

## Contents

<b>Fund Information<sup>1</sup></b>	<b>3</b>
<b>Fund Performance<sup>1</sup></b>	<b>3</b>
<b>Review of Investment Activities<sup>1</sup></b>	<b>4</b>
<b>Risk Profile<sup>1</sup></b>	<b>5</b>
<b>Statement of the Manager's Responsibilities</b>	<b>6</b>
<b>Portfolio Statement<sup>1</sup></b>	<b>7</b>
<b>Financial Statements (unaudited)</b>	<b>8</b>
<b>Notes to the Accounts (unaudited)</b>	<b>9</b>
<b>General Information<sup>1</sup></b>	<b>10</b>

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

# Fund Information

## Investment objective and policy

Schroder Income Fund (the 'Fund') aims to provide income and capital growth in excess of the FTSE All Share (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of UK companies.

The Fund is actively managed and invests at least 80% of its assets in a concentrated range of equity and equity related securities of UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK. The Fund typically holds 30 to 50 companies.

The Fund focuses on companies that have certain 'Value' characteristics. Value is assessed by looking at indicators such as cash flows, dividends and earnings to identify securities which the investment manager believes have been undervalued by the market.

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 2 of the Prospectus).

## Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the FTSE All Share (Gross Total Return) Index, and compared against the MSCI UK Value (Gross Total Return) Index and the Investment Association UK Equity Income sector average return. The investment manager invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target 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 benchmarks have been selected because the investment manager and the manager believe that each of these benchmarks is a suitable comparison for performance purposes given the Fund's investment objective and policy.

## Total purchases and sales

	For the period to 25.8.24 £000's	For the year to 25.2.24 £000's
Total purchases	104,971	233,789
Total sales	191,447	432,615

# Fund Performance

	Number of units in issue 25.8.24	Net asset value per unit 25.8.24	Net asset value per unit 25.2.24
A Accumulation units	1,066,913	13,037.09p	11,451.48p
A Income units	3,075,624	1,227.81p	1,097.10p
L Accumulation units	127,137,245	106.33p	93.02p
L Income units	98,766,495	67.34p	59.91p
Q Income units	45,051,609	67.91p	60.35p
S Accumulation units	48,733,376	95.47p	83.42p
S Income units	70,464,768	66.62p	59.20p
Z Accumulation units	287,624,676	142.98p	125.12p
Z Income units	261,837,608	82.86p	73.76p

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 23 February 2024 to 23 August 2024, the price of Z Accumulation units on a dealing price basis rose by 14.26%. In the same period, the FTSE<sup>1</sup> All Share Index generated a total return of 11.02%<sup>2</sup>.**

The Fund outperformed the broader market over the period under review.

UK equities rose over the period and the Fund outperformed the FTSE All-Share index. Our positions in UK banks NatWest Group and Barclays performed well. The prospect of robust shareholder returns – in the form of dividends and/or share buybacks – has been a key attraction of banking stocks.

In the last three years, NatWest Group has done everything that we could have hoped for operationally. Pre-tax profits have grown from £4 billion to £6 billion, return on equity has increased, the cost-income ratio has decreased, the only thing that has been lacking is an improvement in the share price. If we aggregate the dividends and the buybacks, over the past three years NatWest Group has distributed £12.5 billion to shareholders. This is equal to half its current market capitalisation! Several of our UK domestically focused holdings rebounded strongly too, including broadcaster ITV and food and clothes retailer Marks & Spencer Group. Logistics group International Distribution Services performed strongly as it was the subject of a bid approach by Czech billionaire Daniel Kretinsky.

On the negative side, tyre maker Continental was the main individual detractor. The firm continues to face challenges amid the transition to electric vehicles (EV). US semiconductor manufacturing giant Intel was also a detractor as it is encountering challenges in the chip market and has lagged behind in AI semiconductor technology. The company has been making significant investments to regain its lead in chip manufacturing.

A combination of the low valuation, a strong balance sheet and the attractive dividend led us to take a position in luxury retailer Burberry Group. We also added low-cost airline easyJet to the Fund, where the balance sheet has improved significantly. Branded consumer goods company Reckitt Benckiser Group was added to the portfolio. Strong cash generation coupled with an attractive valuation and dividend make this appropriate addition.

We are not alone in recognising undervalued companies in the UK. The equity market here has seen bid activity reach its highest levels since 2018. UK companies are also taking advantage of their relatively low valuations by increasing share buybacks. The strong operational performance of many businesses in the UK is getting harder and harder for investors to ignore.

We have increased the interim dividend by 31% this year, and the forecast for the full year suggests the distribution will at a similar level to the all-time peak at the Fund Year-End in February 2025.

**Co-Fund Manager:**  
**Andrew Evans**



Co-manager of UK Income, European Income and European Recovery strategies

Managed value portfolios at Schroders since 2016

Joined Schroders in Global Value Team in June 2015

Investment career commenced in 2001

Worked at Threadneedle in UK research and Dresdner

Kleinwort as a Pan-European Transport analyst

Chartered Financial Analyst

Degree in Economics, Exeter University

**Co-Fund Manager:**  
**Nick Kirrage**



Co-manager of UK Income, UK Recovery, Global Recovery and Global Income strategies

Founding member of the Global Value Team in 2013

Investment career commenced in 2001 within Schroders' Pan European research team

Previously analyst responsible for a number of sectors including Transport, Metals & Mining and Aerospace and Defence sectors

CFA Charterholder

Degree in Aeronautical Engineering, Bristol University

<sup>1</sup> FTSE International Limited ("FTSE") © FTSE. "FTSE®" is a trade mark of London Stock Exchange plc and The Financial Times Limited and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data.

<sup>2</sup> Source: LSEG Workspace.

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

# Risk Profile

## Risk and reward indicator



The risk category was calculated using historical performance data and may not be a reliable indicator of the Fund’s future risk profile. The Fund’s risk category is not guaranteed to remain fixed and may change over time. A Fund in the lowest category does not mean a risk-free investment.

For specific risks, including the risk and reward profile, please refer to the Key Investor Information Document available on the following website [www.schroders.com/en-lu/lu/professional/literature/key-investor-information-documents/](http://www.schroders.com/en-lu/lu/professional/literature/key-investor-information-documents/).

# 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 and interim 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 responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the 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 its website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**J. Rainbow**

Directors

21 October 2024

**P. Truscott**

# Portfolio Statement

	Holding at 25.8.24	Market Value £000's	% of net assets
<b>Equities 97.94% (98.81%)</b>			
<b>Basic Materials 5.83% (5.56%)</b>			
Anglo American	1,087,105	24,454	2.16
Johnson Matthey	1,078,536	17,451	1.54
Rio Tinto	505,615	24,075	2.13
		<b>65,980</b>	<b>5.83</b>
<b>Consumer Discretionary 15.86% (14.92%)</b>			
Bellway	530,564	16,490	1.46
Burberry Group	2,520,550	18,012	1.59
Continental	377,236	19,175	1.69
Currys	12,758,747	10,137	0.90
easyjet	4,084,827	18,296	1.62
ITV	36,516,237	29,761	2.63
Kingfisher	9,495,748	27,291	2.41
Taylor Wimpey	10,221,367	16,952	1.50
WPP	3,239,140	23,257	2.06
		<b>179,371</b>	<b>15.86</b>
<b>Consumer Staples 16.16% (13.96%)</b>			
British American Tobacco	1,410,952	38,928	3.44
Imperial Brands	1,392,838	29,834	2.64
J Sainsbury	10,942,683	31,471	2.78
Marks & Spencer Group	7,571,448	25,501	2.26
Reckitt Benckiser Group	506,881	21,867	1.93
Tesco	10,064,438	35,125	3.11
		<b>182,726</b>	<b>16.16</b>
<b>Energy 7.83% (8.70%)</b>			
BP	5,983,812	25,686	2.27
Eni	2,329,429	28,810	2.55
Shell	1,253,310	34,090	3.01
		<b>88,586</b>	<b>7.83</b>
<b>Financials 26.95% (28.40%)</b>			
Aviva	7,026,576	34,845	3.08
Barclays	17,072,263	39,334	3.48
Direct Line Insurance Group	11,088,527	20,536	1.82
HSBC Holdings	5,445,198	35,650	3.15
Legal & General Group	10,552,324	23,848	2.11

	Holding at 25.8.24	Market Value £000's	% of net assets
Lloyds Banking Group	38,646,736	22,956	2.03
M&G	12,198,062	26,189	2.31
NatWest Group	8,120,487	28,073	2.48
St. James's Place	3,733,906	26,884	2.38
Standard Chartered	4,021,813	30,783	2.72
TP ICAP Group	6,613,054	15,673	1.39
		<b>304,771</b>	<b>26.95</b>
<b>Health Care 7.38% (8.42%)</b>			
GSK	1,675,227	26,845	2.37
Pfizer	873,021	19,095	1.69
Sanofi	276,149	23,473	2.08
Viatis	1,580,163	14,016	1.24
		<b>83,429</b>	<b>7.38</b>
<b>Industrials 6.02% (6.51%)</b>			
International Distribution Services	6,764,960	23,055	2.04
Mondi	1,236,224	18,024	1.59
Travis Perkins	2,924,181	26,976	2.39
		<b>68,055</b>	<b>6.02</b>
<b>Real Estate 5.28% (5.52%)</b>			
British Land REIT	8,225,644	33,741	2.99
Land Securities Group REIT	4,080,859	25,934	2.29
		<b>59,675</b>	<b>5.28</b>
<b>Technology 0.41% (1.00%)</b>			
Intel	297,368	4,610	0.41
		<b>4,610</b>	<b>0.41</b>
<b>Telecommunications 6.22% (5.82%)</b>			
BT Group	14,846,882	20,169	1.79
Orange	2,157,620	18,788	1.66
Vodafone Group	42,366,510	31,360	2.77
		<b>70,317</b>	<b>6.22</b>
<b>Equities total</b>		<b>1,107,520</b>	<b>97.94</b>
<b>Portfolio of investments</b>		<b>1,107,520</b>	<b>97.94</b>
<b>Net other assets</b>		<b>23,291</b>	<b>2.06</b>
<b>Net assets attributable to unitholders</b>		<b>1,130,811</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 25 February 2024.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

## Statement of Total Return (unaudited)

For the six months ended 25 August 2024

	25.8.24	25.8.23
	£000's	£000's
<b>Income</b>		
Net capital gains/(losses)	113,208	(139,093)
Revenue	39,825	43,236
Expenses	(5,289)	(6,104)
Net revenue before taxation	<b>34,536</b>	<b>37,132</b>
Taxation	(387)	(545)
Net revenue after taxation	<b>34,149</b>	<b>36,587</b>
<b>Total return before distributions</b>	<b>147,357</b>	<b>(102,506)</b>
Distributions	(20,478)	(20,911)
<b>Change in net assets attributable to unitholders from investment activities</b>	<b>126,879</b>	<b>(123,417)</b>

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

For the six months ended 25 August 2024

	25.8.24	25.8.23
	£000's	£000's
Opening net assets attributable to unitholders	1,094,848 <sup>^</sup>	1,381,554
Amounts receivable on issue of units	31,396	55,884
Amounts payable on cancellation of units	(134,531)	(210,155)
	<b>(103,135)</b>	<b>(154,271)</b>
Dilution adjustment	27	165
Change in net assets attributable to unitholders from investment activities	126,879	(123,417)
Retained distribution on Accumulation units	12,192	11,186
<b>Closing net assets attributable to unitholders</b>	<b>1,130,811</b>	<b>1,115,217<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 25 August 2024

	25.8.24	25.2.24
	£000's	£000's
<b>Assets</b>		
Investments	1,107,520	1,081,799
<b>Current assets</b>		
Debtors	35,490	2,969
Cash and bank balances	15,397	36,537
<b>Total assets</b>	<b>1,158,407</b>	<b>1,121,305</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distributions payable	(6,792)	(12,716)
Other creditors	(20,804)	(13,741)
<b>Total liabilities</b>	<b>(27,596)</b>	<b>(26,457)</b>
<b>Net assets attributable to unitholders</b>	<b>1,130,811</b>	<b>1,094,848</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 25 February 2024 and are described in those annual accounts.

# General Information

## Manager

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

## Investment Adviser

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

## Trustee

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

## Registrar

Schroder Unit Trusts Limited  
1 London Wall Place  
London EC2Y 5AU  
Authorised and regulated by the Financial Conduct Authority  
The Manager is responsible for maintaining the register for each Fund. It has delegated certain registrar functions to HSBC Bank Plc, 8 Canada Square, London, E14 8HQ.

## Administration Details

Schroders Investor Services  
PO BOX 1402  
Sunderland  
SR43 4AF

## Independent Auditor

KPMG LLP  
319 St Vincent Street  
Glasgow G2 5AS

## Authorisation

The Fund is an authorised unit trust and is constituted pursuant to the Collective Investment Schemes sourcebook and is structured as a Trust. The Fund is a UCITS scheme for the purpose of the categorisation of the Collective Investment Schemes sourcebook.

## Value Assessment

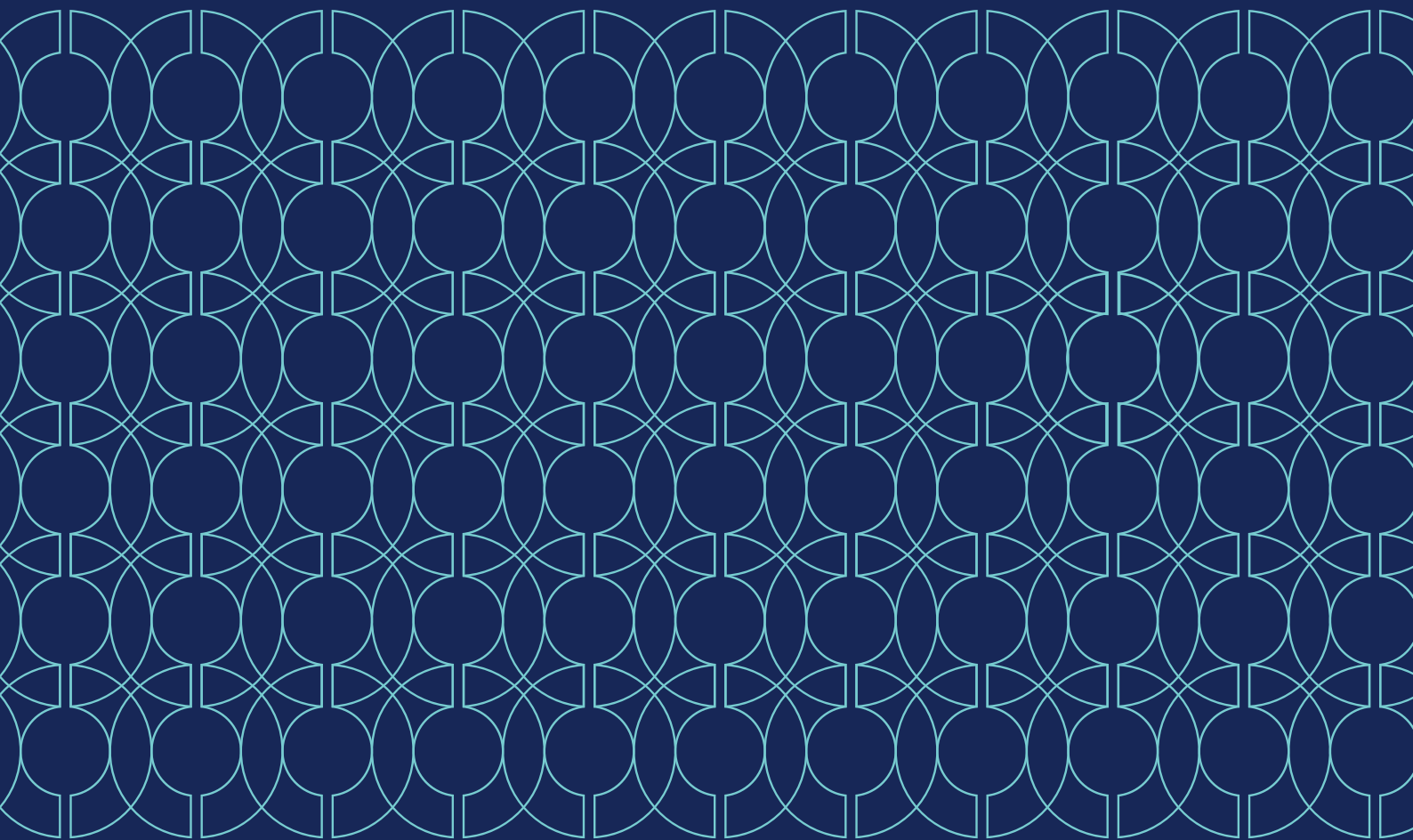
A statement on the Assessment of Value is published on the group website at <https://www.schroders.com/en-gb/uk/intermediary/funds-and-strategies/charges/schroders-assessment-of-value-reports/> within 4 months of the annual 'reference date' 31 December.

## 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