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

# Fund Information

## Investment objective and policy

Schroder Tokyo Fund (the 'Fund') aims to provide capital growth in excess of the Tokyo Stock Exchange 1st Section (Net Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of Japanese companies.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of Japanese companies.

Investments are made based on Japan's economic strengths, such as its manufacturing industry (in particular on those parts of it that are demonstrating an ability to exploit newly emerging technology) and on sectors benefiting from structural change in the economy.

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 reducing risk or managing the Fund more efficiently (for more information please refer to section 6 of Appendix I of the Prospectus).

## Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the Tokyo Stock Exchange 1st Section (Net Total Return) index, and compared against the Investment Association Japan 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 benchmark has been selected because it is 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. The comparator benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

## Total purchases and sales

	For the period to 31.8.23 £000's	For the year to 28.2.23 £000's
Total purchases	61,790	184,532
Total sales	99,091	391,580

# 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	35,163,096	410.62p	385.83p
A Income units	8,997,635	380.79p	357.76p
GBP Hedged A Accumulation units	398,682	107.55p	88.87p
GBP Hedged A Income units	37,792	103.62p	85.57p
GBP Hedged L Accumulation units	4,197,389	114.43p	94.13p
GBP Hedged L Income units	3,151,417	104.91p	86.33p
GBP Hedged Z Accumulation units	19,701,647	116.65p	96.02p
GBP Hedged Z Income units	4,034,175	104.39p	85.92p
H Accumulation units	52,600,334	102.51p	95.87p
H Income units	6,659,483	89.96p	84.10p
L Accumulation units	83,532,636	102.02p	95.49p
L Income units	41,228,735	90.86p	85.03p
S Income units	76,258,160	94.02p	87.85p
Z Accumulation units	111,844,299	130.27p	121.99p
Z Income units	31,733,335	113.81p	106.54p

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 rose 6.47%. In the same period, the Tokyo Stock Exchange 1st Section Index generated a net total return of 6.05%<sup>1</sup> in sterling terms.**

The Fund outperformed the benchmark index, mainly due to stock selection. The largest contribution came from electronic component maker Ibiden which announced stronger-than-expected earnings. Mid-cap construction company INFRONEER Holdings also provided stronger-than-expected earnings. The biggest detractor came from retailer Seven & i Holdings due to weaker-than-expected earnings.

There has been no change in the Fund's strategy. However, we are making some changes in holdings and increased the portfolio's active risk by gradually adding to small cap holdings. We continue to emphasise sustainable mid to long-term quality earnings, focusing on company-specific factors and valuation. We believe that the Japanese equity market currently provides one of the most attractive opportunities to be found anywhere in the world.

Although strong momentum continued in the Japanese stock market, the depreciation of the yen meant that the total return for a sterling-based investor was reduced for the period. The market hit its highest level in 33 years, with the Nikkei reaching 33,700 yen in June and another high in early July. This has been partly driven by continuous buying from foreign investors since April. Ongoing expectations of corporate governance reforms and structural shifts in the Japanese macro economy also boosted share prices in the period.

**Fund Manager:  
Masaki Taketsume**



Masaki Taketsume is a Japanese Equity Fund Manager at Schroders, based in Tokyo, with 30 years of investment experience

Masaki was appointed to a full-time fund management role from 2017 when he relocated to London. He came back to Tokyo in March 2023. He joined Schroders in 2007 as the analyst for the Japanese technology sector, based in Tokyo

Immediately prior to Schroders, Masaki was a Japanese equity research analyst at Deutsche Trust Bank & Deutsche Securities from 2005 to 2007

His career in investment began with fund management roles at both Nikko Asset Management from 1994 and Deutsche Trust Bank from 1998

BA in Economics from Keio University, CMA from The Securities Analysts Association of Japan

Masaki is a CFA Charterholder

<sup>1</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.

There is a difference between unit classes caused by the technical nature of the calculation of the risk and reward indicator.

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 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;
- 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  
20 October 2023

**S. Reedy**

# Portfolio Statement

	Holding at 31.8.23	Market Value £000's	% of net assets
<b>Equities 99.58% (100.54%)</b>			
<b>Basic Materials 3.94% (5.22%)</b>			
Kureha	38,100	1,766	0.27
Mitsui Chemicals	469,800	10,072	1.55
Nippon Soda	378,200	11,050	1.70
NOF	77,300	2,753	0.42
		<b>25,641</b>	<b>3.94</b>
<b>Consumer Discretionary 15.02% (17.63%)</b>			
Bandai Namco Holdings	314,100	5,753	0.88
Bridgestone	251,500	7,708	1.19
Kyoritsu Maintenance	173,700	5,908	0.91
Niterra	659,300	12,087	1.86
Roland	252,700	5,335	0.82
Suzuki Motor	233,300	7,244	1.11
Toho	228,400	6,850	1.05
Toyota Industries	150,500	8,374	1.29
Toyota Motor	2,279,400	31,007	4.77
TPR	298,300	2,953	0.45
Yokowo	492,800	4,491	0.69
		<b>97,710</b>	<b>15.02</b>
<b>Consumer Staples 6.56% (4.37%)</b>			
Asahi Group Holdings	622,700	19,153	2.94
PALTAC	228,900	5,952	0.92
Seven & i Holdings	541,400	17,538	2.70
		<b>42,643</b>	<b>6.56</b>
<b>Financials 12.29% (13.32%)</b>			
AEON Financial Service	1,006,300	6,930	1.06
ORIX	1,256,100	18,507	2.84
Sumitomo Mitsui Financial Group	703,100	25,383	3.90
T&D Holdings	1,093,400	13,700	2.11
Tokio Marine Holdings	883,500	15,455	2.38
		<b>79,975</b>	<b>12.29</b>
<b>Health Care 6.04% (6.23%)</b>			
Astellas Pharma	895,300	10,708	1.65
Nihon Kohden	374,400	7,868	1.21
Ship Healthcare Holdings	375,200	5,024	0.77
Takeda Pharmaceutical	641,800	15,666	2.41
		<b>39,266</b>	<b>6.04</b>
<b>Industrials 32.49% (32.28%)</b>			
AGC	391,400	10,820	1.66
Aica Kogyo	463,800	8,674	1.33
Amada	1,340,000	11,197	1.72
Doshisha	586,100	7,523	1.16
Fujikura	501,300	3,277	0.50
Fukushima Galilei	291,100	8,158	1.25
Hitachi	483,600	25,410	3.91

	Holding at 31.8.23	Market Value £000's	% of net assets
Hosokawa Micron	481,600	10,612	1.63
INFRONEER Holdings	1,611,700	13,275	2.04
Isuzu Motors	500,000	5,066	0.78
Kohoku Kogyo	251,700	8,405	1.29
Mitsui Miura	615,400	18,084	2.78
Nichias	335,400	6,107	0.94
Nippon Densetsu Kogyo	406,800	6,704	1.03
Park24	784,800	9,070	1.39
Recruit Holdings	473,500	5,273	0.81
Rheon Automatic Machinery	485,700	13,709	2.11
Sanki Engineering	1,003,800	7,525	1.16
Sankyu	909,800	7,910	1.22
SMC	324,300	8,936	1.37
Trusco Nakayama	17,900	6,831	1.05
		<b>211,385</b>	<b>32.49</b>
<b>Real Estate 0.83% (0.80%)</b>			
Mitsui Fudosan	310,600	5,366	0.83
		<b>5,366</b>	<b>0.83</b>
<b>Technology 16.44% (13.53%)</b>			
Disco	39,000	6,050	0.93
Ibiden	321,700	15,280	2.35
Megachips	150,400	3,424	0.53
Mimasu Semiconductor Industry	502,900	7,824	1.20
NEC Networks & System Integration	843,700	8,877	1.36
Nomura Research Institute	497,900	11,263	1.73
Otsuka	246,400	8,668	1.33
Ricoh	1,726,400	11,118	1.71
Rohm	176,500	11,625	1.79
Tazmo	476,100	7,988	1.23
TDK	317,500	9,135	1.40
WingArc1st	421,500	5,691	0.88
		<b>106,943</b>	<b>16.44</b>
<b>Telecommunications 4.03% (5.79%)</b>			
Nippon Telegraph & Telephone	28,740,300	26,189	4.03
		<b>26,189</b>	<b>4.03</b>
<b>Utilities 1.94% (1.37%)</b>			
Daiei Kankyo	444,200	5,557	0.85
Nippon Gas	576,000	7,088	1.09
		<b>12,645</b>	<b>1.94</b>
<b>Equities total</b>		<b>647,763</b>	<b>99.58</b>
<b>Forward Foreign Currency Contracts 0.03% (0.09%)</b>			
Buy JPY 2,594,808 Sell GBP 14,066 29/09/2023		0	0.00

# Portfolio Statement (continued)

	Holding at 31.8.23	Market Value £000's	% of net assets
Buy JPY 14,742,356 Sell GBP 80,482 29/09/2023		(1)	0.00
Sell JPY 6,452,369,747 Buy GBP 35,216,424 29/09/2023		208	0.03

	Holding at 31.8.23	Market Value £000's	% of net assets
Sell JPY 98,117,812 Buy GBP 533,555 29/09/2023		0	0.00
<b>Forward Foreign Currency Contracts total</b>		<b>207</b>	<b>0.03</b>
<b>Portfolio of investments</b>		<b>647,970</b>	<b>99.61</b>
<b>Net other assets</b>		<b>2,553</b>	<b>0.39</b>
<b>Net assets attributable to unitholders</b>		<b>650,523</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.

## Statement of Total Return (unaudited)

For the six months ended 31 August 2023

	31.8.23		31.8.22	
	£000's	£000's	£000's	£000's
<b>Income</b>				
Net capital gains		41,487		13,425
Revenue	8,964		11,369	
Expenses	(3,403)		(4,324)	
Net revenue before taxation	<b>5,561</b>		<b>7,045</b>	
Taxation	(889)		(1,137)	
Net revenue after taxation		<b>4,672</b>		<b>5,908</b>
<b>Total return before distributions</b>		<b>46,159</b>		<b>19,333</b>
Distributions		(174)		(376)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>45,985</b>		<b>18,957</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		644,300 <sup>^</sup>		847,019
Amounts receivable on issue of units	24,459		20,275	
Amounts payable on cancellation of units	(64,253)		(73,335)	
		<b>(39,794)</b>		<b>(53,060)</b>
Dilution adjustment		32		8
Change in net assets attributable to unitholders from investment activities		45,985		18,957
<b>Closing net assets attributable to unitholders</b>		<b>650,523</b>		<b>812,924<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	647,971	648,404
<b>Current assets</b>		
Debtors	1,156	2,393
Cash and bank balances	4,593	3,639
<b>Total assets</b>	<b>653,720</b>	<b>654,436</b>
<b>Liabilities</b>		
Investment liabilities	(1)	(54)
<b>Creditors</b>		
Bank overdrafts	(958)	(544)
Distributions payable	-	(2,854)
Other creditors	(2,238)	(6,684)
<b>Total liabilities</b>	<b>(3,197)</b>	<b>(10,136)</b>
<b>Net assets attributable to unitholders</b>	<b>650,523</b>	<b>644,300</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

Schroders 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 UCITS scheme for the purpose of the categorisation of the Collective Investment Schemes sourcebook.

## Value Assessment

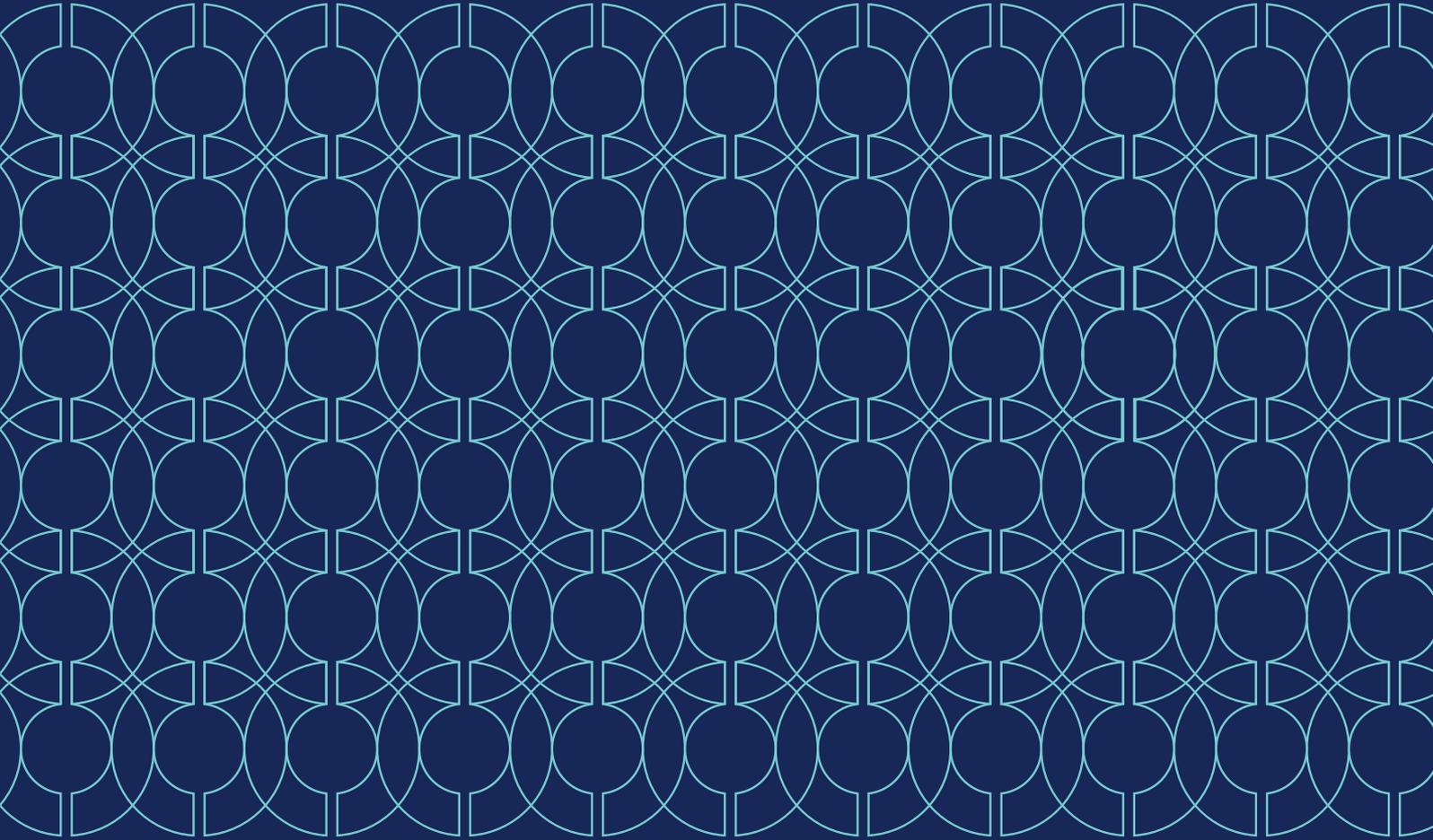
A statement on the Assessment of Value is published on the Global Fund Centre in the Fund Literature section at [www.Schroders.com](http://www.Schroders.com) within 4 months of the annual 'reference date' 31 December.

## 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).



EST. 1804

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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