annual management charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Manager, the Investment Adviser and their overhead expenses and for each unit class is as follows:

I Accumulation (Gross) units	0.25%
------------------------------	-------

The expense is invoiced directly to X Accumulation (Gross) unitholders, resulting in a 0% charge to the fund.

The net asset value of each unit class, the net asset value per unit and the number of units in issue in each class are given in the Net Asset Value and Comparative Tables on page 6. The distribution per unit class is given in the Distribution Table on page 39. Both classes have the same rights on winding up.

14 Derivative and other financial instruments

In accordance with the investment objective, the fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short term debtors and creditors arising directly from operations.

Notes to the Accounts (continued)

Under normal circumstances, the Manager would expect substantially all of the assets of the fund to be invested in securities appropriate to the fund's investment objective. The fund may invest in deposits without limitation only with an approved bank and which are repayable on demand or has the right to withdraw and maturing in no more than twelve months. Cash and near cash may only be held to assist in the redemption of units, the efficient management of the fund or purposes regarded as ancillary to the fund.

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

Market price risk

The fund's investment portfolio is exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, the Prospectus and in the COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

Foreign currency risk

The fund invests in overseas securities and the balance sheet can be significantly affected by movements in foreign exchange rates. The Manager seeks to manage exposure to currency movements by using forward currency contracts.

Revenue received in other currencies is translated to sterling on or near the date of receipt.

Currency risk profile

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

Currency	Monetary exposure £000's	Non-monetary exposure £000's	Total £000's
Euro			
2013	(12,523)	12,623	100
2012	153	(139)	14
Sterling			
2013	23,200	279,810	303,010
2012	15,804	261,208	277,012
US dollar			
2013	(1,569)	1,673	104
2012	0	10	10

Notes to the Accounts (continued)

Liquidity risk

The primary source of this risk to the fund is the liability to unitholders for any cancellation of units. This risk is minimised by holding cash, readily realisable securities and access to overdraft facilities.

Credit risk

The debt securities are exposed to credit risk which reflects the ability of the issuer to meet its obligations. The majority of debt securities in which the fund invests are investment grade listed bonds or government securities which are lower risk. The fund can invest in the full spectrum of available securities, which include non-investment grade securities (known as high yield). The Manager monitors credit weightings on a regular basis as well as reviewing individual issuers and respective bonds at risk of default.

The fund invests in credit default swaps to adjust the credit risk profile of the fund quickly and efficiently. Credit default swaps are bought and sold in response to detailed credit research to take advantage of anticipated movements in credit spreads on individual stocks and baskets of securities. When the fund buys a credit default swap the default risk associated with the underlying security transfers to the counterparty. Conversely when the fund sells a credit default swap the fund assumes the credit risk of the underlying security. All credit default swaps are disclosed separately in the Portfolio Statement.

Interest rate risk

The fund invests in debt securities. The revenue of the fund may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of debt securities may be affected by interest rate movements or the expectation of such movements in the future. The Manager monitors and controls the sensitivity of the portfolio to fluctuations of interest rates (Duration) to best match the return of revenue gains/losses with potential losses/gains of capital value.

The fund invests in interest rate swaps to adjust the interest rate risk profile of the fund across the entire yield curve quickly and efficiently. The price of interest rate swaps are largely determined by investors' views of future interest rate and yield levels, and the Manager aims to profit when these market views differ from Schroders' own expectations.

Interest receivable on bank balances or payable on bank overdraft positions and amounts held or overdrawn at futures clearing houses and brokers will be affected by fluctuations in interest rates.

Notes to the Accounts (continued)

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of financial assets and liabilities at the balance sheet date was as follows:

Currency	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
Euro				
2013	155	12,854	378	13,387
2012	152	0	18	170
Sterling				
2013	8,231	279,810	25,147	313,188
2012	15,865	256,604	7,588	280,057
US dollar				
2013	116	1,686	126	1,928
2012	0	0	10	10

Currency	Floating rate financial liabilities £000's	Fixed rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's
Euro				
2013	0	0	13,287	13,287
2012	0	0	156	156
Sterling				
2013	7,097	0	3,081	10,178
2012	0	111	2,934	3,045
US dollar				
2013	145	0	1,679	1,824
2012	0	0	0	0

Fixed rate financial assets

Currency	Weighted average interest rate	Weighted average period for which rate is fixed
Euro		
2013	5.11%	7.84 years
2012	N/A	N/A
Sterling		
2013	4.19%	22.72 years
2012	4.54%	23.09 years
US dollar		
2013	7.23%	5.40 years
2012	N/A	N/A

Notes to the Accounts (continued)

There are no material amounts of non-interest bearing financial assets which do not have a maturity date.

Floating rate financial assets and financial liabilities

Sterling denominated bank balances and bank overdrafts bear interest at rates based on SONIA. Foreign currency bank balances and bank overdrafts and amounts held or overdrawn at futures clearing houses and brokers bear interest at rates based on LIBOR 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. The aim of any derivative or forward used for specific investment purposes is not to materially alter the risk profile of the fund, rather their use is to assist the manager in meeting the investment objective of the fund.

There were no collateral balances in relation to derivatives at the balance sheet date.

Value at risk

The Manager assesses the market risk of the fund's investments, including any derivative exposure, using a value at risk methodology. This process provides the Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances.

The value at risk is calculated on a 99% confidence interval with a one month holding period. As at the balance sheet date, the fund's value at risk is 5.65%.

Notes to the Accounts

15 Portfolio transaction costs

	2013		2012	
	£000's	£000's	£000's	£000's
Analysis of total purchase costs				
Purchases in year before transaction costs		260,980		142,421
Commissions	0		0	
Total purchase costs		0		0
Gross purchase total		260,980		142,421
Analysis of total sales costs				
Gross sales in year before transaction costs		249,035		122,408
Commissions	0		0	
Total sales costs		0		0
Total sales net of transaction costs		249,035		122,408

Distribution Table

Final distribution for
the year ended
10 April 2013

Group 1 Units purchased prior to 11 April 2012

Group 2 Units purchased on or after 11 April 2012

	Gross revenue 2013 p per unit	Income tax 2013¹ p per unit	Net revenue 2013 p per unit	Equalisation 2013 p per unit	Distribution payable 10.6.13 p per unit	Distribution paid 10.6.12 p per unit
I Accumulation (Gross) units						
Group 1	9.6825	0.0000	9.6825	–	9.6825	9.5403
Group 2	6.2609	0.0000	6.2609	3.4216	9.6825	9.5403
X Accumulation (Gross) units						
Group 1	4.8787	0.0000	4.8787	–	4.8787	4.7859
Group 2	1.4372	0.0000	1.4372	3.4415	4.8787	4.7859

1 As the distribution is accounted for gross to unitholders, no income tax is deducted.

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.

General Information

Manager

Schroder Unit Trusts Limited
31 Gresham Street
London EC2V 7QA
Authorised and regulated by
the Financial Conduct Authority

Investment Adviser

Schroder Investment Management Limited
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the Financial Conduct Authority

Trustee

J.P. Morgan Trustee and
Depositary Company Limited
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Authorised and regulated by
the Financial Conduct Authority

Registrar¹

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Erskine House
68-73 Queen Street
Edinburgh EH2 4NH

¹ The Manager has delegated the function of Registrar to International Financial Data Services Limited.

Authorisation

The fund is an authorised unit trust and is constituted pursuant to the COLL and is structured as a trust. The fund is a UCITS scheme for the purpose of the categorisation of the COLL.

European Union Savings Directive

Schroders is required by the European Union Savings Directive to report payments to HM Revenue & Customs that are made by the fund to investors living in other European Union member states.



For further literature please contact Schroder Investor Services on 0800 718 777 or at investorservices@schroders.com, or visit our website at www.schroders.co.uk.



Schroders

Issued in June 2013 by Schroder Unit Trusts Limited, 31 Gresham Street, London EC2V 7QA.

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