

Schroder

Long Dated Corporate Bond Fund

Interim Report and Accounts
October 2012



Schroders

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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	10.10.12	10.4.12	% change
I Accumulation (Gross) units	209.90p	192.20p	9.21
X Accumulation (Gross) units	105.80p	96.71p	9.40

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 period to 10.10.12	For the year to 10.4.12
I Accumulation (Gross) units	0.27% ¹	0.27%
X Accumulation (Gross) units ²	0.02% ¹	0.02%

1 The Ongoing charges figure is annualised based on the fees suffered during the accounting period.

2 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.

Total purchases and sales

	For the period to 10.10.12 £000's	For the year to 10.4.12 £000's
Total purchases	141,413	142,421
Total sales	119,846	122,408

Review of Investment Activities

From 10 April 2012 to 10 October 2012 the price of I Accumulation (Gross) units on a dealing price to dealing price basis rose 9.21%. In comparison, the Bank of America Merrill Lynch Sterling Non-Gilts All Stocks Over 15 Years Index generated a total return of 8.98%¹.

¹ Source: Thomson Reuters Datastream.

The fund outperformed its benchmark over the period. The portfolio's exposure to credit that is lower rated by ratings agencies benefited performance, so too did its exposure to the financial sector, particularly 'subordinated' financials. Subordinated financial debt and lower rated bonds are seen as more risky than other areas of debt and so offer a higher yield and are more sensitive to moves in the overall credit market. This benefited performance as the credit market rallied over the period and sentiment over the future of the eurozone improved.

We think that in the near term corporate bond prices could be vulnerable to negative changes in sentiment, with the US fiscal cliff a particular area of concern. Towards the end of the period we progressively moved the fund to a more defensive position. We shifted the portfolio away from the sectors that have performed well and have limited scope for further gains and also to sectors that are most exposed to a slowdown in China, such as mining. Meanwhile, we increased exposure to less economically sensitive sectors.

Looking ahead, there are a number of investment themes that will influence our credit selection and overall positioning. We are adding to our highest conviction positions and reducing positions which we believe have little scope to add more value.

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 stock lend. There is a risk that the borrower might become insolvent or refuse to honour its obligations to return the securities causing a delay to the fund in recovering its securities and possibly incurring a loss.

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
2007	150.10	139.20	74.51	69.16
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 to 10 October	210.60	187.70	106.10	94.33

Net revenue

Year to 31 December	I Accumulation (Gross) units pence per unit	X Accumulation (Gross) units pence per unit
2007	7.5743	3.7517
2008	7.6953	3.8213
2009	7.7163	3.8421
2010	9.1824	4.4722
2011	9.7060	4.7800
2012 to 10 October	9.5403	4.7859

Net asset value

As at 10 April	Net asset value £000's	Net asset value per unit p	Number of units in issue
2010			
I Accumulation (Gross) units	181,109	164.64	110,001,950
X Accumulation (Gross) units	112,305	82.35	136,368,413
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
2012 at 10 October			
I Accumulation (Gross) units	274,847	208.20	132,012,943
X Accumulation (Gross) units	28,879	104.88	27,534,551

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 10.10.12	Market Value £000's	% of net assets
Euro Denominated Short Term Bonds 0.53%			
(10.4.12 – 0.00%)			
Electricity Supply Board Finance 6.25% Notes 2017	€900,000	793	0.26
Viridian Group Fundco II 11.125% Bonds 2017	€1,000,000	805	0.27
		1,598	0.53
Euro Denominated Medium Term Bonds 0.25%			
(10.4.12 – 0.00%)			
Gas Natural Capital Market 6% Bonds 2020	€900,000	751	0.25
		751	0.25
Euro Denominated Derivatives (0.04)%			
(10.4.12 – (0.05)%)			
Forward to buy €90,000 for £72,677	€90,000	0	0.00
Forward to sell €2,761,688 for £2,212,832	€(2,761,688)	(8)	0.00
Euro-Bund Futures December 2012	(103)	28	0.01
Adecco 2017 Credit Default Swap Buy Protection ¹	€1,500,000	27	0.01
Koninklijke Ahold 2017 Credit Default Swap Sell Protection ¹	€1,500,000	(27)	(0.01)
Safeway 2017 Credit Default Swap Buy Protection ¹	€250,000	(5)	0.00
iTraxx Euro 2017 Credit Default Index Swap Buy Protection ¹	€2,400,000	(130)	(0.05)
		(115)	(0.04)
Sterling Denominated Short Term Bonds 0.00%			
(10.4.12 – 2.08%)			
Sterling Denominated Medium Term Bonds 1.36%			
(10.4.12 – 0.00%)			
Old Mutual 8.0% Notes 2021	£550,000	592	0.19
GKN Holdings 5.375% Bonds 2022	£900,000	919	0.30
Anglian Water Services Financing 4.5% Notes 2027	£100,000	110	0.04
British Sky Broadcasting Group 6% Bonds 2027	£550,000	664	0.22

Portfolio Statement (continued)

	Holding at 10.10.12	Market Value £000's	% of net assets
Sterling Denominated Medium Term Bonds (continued)			
EDF Energy Networks 6.125% Notes 2027	£490,000	603	0.20
Rabobank Nederland 5.25% Notes 2027	£1,200,000	1,249	0.41
		4,137	1.36
Sterling Denominated Long Term Bonds 95.69%			
(10.4.12 – 91.51%)			
European Investment Bank 3.75% Bonds 2027	£500,000	525	0.17
HSBC Holdings 5.75% Notes 2027	£1,100,000	1,184	0.39
Bank of America 7% Notes 2028	£2,050,000	2,560	0.84
British Land 5.357% Bonds 2028	£500,000	536	0.18
Deutsche Telekom International Finance 8.875% Bonds 2028	£824,000	1,288	0.42
DWR Cymru Financing 6.015% Bonds 2028	£640,000	812	0.27
EDF 6.25% Bonds 2028	£700,000	870	0.29
European Bank for Reconstruction & Development 5.625% Notes 2028	£2,231,000	3,010	0.99
European Investment Bank 0% Bonds 2028	£1,533,000	863	0.28
European Investment Bank 6% Bonds 2028	£5,110,000	6,859	2.26
France Telecom 8.125% Bonds 2028	£800,000	1,170	0.38
GDF Suez 7% Bonds 2028	£800,000	1,115	0.37
General Electric Capital 5.25% Notes 2028	£800,000	905	0.30
Hammerson 7.25% Bonds 2028	£465,000	605	0.20
HSBC Holdings 6.75% Notes 2028	£1,350,000	1,603	0.53
LCR Finance 4.5% Bonds 2028	£2,231,000	2,691	0.89
National Grid Electricity Transmission 6.5% Bonds 2028	£390,000	518	0.17
Royal Bank of Scotland 6.375% Bonds 2028	£420,000	474	0.16
SSE 8.375% Notes 2028	£750,000	1,165	0.38
Thames Water Utilities Finance 6.75% Bonds 2028	£250,000	343	0.11
Wales & West Utilities Finance 5% Notes 2028	£200,000	228	0.07
Yorkshire Power Finance 7.25% Bonds 2028	£290,000	392	0.13

Portfolio Statement (continued)

	Holding at 10.10.12	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
Abbey National Treasury Services 5.25% Bonds 2029	£1,200,000	1,440	0.47
Anglian Water Services Financing 6.625% Notes 2029	£1,520,000	2,069	0.68
Centrica 4.375% Notes 2029	£1,300,000	1,406	0.46
Comcast 5.5% Notes 2029	£1,100,000	1,324	0.44
Directv Holdings 4.375% Notes 2029	£1,300,000	1,308	0.43
European Investment Bank 4.5% Bonds 2029	£1,550,000	1,793	0.59
Koninklijke KPN 5.75% Notes 2029	£3,732,000	4,293	1.41
Rabobank Nederland 4.55% Notes 2029	£300,000	320	0.11
Severn Trent Utilities Finance 6.25% Bonds 2029	£630,000	825	0.27
Southern Gas Network 4.875% Bonds 2029	£550,000	606	0.20
Southern Water Services Finance 6.192% Bonds 2029	£530,000	654	0.22
Telefonica Emision 5.445% Bonds 2029	£500,000	447	0.15
Wells Fargo 3.5% Notes 2029	£500,000	491	0.16
America Movil 5.75% Notes 2030	£970,000	1,205	0.40
Anglian Water Service Finance 6.293% Bonds 2030	£756,000	992	0.33
BAA Funding 7.075% Bonds 2030	£400,000	533	0.18
Deutsche Telekom International Finance 7.125% Bonds 2030	£690,000	980	0.32
Heinz (H.J.) 6.25% Bonds 2030	£412,000	502	0.17
Lloyds TSB Bank 6% Bonds 2030	£2,100,000	2,770	0.91
Mitchells & Butlers Finance 5.574% Bonds 2030	£641,524	704	0.23
Mitchells & Butlers Finance 6.013% Bonds 2030	£995,000	1,040	0.34
Mitchells & Butlers Finance 6.469% Notes 2030	£600,000	565	0.19
Motability Operations 5.625% Notes 2030	£400,000	498	0.16
Network Rail Infrastructure Finance 4.375% Notes 2030	£4,184,000	5,077	1.67
Procter & Gamble 6.25% Bonds 2030	£970,000	1,336	0.44
RWE Finance 6.25% Notes 2030	£1,260,000	1,601	0.53

Portfolio Statement (continued)

	Holding at 10.10.12	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
South Eastern Power 5.625% Notes 2030	£400,000	475	0.16
Suez Environnement 5.375% Bonds 2030	£100,000	114	0.04
Wales & West Utilities Finance 5.75% Notes 2030	£500,000	612	0.20
Wal-Mart Stores 5.75% Bonds 2030	£780,000	1,015	0.33
Broadgate Financing 4.949% Bonds 2031	£318,816	366	0.12
Citigroup 4.5% Bonds 2031	£800,000	691	0.23
East Japan Railway 4.75% Notes 2031	£600,000	677	0.22
EDF 5.875% Bonds 2031	£1,009,000	1,186	0.39
General Electric Capital 5.625% Notes 2031	£300,000	344	0.11
Great Rolling Stock 6.5% Bonds 2031	£700,000	851	0.28
Greene King Finance 5.318% Bonds 2031	£378,077	383	0.13
Legal & General Finance 5.875% Notes 2031	£500,000	608	0.20
National Grid Electricity Transmission 7.375% Bonds 2031	£2,507,000	3,578	1.18
Places for People Homes 5.875% Notes 2031	£350,000	409	0.13
RZD Capital 7.487% Notes 2031	£1,050,000	1,196	0.39
South Eastern Power Networks 6.125% Notes 2031	£500,000	633	0.21
Time Warner Cable 5.75% Notes 2031	£900,000	1,055	0.35
Yorkshire Water Services Odsal Finance 6.6011% Bonds 2031	£903,000	1,206	0.40
Dong Energy 4.875% Notes 2032	£1,150,000	1,265	0.42
E.ON International Finance 6.375% Notes 2032	£1,600,000	2,119	0.70
European Investment Bank 5.625% Bonds 2032	£5,838,000	7,757	2.55
KFW 5.75% Bonds 2032	£4,703,000	6,524	2.15
Land Securities Capital Markets 5.396% Notes 2032	£500,000	599	0.20
McDonald's 5.875% Bonds 2032	£951,000	1,266	0.42
Northern Powergrid Yorkshire 4.375% Notes 2032	£300,000	313	0.10

Portfolio Statement (continued)

	Holding at 10.10.12	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
Southern Electric Power Distribution 5.5% Bonds 2032	£530,000	644	0.21
Thames Water Utilities Finance 6.5% Bonds 2032	£200,000	268	0.09
Western Power Distribution (West Midlands) 5.75% Notes 2032	£1,475,000	1,756	0.58
BAA Funding 6.45% Bonds 2033	£1,472,000	1,833	0.60
Canary Wharf Finance II 6.455% Bonds 2033	£2,364,659	2,967	0.98
Canary Wharf Finance II 6.80% Bonds 2033	£645,169	803	0.26
Centrica 7% Bonds 2033	£2,005,000	2,828	0.93
East Japan Railway 5.25% Notes 2033	£450,000	544	0.18
GE Capital UK Funding 5.875% Notes 2033	£1,060,000	1,263	0.42
GlaxoSmithkline Capital 5.25% Notes 2033	£1,550,000	1,921	0.63
HSBC Bank 5.375% Notes 2033	£680,000	691	0.23
Juturna 5.0636% Notes 2033	£1,254,727	1,370	0.45
Legal & General Finance 5.875% Notes 2033	£300,000	367	0.12
Northumbrian Water Finance 5.625% Bonds 2033	£1,610,000	1,936	0.64
Procter And Gamble 5.25% Notes 2033	£300,000	377	0.12
Telereal Securitisation 5.5534% Bonds 2033	£295,587	350	0.12
Telereal Securitisation 6.1645% Bonds 2033	£2,576,600	2,855	0.94
BAT International Finance 6% Notes 2034	£1,000,000	1,254	0.41
East Japan Railway 4.875% Notes 2034	£450,000	523	0.17
France Telecom 5.625% Bonds 2034	£780,000	911	0.30
Greene King Finance 5.106% Bonds 2034	£908,000	864	0.28
RWE Finance 4.75% Notes 2034	£900,000	968	0.32
Scotland Gas Network 4.875% Bonds 2034	£300,000	324	0.11
Thames Water Cayman 4.375% Notes 2034	£300,000	318	0.10
Wal-Mart Stores 5.625% Bonds 2034	£1,804,000	2,331	0.77
British Land 5.264% Bonds 2035	£500,000	497	0.16

Portfolio Statement (continued)

	Holding at 10.10.12	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
CTRL Section 1 Finance 5.234% Bonds 2035	£213,000	263	0.09
Eversholt Funding 6.697% Notes 2035	£1,250,000	1,544	0.51
Great Rolling Stock 6.875% Notes 2035	£850,000	1,045	0.34
Northern Electric Finance 5.125% Bonds 2035	£200,000	222	0.07
Slough Estates 5.75% Notes 2035	£337,000	352	0.12
Wal-Mart Stores 5.25% Bonds 2035	£1,570,000	1,894	0.62
Wells Fargo 4.625% Bonds 2035	£1,283,000	1,388	0.46
Wells Fargo 4.875% Notes 2035	£1,900,000	1,874	0.62
White City Property Finance 5.1202% Bonds 2035	£799,010	863	0.28
Yorkshire Electricity Distribution 5.125% Bonds 2035	£300,000	333	0.11
Aviva 6.125% Bonds 2036	£1,390,000	1,259	0.41
BG Energy Capital 5% Notes 2036	£1,200,000	1,343	0.44
Broadgate Financing 4.821% Notes 2036	£600,000	653	0.21
East Japan Railway 4.5% Stock 2036	£450,000	481	0.16
EDF Energy Networks 6% Bonds 2036	£500,000	623	0.21
Land Securities Capital Markets 5.125% Notes 2036	£1,050,000	1,223	0.40
Longstone Finance 4.791% Bonds 2036	£768,891	871	0.29
Longstone Finance 4.896% Notes 2036	£940,000	942	0.31
Wellcome Trust Finance 4.625% Bonds 2036	£900,000	1,022	0.34
Canary Wharf Finance II 5.952% Bonds 2037	£680,000	837	0.27
E.ON International Finance 5.875% Bonds 2037	£3,150,000	3,952	1.30
EDF 5.5% Notes 2037	£800,000	887	0.29
Enel 5.75% Bonds 2037	£797,000	705	0.23
Gatwick Funding 5.75% Notes 2037	£500,000	547	0.18
General Electric Capital 4.875% Notes 2037	£1,360,000	1,330	0.44
Southern Electric Power Distribution 4.625% Notes 2037	£850,000	908	0.30

Portfolio Statement (continued)

	Holding at 10.10.12	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
Thames Water Utilities Finance 5.125% Bonds 2037	£2,413,000	2,750	0.90
Veolia Environnement 6.125% Bonds 2037	£1,600,000	1,866	0.61
Yorkshire Water Services Finance 5.125% Bonds 2037	£3,050,000	3,656	1.20
Circle Anglia Social Housing 7.25% Notes 2038	£600,000	846	0.28
GE Capital UK Funding 6.25% Notes 2038	£970,000	1,189	0.39
Goldman Sachs Group 6.875% Bonds 2038	£547,000	585	0.19
HSBC Holdings 7% Bonds 2038	£2,900,000	3,431	1.13
National Grid Gas 6% Bonds 2038	£845,000	1,055	0.35
Pfizer 6.5% Bonds 2038	£2,700,000	3,777	1.24
Scottish & Southern Energy 6.25% Notes 2038	£650,000	848	0.28
Citigroup 7.375% Notes 2039	£3,599,000	4,683	1.54
E.ON International 6.75% Notes 2039	£1,100,000	1,522	0.50
European Investment Bank 5% Bonds 2039	£2,700,000	3,323	1.09
GE Capital UK Funding 8% Notes 2039	£1,022,000	1,499	0.49
GlaxoSmithKline Capital 6.375% Notes 2039	£2,361,000	3,267	1.08
RWE Finance 6.125% Bonds 2039	£5,150,000	6,424	2.12
Vattenfall 6.875% Bonds 2039	£1,839,000	2,629	0.87
Wal-Mart Stores 4.875% Bonds 2039	£2,030,000	2,326	0.77
Yorkshire Water Services Finance 6.375% Bonds 2039	£1,200,000	1,587	0.52
Aspire Defence Finance A 4.674% Bonds 2040	£1,817,000	1,897	0.62
Aspire Defence Finance B 4.674% Bonds 2040	£1,617,000	1,694	0.56
AT&T 7% Bonds 2040	£2,050,000	2,896	0.95
Dong Energy 5.75% Notes 2040	£989,000	1,189	0.39
Enel Finance International 5.75% Bonds 2040	£4,213,000	3,664	1.21
GE Capital UK Funding 5.375% Notes 2040	£700,000	775	0.26
HSBC Holdings 6% Notes 2040	£1,539,000	1,639	0.54

Portfolio Statement (continued)

	Holding at 10.10.12	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
Hyde Housing Association 5.125% Bonds 2040	£1,450,000	1,668	0.55
Lloyds TSB Bank 6.5% Notes 2040	£2,926,000	3,583	1.18
London & Quadran Housing 5.5% Bonds 2040	£1,865,000	2,265	0.75
Northern Gas Networks Finance 5.625% Notes 2040	£1,735,000	1,998	0.66
Southern Gas Network 6.375% Notes 2040	£300,000	380	0.13
Western Power Distribution (East Midlands) 5.75% Bonds 2040	£500,000	625	0.21
Western Power Distribution (South Wales) 5.75% Notes 2040	£600,000	704	0.23
Western Power Distribution (South West) 5.75% Bonds 2040	£300,000	352	0.12
America Movil 4.375% Bonds 2041	£300,000	296	0.10
EDF 5.5% Bonds 2041	£2,600,000	2,871	0.95
HSBC Bank 6.25% Notes 2041	£379,000	423	0.14
Rabobank Nederland 5.25% Bonds 2041	£680,000	744	0.24
Southern Water Services Finance 5% Bonds 2041	£200,000	204	0.07
Thames Water Cayman 5.5% Notes 2041	£900,000	1,075	0.35
BHP Billiton Finance 4.3% Notes 2042	£1,600,000	1,592	0.52
GlaxoSmithKline Capital 5.25% Bonds 2042	£1,740,000	2,078	0.68
Hastoe Capital 5.60% Bonds 2042	£200,000	214	0.07
Northumbrian Water Finance 5.125% Notes 2042	£600,000	652	0.21
Notting Hill Housing Trust 5.25% Bonds 2042	£1,446,000	1,672	0.55
Saxon Weald Capital 5.375% Bonds 2042	£200,000	213	0.07
Severn Trent Water 4.875% Notes 2042	£200,000	211	0.07
Siemens Financieringsmaat 3.75% Notes 2042	£800,000	763	0.25
Time Warner Cable 5.25% Notes 2042	£1,000,000	1,051	0.35
Transport for London 3.875% Notes 2042	£500,000	498	0.16
Treasury 4.5% Stock 2042	£15,500,000	19,648	6.47

Portfolio Statement (continued)

	Holding at 10.10.12	Market Value £000's	% of net assets
Sterling Denominated Long Term Bonds (continued)			
BAA Funding 5.875% Bonds 2043	£1,300,000	1,489	0.49
Gatwick Funding 6.5% Notes 2043	£600,000	719	0.24
Sovereign Housing 4.768% Bonds 2043	£300,000	323	0.11
AT&T 4.875% Bonds 2044	£1,200,000	1,274	0.42
Centrica 4.25% Notes 2044	£500,000	484	0.16
Circle Anglia Social Housing 5.2% Notes 2044	£300,000	326	0.11
European Investment Bank 4.5% Notes 2044	£1,500,000	1,696	0.56
HSBC Bank 4.75% Bonds 2046	£989,000	861	0.28
Thames Water Cayman 4.625% Notes 2046	£300,000	306	0.10
Sanctuary Capital 5% Bonds 2047	£400,000	444	0.15
EDF 5.125% Notes 2050	£1,750,000	1,773	0.58
France Telecom 5.375% Bonds 2050	£850,000	903	0.30
LCR Finance 5.1% Bonds 2051	£1,800,000	2,410	0.79
Southern Water Services Finance 4.5% Bonds 2052	£300,000	273	0.09
European Investment Bank 4.625% Notes 2054	£1,260,000	1,451	0.48
DWR Cymru Financing 4.473% Notes 2057	£200,000	194	0.06
Aviva 6.875% Bonds 2058	£1,433,000	1,263	0.42
Thames Water Cayman 7.241% Notes 2058	£600,000	736	0.24
GDF Suez 5% Notes 2060	£1,900,000	1,985	0.65
Rabobank Nederland 5.375% Bonds 2060	£500,000	548	0.18
Reseau Ferre de France 4.83% Notes 2060	£4,100,000	4,055	1.33
HSBC Capital Funding 5.844% Perpetual Notes	£1,160,000	1,027	0.34
Nationwide Building Society 5.769% Perpetual Notes	£1,700,000	1,356	0.45
Nationwide Building Society 7.859% Perpetual Notes	£100,000	94	0.03
		290,648	95.69
Sterling Denominated Derivatives 0.00%			
(10.4.12 – 0.51%)			
Long Gilt Futures December 2012	(31)	9	0.00
		9	0.00

Portfolio Statement (continued)

	Holding at 10.10.12	Market Value £000's	% of net assets
US Dollar Denominated Medium Term Bonds 0.12%			
(10.4.12 – 0.00%)			
UBS Stamford 7.625% Bonds 2022	US\$550,000	361	0.12
		361	0.12
US Dollar Denominated Derivatives 0.00%			
(10.4.12 – 0.00%)			
Forward to sell US\$550,000 for £338,157	US\$(550,000)	(6)	0.00
Berkshire Hathaway 2017 Credit Default Swap Buy Protection ¹	US\$200,000	0	0.00
Commonwealth of Australia 2017 Credit Default Swap Buy Protection ¹	US\$200,000	(3)	0.00
Peoples Republic of China 2017 Credit Default Swap Buy Protection ¹	US\$200,000	(1)	0.00
		(10)	0.00
Portfolio of investments ²		297,379	97.91
Net other assets		6,347	2.09
Net assets attributable to unitholders		303,726	100.00%
Investment grade securities		294,386	96.92
Speculative grade securities		1,724	0.57
Unrated securities		1,385	0.46
Total of debt securities		297,495	97.95%

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

1 Over the counter derivative investments not listed on recognised exchanges.

2 Including derivative liabilities.

Summary of Portfolio Transactions

Largest purchases

For the six months ended 10 October 2012	Cost £000's
Treasury 4.5% Stock 2042	20,493
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	6,379
European Investment Bank 5% Bonds 2039	3,080
Telereal Securitisation 6.1645% Bonds 2033	2,876
Treasury 0% Stock 13.8.12	2,498
Treasury 0% Stock 30.7.12	2,497
Treasury 0% Stock 12.11.12	2,495

Largest sales

For the six months ended 10 October 2012	Proceeds £000's
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	10,318
Treasury 4% Stock 2022	6,341
EDF 6.125% Bonds 2034	3,236
Treasury 0% Stock 28.5.12	2,889
Treasury 0% Stock 18.6.12	2,889
Centrica 7% Bonds 2033	2,677
Treasury 0% Stock 30.7.12	2,499

Statement of the Manager's Responsibilities

The Financial Services 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 period. 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 period ended 10 October 2012 were signed on 21 November 2012 on behalf of the Manager by:

C.E. Helmstetter
Directors

J.M. Cardew

Statement of Total Return (unaudited)

For the six months ended 10 October 2012

	10.10.12		10.10.11	
	£000's	£000's	£000's	£000's
Income				
Net capital gains		16,964		2,326
Revenue	6,823		6,690	
Expenses	(368)		(285)	
Finance costs:				
Interest payable	0		(10)	
Net revenue before taxation	6,455		6,395	
Taxation	0		0	
Net revenue after taxation		6,455		6,395
Total return before distributions		23,419		8,721
Finance costs: Distributions		(79)		228
Change in net assets attributable to unitholders from investment activities		23,340		8,949

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

For the six months ended 10 October 2012

	10.10.12		10.10.11	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		277,036 ¹		232,558
Amounts receivable on creation of units	15,753		19,706	
Amounts payable on cancellation of units	(12,403)		(8,436)	
		3,350		11,270
Change in net assets attributable to unitholders from investment activities		23,340		8,949
Closing net assets attributable to unitholders		303,726		252,777¹

1 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 10 October 2012

	10.10.12		10.4.12	
	£000's	£000's	£000's	£000's
Assets				
Investment assets		297,559		261,346
Debtors	5,819		7,589	
Cash and bank balances	1,395		11,302	
Total other assets		7,214		18,891
Total assets		304,773		280,237
Liabilities				
Investment liabilities		(180)		(795)
Creditors	(85)		(2,406)	
Bank overdrafts	(782)		(0)	
Total other liabilities		(867)		(2,406)
Total liabilities		(1,047)		(3,201)
Net assets attributable to unitholders				
		303,726		277,036

Notes to the Accounts (unaudited)

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 issued by the IMA in October 2010.

The accounting policies applied are consistent with those of the annual accounts for the year ended 10 April 2012 and are described in those annual accounts.

General Information

Manager

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

Investment Adviser

Schroder Investment Management Limited
31 Gresham Street
London EC2V 7QA
Authorised and regulated by
the Financial Services Authority

Trustee

J.P. Morgan Trustee and
Depositary Company Limited
Chaseside
Bournemouth BH7 7DA
Authorised and regulated by
the Financial Services Authority

Registrar¹

International Financial Data Services Limited
IFDS House
St Nicholas Lane
Basildon
Essex SS15 5FS

Administration details

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Dealing 0800 718 788
Fax 0870 043 4080

Independent Auditors

PricewaterhouseCoopers LLP
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.



Issued in December 2012 by Schroder Unit Trusts Limited, 31 Gresham Street, London EC2V 7QA.

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