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1 Collectively these comprise the Manager's report.

# Fund Information

## Investment objective and policy

Schroder MM Diversity Fund (the 'Fund') aims to provide capital growth in excess of the UK Consumer Price Index (after fees have been deducted) over a five to seven year period by investing in a diversified range of assets worldwide. There is no guarantee that this objective will be met and your capital is at risk.

The Fund is actively managed and invests its assets indirectly through collective investment schemes, exchange traded funds, real estate investment trusts and closed ended funds in equity and equity related securities, fixed and floating rate securities and alternative assets worldwide. Alternative assets may include hedge funds, real estate, private equity and commodities.

The Fund may also invest directly in equity and equity related securities and fixed and floating rate securities. The Fund may directly or indirectly invest in money market instruments, and may hold cash.

The Fund may invest up to 100% of its assets in collective investment schemes (including other Schroder funds).

The Fund invests (directly or indirectly) one third of its assets in equity and equity related securities, one third in fixed and floating rate securities, money market instruments and cash, and one third in alternative assets. The Fund may deviate from this by up to 5% of assets (+/-) for equity and equity related securities and alternative assets, and by up to 10% of assets (+/-) for fixed and floating rate securities, money market instruments and 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 10. "Derivatives and Forward Transactions" of Appendix 1 of the Prospectus).

*With effect from 28 February 2023 the Fund's Investment objective and policy changed, previously it was:*

The Fund aims to provide capital growth in excess of the UK Consumer Price Index (after fees have been deducted) over a five to seven year period by investing in a diversified range of assets worldwide. There is no guarantee that this objective will be met and your capital is at risk.

The Fund is actively managed and invests its assets indirectly through collective investment schemes, exchange traded funds, real estate investment trusts and closed ended funds in equity and equity related securities, fixed and floating rate securities and alternative assets worldwide. Alternative assets may include hedge funds, real estate, private equity and commodities.

The Fund may also invest directly in equity and equity related securities and fixed and floating rate securities. The Fund may directly or indirectly invest in money market instruments, and may hold cash.

The Fund may invest up to 100% of its assets in collective investment schemes (including other Schroder funds).

In normal market conditions, the Fund invests (directly or indirectly) one third of its assets in equity and equity related securities, one third in fixed and floating rate securities, money market instruments and cash, and one third in alternative assets.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Section 10. "Derivatives and Forward Transactions" of Appendix 1 of the Prospectus).

## Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the UK Consumer Price Index, and compared against the Investment Association Mixed Investment 20% to 60% Shares sector average return. The target benchmark has been selected because the target return of the Fund is to deliver or exceed the return of that benchmark as stated in the investment objective. The comparator benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

## Alternative Investment Fund Managers Directive

The Alternative Investment Fund Managers Directive, as implemented in the UK by the Alternative Investment Fund Managers Regulations 2013, establishes an EU wide harmonised framework for monitoring and supervising risks posed by Alternative Investment Fund Managers and the alternative investment Funds they manage.

The Fund is an Alternative Investment Fund and Schroder Unit Trusts Limited (the Manager) was authorised by the Financial Conduct Authority to act as an Alternative Investment Fund Manager on 2 July 2014.

The Alternative Investment Fund Managers Directive requires certain information to be disclosed to unitholders. It is intended that any such information will in future be provided in the report and accounts, unless such information is required to be disclosed without delay, in which case it will be made via the Schroders website at:

[www.schroders.com/en/uk/private-investor/Fund-centre/changes-to-Funds/](http://www.schroders.com/en/uk/private-investor/Fund-centre/changes-to-Funds/)

# Review of Investment Activities

**From 28 February 2022 to 28 February 2023, the price of Z Accumulation units on a dealing price basis rose 4.85%. In the same period, the UK Consumer Price Index increased by 10.42%<sup>1</sup>.**

The Fund performed well in a difficult period for investors. There were a number of unforeseen events to destabilise markets over the course of the year. Notably though, the dominant factor driving investors' performance outcomes was something that could be observed from the off. Duration was sorely mispriced. At the beginning of the period, the yield on the 3-month Treasury Bill was 33bp. US consumer price inflation (CPI) was 7.9%. Today, those two variables are 466bp and 6.0%.

As 2022 unfolded, the Fed's sole focus became fighting inflation. No longer was the US economy's foremost risk one that justified a market-friendly policy response, as in the pre and immediately post-pandemic era. The action required to tackle the present-day threat was one that unsettles markets: higher interest rates. With the bond market still waking up from a period of negative yielding debt, the asset class was poorly positioned for this new reality. Meanwhile, multiple compression from higher interest rates outweighed the benefit that stocks (in aggregate) enjoy from inflating asset bases and top line growth. Historically rich starting valuations in longer duration (i.e. Growth) equities was an important part of this rude awakening.

Stock markets did manage to rebound somewhat in the final months of 2022 and start of 2023. However, not all regions were able to recover their losses over the year (in local currency terms). US, Asian and Emerging Market equities were in this camp. On the other hand, UK, European and Japanese equities finished the 12 months to 28 February 2023 in positive territory. It was a distinctly worse period for fixed interest assets, with all categories of sovereign and corporate bond markets suffering losses. US Treasuries delivered their worst calendar year performance on record. UK government bonds were even weaker.

Against this backdrop, the alternatives space was a particularly rewarding area for the Fund. Holdings in Odey Swan Fund and Liontrust GF Tortoise Fund delivered strong returns, each with different drivers behind their success. For Odey, which invests across multiple asset classes in an opportunistic and high conviction fashion, short government bond and long dollar positions drove the bulk of the gains, although contributions also came from the equity book, both on the long and short side. Liontrust is a long/short equity strategy which is flexible with its gross and net position depending on market conditions and the opportunity set. Liontrust performed best when Value outperformed, both during periods of rising as well as falling markets. Short US index positions were helpful too.

Elsewhere in the Fund, positioning and selection within equities was strong. From a regional standpoint, positioning to the UK and Japan was beneficial, as was a lack of exposure to the US. Moreover, our Value skew within these markets worked well, with particularly strong performance from Man GLG Japan CoreAlpha Fund and Jupiter UK Special Situations Fund.

On the negative side, our fixed interest holdings were a mild drag on performance over the year. With broad-based losses across the asset class, it would be difficult to find many bond fund managers that ended the year up. Our decision to predominantly hold flexible strategies that invest in different fixed interest categories and shift the duration profile of the portfolio helped to mitigate some of the weakness in bond markets. Invesco Tactical Bond Fund did a good job here given the circumstances. Our decision to introduce small positions in iShares \$ Treasury Bond 7-10yr ETF GBP Hedged and iShares \$ Treasury Bond 20+yr ETF GBP Hedged detracted, though they were not a drag for the full period and provide us with an additional lever to pull as we identify opportunities to increase duration to the bond allocation.

In terms of portfolio activity over the reporting period, we made some changes to our holdings with the departure of Morgan Stanley Global Multi-Asset Opportunities and the introduction of Artemis Global Emerging Markets Fund and GMO Equity Dislocation. Concerning overall positioning, we continue to believe that the favourable risk/reward across equities lies outside of the US, with the UK, Japan and Emerging Markets most appealing. Stylistically, we believe the pool of opportunities is richer within the Value end of the market than the Growth segment. Our equity allocation is positioned accordingly. We are skewed in a similar fashion within our alternatives allocation, though with exposure to gold and gold equities diversifying the portfolio from a style perspective. Finally, we are seeking to be opportunistic within our cash/bond allocation, adding to duration but taking measured steps in doing so. We remain somewhat cautious towards other areas of fixed interest in the near term.

We are closely evaluating macroeconomic and market dynamics and will continue to position portfolios where we believe the risk/reward is most attractive given our read of developments.

<sup>1</sup> Source: Refinitiv Eikon Datastream.

**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.**

## Head of Multi-Manager: Robin McDonald



Robin is Head of the Multi Manager team  
Joined Schroders in July 2013 following the acquisition of Cazenove Capital  
Previous to the acquisition he was a Fund Manager at Cazenove Capital, which he joined in October 2007, responsible for co-managing the multi manager fund range as well as a few segregated mandates  
Prior to this Robin was a Multi Manager Analyst at Gartmore, a position he held from September 2003  
Up to this time he worked as a Multi Manager Analyst for Insight Investment Management, following its acquisition of Rothschild Asset Management in 2003, which he joined in 2001  
Robin began his career in September 1999 when he joined Bank of New York (Europe) Limited as a Client Relationship Executive  
Robin is a CFA charter holder

## Co-Fund Manager: Joe Le Jéhan



Joined Schroders in July 2013 following the acquisition of Cazenove Capital  
Previous to the acquisition he was a Fund Manager in the Multi Manager team at Cazenove Capital from January 2013, a firm he joined in March 2008 as an Analyst  
Prior to this, Joe was a Fund Analyst at Brewin Dolphin, a position he held from January 2005  
Joe began his career in September 2000, as an Associate on Retail Funds in the Assurance and Business Advisory Division at PricewaterhouseCoopers  
Joe is a CFA charter holder

## Co-Fund Manager: Geoff Challinor



Joined Schroders in September 2019 as a Fund Manager within the Multi-Manager team  
Prior to this, Geoff was a Senior Investment Analyst at Saunderson House, which he joined in September 2007  
His role focused on fund selection and asset allocation with specific responsibility for US and Japanese equities  
Geoff is a CFA charterholder

# Risk Profile

## Risk and reward indicator



The risk category was calculated using historical performance data and may not be a reliable indicator of the Fund’s future risk profile. The Fund’s risk category is not guaranteed to remain fixed and may change over time. A Fund in the lowest category does not mean a risk-free investment. For specific risks, including the risk and reward profile, please refer to the Key Investor Information Document available on the following website [www.schroders.com](http://www.schroders.com).

# Statement of the Manager's Responsibilities

The Financial Conduct Authority's Collective Investment Schemes sourcebook 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 UK Authorised Funds issued by the Investment Management Association (now the Investment Association) in May 2014 and amended in June 2017;
- 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;
- make judgements and estimates that are prudent and reasonable.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the Collective Investment Schemes sourcebook, 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 28 February 2023 were signed on 16 June 2023 on behalf of the Manager by:

**P. Truscott**  
Directors

**J.Rainbow**

# Report of the Trustee

## **Statement of the Trustee's responsibilities in respect of the Scheme and report of the Trustee to the unitholders of the Schroder MM Diversity Fund ('the Fund') for the year ended 28 February 2023.**

The Trustee of Schroder MM Diversity Fund must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, and the Investment Funds Sourcebook, the Financial Services and Markets Act 2000, as amended, (together 'the regulations'), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Fund in accordance with the regulations.

The Trustee must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked in cash accounts in accordance with the regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the regulations;
- the value of units of the Fund are calculated in accordance with the regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund's income is applied in accordance with the regulations; and
- the instructions of the Alternative Investment Fund Manager ('the Manager') are carried out (unless they conflict with the regulations).

The Trustee also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the regulations and the Scheme documents of the Fund in relation to the investment and borrowing powers applicable to the Fund.

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the regulations and the Scheme documents of the Fund; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Fund in accordance with the regulations and the Scheme documents of the Fund.

**J.P. Morgan Europe Limited**

Trustee

Bournemouth

15 March 2023

# Independent auditors' report to the Unitholders of Schroder MM Diversity Fund

## Report on the audit of the financial statements

### Opinion

In our opinion, the financial statements of Schroder MM Diversity Fund (the "Fund"):

- give a true and fair view of the financial position of the Fund as at 28 February 2023 and of the net revenue and the net capital gains on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Balance Sheet as at 28 February 2023; the Statement of Total Return and the Statement of Change in Net Assets Attributable to Unitholders for the year then ended; the Distribution Tables; and the Notes to the Accounts, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Fund's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

### Manager's Report

In our opinion, the information given in the Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Responsibilities for the financial statements and the audit

### Responsibilities of the Manager for the financial statements

As explained more fully in the Statement of the Manager's Responsibilities, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for 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.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Fund, or has no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.



# Independent auditors' report to the Unitholders of Schroder MM Diversity Fund (continued)

Based on our understanding of the Fund and its industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Fund. Audit procedures performed included:

- Discussions with the Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

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.

## Other required reporting

### Opinion on matter required 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.

### Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

## PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors  
Edinburgh  
16 June 2023

# Comparative Table

Financial year to 28 February	A Accumulation units			A Income units		
	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	124.22	117.78	103.69	111.94	106.31	93.76
Return before operating charges*	7.42	8.69	16.00	6.67	7.87	14.47
Operating charges	(2.21)	(2.25)	(1.91)	(1.99)	(2.03)	(1.73)
<b>Return after operating charges*</b>	<b>5.21</b>	<b>6.44</b>	<b>14.09</b>	<b>4.68</b>	<b>5.84</b>	<b>12.74</b>
Distributions**	(0.07)	(0.24)	(0.20)	(0.06)	(0.21)	(0.19)
Retained distributions**	0.07	0.24	0.20	-	-	-
<b>Closing net asset value</b>	<b>129.43</b>	<b>124.22</b>	<b>117.78</b>	<b>116.56</b>	<b>111.94</b>	<b>106.31</b>
*after direct transaction costs of	(0.01)	(0.01)	-	(0.01)	(0.01)	-
<b>Performance</b>						
Return after charges (%)	4.19	5.47	13.59	4.18	5.49	13.59
<b>Other information</b>						
Closing net asset value (£000's)	32,503	30,412	43,161	2,835	2,855	3,271
Closing number of units	25,112,681	24,481,997	36,647,080	2,432,489	2,550,980	3,076,867
Operating charges (%)	1.76	1.84	1.79	1.76	1.84	1.79
Direct transaction costs (%)	0.01	0.01	-	0.01	0.01	-
<b>Prices</b>						
Highest dealing price	131.50p	125.80p	117.96p	118.50p	113.60p	106.47p
Lowest dealing price	120.60p	117.30p	92.83p	108.60p	105.90p	83.93p

# Comparative Table

## (continued)

Financial year to 28 February	Q Accumulation units			S Accumulation units		
	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	131.06	123.38	107.92	127.97	120.48	105.38
Return before operating charges*	7.86	9.12	16.68	7.66	8.91	16.28
Operating charges	(1.40)	(1.44)	(1.22)	(1.36)	(1.42)	(1.18)
<b>Return after operating charges*</b>	<b>6.46</b>	<b>7.68</b>	<b>15.46</b>	<b>6.30</b>	<b>7.49</b>	<b>15.10</b>
Distributions**	(1.02)	(1.16)	(0.84)	(0.99)	(1.13)	(0.80)
Retained distributions**	1.02	1.16	0.84	0.99	1.13	0.80
<b>Closing net asset value</b>	<b>137.52</b>	<b>131.06</b>	<b>123.38</b>	<b>134.27</b>	<b>127.97</b>	<b>120.48</b>
*after direct transaction costs of	(0.01)	(0.01)	–	(0.01)	(0.01)	–
<b>Performance</b>						
Return after charges (%)	4.93	6.22	14.33	4.92	6.22	14.33
<b>Other information</b>						
Closing net asset value (£000's)	32,055	34,217	45,542	332	1,850	3,863
Closing number of units	23,309,609	26,108,485	36,910,910	247,648	1,445,301	3,206,402
Operating charges (%)	1.05	1.13	1.09	1.06	1.14	1.09
Direct transaction costs (%)	0.01	0.01	–	0.01	0.01	–
<b>Prices</b>						
Highest dealing price	139.70p	132.70p	123.56p	136.40p	129.60p	120.66p
Lowest dealing price	127.70p	122.90p	96.63p	124.70p	120.00p	94.25p

# Comparative Table

## (continued)

Financial year to 28 February	S Income units			T Accumulation units		
	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	62.78	59.64	52.54	122.50	115.43	101.07
Return before operating charges*	3.75	4.40	8.09	7.34	8.54	15.61
Operating charges	(0.67)	(0.70)	(0.59)	(1.43)	(1.47)	(1.25)
<b>Return after operating charges*</b>	<b>3.08</b>	<b>3.70</b>	<b>7.50</b>	<b>5.91</b>	<b>7.07</b>	<b>14.36</b>
Distributions**	(0.48)	(0.56)	(0.40)	(0.83)	(0.98)	(0.69)
Retained distributions**	–	–	–	0.83	0.98	0.69
<b>Closing net asset value</b>	<b>65.38</b>	<b>62.78</b>	<b>59.64</b>	<b>128.41</b>	<b>122.50</b>	<b>115.43</b>
*after direct transaction costs of	(0.01)	(0.01)	–	(0.01)	(0.01)	–
<b>Performance</b>						
Return after charges (%)	4.91	6.20	14.27	4.82	6.12	14.21
<b>Other information</b>						
Closing net asset value (£000's)	2,920	3,343	4,280	55,624	46,722	48,519
Closing number of units	4,466,569	5,325,830	7,177,086	43,317,711	38,141,786	42,032,474
Operating charges (%)	1.06	1.14	1.09	1.15	1.23	1.19
Direct transaction costs (%)	0.01	0.01	–	0.01	0.01	–
<b>Prices</b>						
Highest dealing price	66.66p	63.90p	59.87p	130.40p	124.10p	115.60p
Lowest dealing price	60.95p	59.39p	47.05p	119.30p	115.00p	90.48p

# Comparative Table

## (continued)

Financial year to 28 February	Z Accumulation units			Z Income units		
	2023 pence per unit	2022 pence per unit	2021 pence per unit	2023 pence per unit	2022 pence per unit	2021 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	121.89	114.98	100.74	112.97	107.32	94.56
Return before operating charges*	7.30	8.51	15.58	6.74	7.92	14.59
Operating charges	(1.56)	(1.60)	(1.34)	(1.44)	(1.49)	(1.26)
<b>Return after operating charges*</b>	<b>5.74</b>	<b>6.91</b>	<b>14.24</b>	<b>5.30</b>	<b>6.43</b>	<b>13.33</b>
Distributions**	(0.69)	(0.84)	(0.61)	(0.63)	(0.78)	(0.57)
Retained distributions**	0.69	0.84	0.61	–	–	–
<b>Closing net asset value</b>	<b>127.63</b>	<b>121.89</b>	<b>114.98</b>	<b>117.64</b>	<b>112.97</b>	<b>107.32</b>
*after direct transaction costs of	(0.01)	(0.01)	–	(0.01)	(0.01)	–
<b>Performance</b>						
Return after charges (%)	4.71	6.01	14.14	4.69	5.99	14.10
<b>Other information</b>						
Closing net asset value (£000's)	227,501	198,925	215,532	21,957	19,575	22,920
Closing number of units	178,251,651	163,205,811	187,445,940	18,663,849	17,327,678	21,356,916
Operating charges (%)	1.26	1.34	1.29	1.26	1.34	1.29
Direct transaction costs (%)	0.01	0.01	–	0.01	0.01	–
<b>Prices</b>						
Highest dealing price	129.70p	123.50p	115.15p	119.90p	114.90p	107.65p
Lowest dealing price	118.60p	114.50p	90.20p	109.70p	106.90p	84.66p

\*\* These figures have been rounded to 2 decimal places.

The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a Fund based on the financial year's expenses and may vary from year to year. It includes charges such as the Fund's Annual Management Charge, Registrar fees, Safe custody fees, Trustee's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the Fund (unless these assets are units of another Fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit [www.schroders.com](http://www.schroders.com).

**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.**

# Portfolio Statement

	Holding at 28.2.23	Market Value £000's	% of net assets
<b>Collective Investment Schemes 98.89% (97.56%)</b>			
<b>Absolute Return Funds 19.11% (26.18%)</b>			
Liontrust GF Tortoise Fund - Class G Accumulation (GBP) <sup>^</sup>	18,400,000	48,961	13.03
Man GLG UK Absolute Value Fund - Professional Accumulation (Class CX) <sup>^</sup>	16,450,000	22,849	6.08
		<b>71,810</b>	<b>19.11</b>
<b>Cash Funds 23.06% (15.86%)</b>			
Schroder SSF Sterling Liquidity Plus - Class I Accumulation GBP <sup>^†1</sup>	700,000	86,625	23.06
		<b>86,625</b>	<b>23.06</b>
<b>Commodity Funds 0.59% (4.19%)</b>			
iShares Physical Gold ETC	75,000	2,202	0.59
		<b>2,202</b>	<b>0.59</b>
<b>Global Emerging Markets Equity Funds 1.18% (0.00%)</b>			
Artemis Global Emerging Markets Fund - Class I Accumulation shares GBP <sup>^</sup>	2,700,000	4,441	1.18
		<b>4,441</b>	<b>1.18</b>
<b>Global Equity Funds 9.80% (5.62%)</b>			
Heptagon Capital - Kopernik Global All-Cap Equity Fund - Class C (USD) <sup>^</sup>	123,500	17,658	4.70
JOHCM Global Opportunities Fund - X - Hedged GBP <sup>^</sup>	300,000	342	0.09
Schroder ISF Global Gold - Class C Distribution GBP Hedged <sup>†1</sup>	325,733	18,832	5.01
		<b>36,832</b>	<b>9.80</b>
<b>Global Fixed Interest Funds 9.45% (14.95%)</b>			
Invesco Fixed Interest Corporate Bond Fund - Income (No Trail) Share Class	1,700,000	1,766	0.47
Invesco Tactical Bond Fund (UK) - Income (No Trail) Share Class <sup>^</sup>	28,200,000	33,727	8.98
		<b>35,493</b>	<b>9.45</b>

	Holding at 28.2.23	Market Value £000's	% of net assets
<b>Hedge Funds 3.04% (0.00%)</b>			
GMO Equity Dislocation Investment Fund - Class A USD Accumulation	517,500	11,411	3.04
		<b>11,411</b>	<b>3.04</b>
<b>Japanese Equity Funds 4.11% (6.97%)</b>			
Man GLG Japan CoreAlpha Equity Fund - Class I H GBP Shares <sup>^</sup>	1,500	392	0.10
Man GLG Japan CoreAlpha Fund - Professional Income Shares (Class D) <sup>^</sup>	5,650,000	15,069	4.01
		<b>15,461</b>	<b>4.11</b>
<b>Multi Asset Funds 7.37% (7.32%)</b>			
Iguana Investments Long/Short Equity Fund Class B GBP <sup>^</sup>	18,000,000	19,931	5.30
Odey Swan Fund - GBP I Class <sup>^</sup>	87,000	7,783	2.07
		<b>27,714</b>	<b>7.37</b>
<b>UK Equity Funds 17.19% (16.47%)</b>			
GAM UK Equity Income Fund - Class Z GBP income <sup>^</sup>	2,700,000	28,825	7.67
Jupiter UK Special Situations Fund - I-Class Accumulation Units <sup>^</sup>	8,850,000	28,575	7.60
TM RWC UK Equity Income Fund - Class L (Income) <sup>^</sup>	6,500,000	7,208	1.92
		<b>64,608</b>	<b>17.19</b>
<b>US Fixed Interest Funds 3.99% (0.00%)</b>			
iShares USD Treasury Bond 20+yr Fund - Class GBP Hedged (Dist) Share Class	1,240,000	4,339	1.16
iShares USD Treasury Bond 7-10yr Fund - GBP Hedged (Dist) Share Class	2,400,000	10,626	2.83
		<b>14,965</b>	<b>3.99</b>
<b>Collective Investment Schemes total</b>		<b>371,562</b>	<b>98.89</b>
<b>Portfolio of investments</b>		<b>371,562</b>	<b>98.89</b>
<b>Net other assets</b>		<b>4,165</b>	<b>1.11</b>
<b>Net assets attributable to unitholders</b>		<b>375,727</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 28 February 2022.

Unless otherwise stated, all securities are admitted to official stock exchange listings or are permitted collective investment schemes.

<sup>^</sup> Unlisted, suspended or delisted security.

<sup>†</sup> A related party to the Fund (Note 11).

<sup>1</sup> Cash equivalents.

# Statement of Total Return

For the year ended 28 February 2023

		2023	2022
	Notes	£000's	£000's
Income			
Net capital gains	2	14,233	19,176
Revenue	3	4,436	5,141
Expenses	4	(2,552)	(2,693)
Net revenue before taxation		1,884	2,448
Taxation	5	-	-
Net revenue after taxation		1,884	2,448
Total return before distributions		16,117	21,624
Distributions	6	(1,885)	(2,450)
Change in net assets attributable to unitholders from investment activities		14,232	19,174

# Statement of Change in Net Assets Attributable to Unitholders

For the year ended 28 February 2023

	2023	2022
	£000's	£000's
Opening net assets attributable to unitholders	337,899	387,088
Amounts receivable on issue of units	51,386	11,473
Amounts payable on cancellation of units	(29,590)	(82,028)
	<b>21,796</b>	<b>(70,555)</b>
Change in net assets attributable to unitholders from investment activities	14,232	19,174
Retained distribution on Accumulation units	1,800	2,192
<b>Closing net assets attributable to unitholders</b>	<b>375,727</b>	<b>337,899</b>

# Balance Sheet

As at 28 February 2023

		2023	2022
	Notes	£000's	£000's
Assets			
Investments		284,937	276,047
Current assets			
Debtors	8	1,298	1,152
Cash and bank balances		12,784	8,069
Cash equivalents		86,625	53,612
Total assets		385,644	338,880
Liabilities			
Creditors			
Distributions payable		(76)	(101)
Other creditors	9	(9,841)	(880)
Total liabilities		(9,917)	(981)
Net assets attributable to unitholders		375,727	337,899

# Notes to the Accounts

## For the year ended 28 February 2023

### 1 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 accounts have been prepared on a going concern basis.

#### Revenue

Distributions receivable from authorised unit trusts and other collective investment schemes are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex-dividend.

Interest receivable from bank balances is accounted for on an accruals basis.

The Annual management charge and Administration charge in respect of the Schroder Funds in which the Fund invests are rebated to the Fund so that no double charging occurs.

The rebates received from other investment managers are also receipted to the Fund.

All rebates are treated as revenue or capital based on the underlying Fund's treatment.

#### Special dividends

Special dividends are treated as revenue or capital depending on the facts of each particular case.

#### Equalisation

Equalisation on distributions received by the Fund is deducted from the cost of investments. As such the equalisation on distributions received by the Fund does not form part of the Fund's distribution.

#### 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. All expenses are accounted for on an accruals basis.

#### Taxation

Corporation tax is provided for on the revenue liable to corporation tax less deductible expenses. The tax effect of different items of revenue or expenses is allocated between revenue and capital using the marginal basis.

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.

#### Distributions

The revenue available for distribution is the total revenue earned by the Fund, less deductible expenses and taxation charged to revenue.

For Accumulation units this revenue is not distributed but automatically reinvested in the Fund and is reflected in the value of these units.

#### Dilution Adjustment

In certain circumstances the Manager may apply a dilution adjustment on subscriptions and redemptions of units. If applied, the dilution adjustment is paid to the Fund. See Prospectus for further details.

#### Cash equivalents

In accordance with the AIFMD requirements, the Fund has treated some investments in the Portfolio Statement as Cash equivalents for the purposes of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria:

- highly liquid investments held in sterling that are readily convertible to a known amount of cash;
- are subject to an insignificant risk of change in value; and
- provide a return no greater than the rate of a three month high quality government bond.

#### Valuation

All investments held by the Fund have been valued at market value at 18:00 on the last working day of the accounting period. Market value is defined by the Statement of Recommended Practice as fair value which generally is the bid value of each security and the offer value for short positions.

Dual priced authorised unit trusts have been valued at cancellation price.

Single priced authorised unit trusts have been valued at the dealing price.

#### 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.



# Notes to the Accounts

## For the year ended 28 February 2023 (continued)

### 2 Net capital gains

The net capital gains during the year comprise:

	2023 £000's	2022 £000's
Non-derivative securities	14,257	19,176
Forward foreign currency contracts	-	(27)
Foreign currency (losses)/gains	(27)	15
Annual management charge rebates	3	12
<b>Net capital gains</b>	<b>14,233</b>	<b>19,176</b>

	2023 £000's	2022 £000's
Realised gains	14,171	19,233
Unrealised gains/(losses)	59	(69)
<b>Total gains</b>	<b>14,230</b>	<b>19,164</b>

Included in realised gains for the year were unrealised losses recognised in previous years.

### 3 Revenue

	2023 £000's	2022 £000's
Franked distributions	2,715	3,118
Unfranked distributions	20	206
Interest distributions	1,110	1,303
Bank interest	54	-
Annual management charge rebates	537	524
Administration charge rebates	-	(10)
<b>Total revenue</b>	<b>4,436</b>	<b>5,141</b>

### 4 Expenses

	2023 £000's	2022 £000's
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Annual management charge	-	11
Administration charge	-	3
Schroders Annual Charge <sup>1,2</sup>	2,552	2,680
	<b>2,552</b>	<b>2,694</b>
<b>Payable to the Trustee, associates of the Trustee and agents of either of them:</b>		
Safe custody fees	-	(1)
<b>Total expenses</b>	<b>2,552</b>	<b>2,693</b>

- 1 Fees such as the Annual Management Charge, Administration fee were paid separately to 28 February 2021. From 1 March 2021 these fees were replaced with the Schroders Annual Charge.
- 2 Audit fees including VAT for the financial year ending 2023 were £13,646 (2022 – £11,809).

# Notes to the Accounts

## For the year ended 28 February 2023 (continued)

### 5 Taxation

Corporation tax has not been provided for as expenses 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% (2022 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2023 £000's	2022 £000's
<b>Net revenue before taxation</b>	<b>1,884</b>	<b>2,448</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	377	490
<b>Effects of:</b>		
Revenue not subject to corporation tax	(544)	(624)
Movement in excess management expenses	166	132
Tax on capital items	1	2
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

#### (b) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £4,021,427 (2022 – £3,855,840) in respect of unutilised management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

### 6 Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	2023 £000's	2022 £000's
Interim Dividend distribution	872	1,020
Final Dividend distribution	1,064	1,348
	<b>1,936</b>	<b>2,368</b>
Add: Revenue deducted on cancellation of units	36	104
Deduct: Revenue received on issue of units	(87)	(22)
<b>Distributions</b>	<b>1,885</b>	<b>2,450</b>
Net revenue after taxation	1,884	2,448
Tax on capital items	1	2
<b>Distributions</b>	<b>1,885</b>	<b>2,450</b>

Details of the distributions per unit are set out in the Distribution Tables on pages 24 to 25.

# Notes to the Accounts

## For the year ended 28 February 2023 (continued)

### 7 Fair value hierarchy

Instruments held at the year end are presented in line with amendments to FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland Fair value hierarchy disclosures.

Basis of valuation	2023		2022	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	17,167	–	1,382	–
Level 2: Observable market data	354,395	–	328,277	–
Level 3: Unobservable data	–	–	–	–
<b>Total</b>	<b>371,562</b>	<b>–</b>	<b>329,659</b>	<b>–</b>

Level 1: Unadjusted quoted price in an active market for an identical instrument.

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3: Valuation techniques using unobservable inputs.

#### Unobservable data

Unobservable data has been used only where relevant observable market data is not available. Where there was no reputable price source for an investment, the Manager has assessed information available from internal and external sources in order to arrive at an estimated fair value. The fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. The Manager of the Fund also makes judgements and estimates based on their knowledge of recent investment performance, historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions used are under continuous review by the Manager with particular attention paid to the carrying value of the investments.

### 8 Debtors

	2023 £000's	2022 £000's
Amounts receivable for issue of units	1,217	733
Accrued revenue	79	410
Overseas withholding tax recoverable	2	9
<b>Total debtors</b>	<b>1,298</b>	<b>1,152</b>

### 9 Other creditors

	2023 £000's	2022 £000's
Amounts payable for cancellation of units	964	662
Purchases awaiting settlement	8,663	–
Accrued expenses	214	218
<b>Total other creditors</b>	<b>9,841</b>	<b>880</b>

### 10 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2022 – Nil).

### 11 Related party transactions

The Manager provides key management personnel services for the Fund and is therefore considered a related party.

Amounts paid during the year or due to the Manager at the balance sheet date are disclosed under Expenses and Other creditors in the Notes to the Accounts.

Annual management charge rebates received or receivable from the Manager of £202,899 (2022 – £111,722) are disclosed under Net capital gains and Revenue in the Notes to the Accounts. Amounts due from the Manager at the balance sheet date of £16,297 (2022 – Nil) are included under Debtors in the Notes to the Accounts.

The Manager acts as principal on all transactions of units in the Fund. The aggregate monies received through the issue and cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and Distributions in the Notes to the Accounts. Amounts due from or to the Manager in respect of unit transactions at the balance sheet date are included under Debtors and Other 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 1.22% (2022 – 1.88%).

Related party holdings are disclosed in the Portfolio Statement. The revenue earned from these investments of £383,815 (2022 – £414,712) is included under Revenue in the Notes to the Accounts.

# Notes to the Accounts

## For the year ended 28 February 2023 (continued)

### 12 Unit classes

At the reporting date the Fund had eight unit classes. The costs and expenses due to the Manager are referred to as the Schroders Annual Charge. Details of the charges applied to each unit class can be found in the prospectus.

The Fund may invest up to 100% of its assets in collective investment schemes (including other Schroders funds). The maximum level of Management fee that may be charged to the Fund for these underlying Funds is 3% of its net asset value.

The closing net asset value of each unit class, the closing net asset value per unit and the closing number of units in issue are given in the Comparative Table on pages 10 to 13.

The distributions per unit class are given in the Distribution Table on pages 24 to 25.

All classes have the same rights on winding up.

### 13 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, derivative, foreign currency, liquidity 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 Collective Investment Schemes sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer. At the year end date, if the prices of investments held by the Fund increased or decreased by 10%, with all other variables remaining constant, then net assets attributable to the unitholders would increase or decrease by approximately £37,156,200 (2022 - £32,965,900).

#### Foreign currency risk

At the year end date, the majority of the Fund's financial assets and liabilities were denominated in sterling. As a result, the Fund has no material exposure to currency movements.

#### 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 up to the amount prescribed by the Collective Investment Schemes sourcebook.

#### Interest rate risk

Interest rate risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in interest rates.

The Fund may invest in fixed and floating rate 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 interest bearing securities may be affected by interest rate movements or the expectation of such movements in the future.

Interest receivable on bank deposits positions will be affected by fluctuations in interest rates.

### Interest rate risk profile of financial assets and financial liabilities

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

Currency	2023				2022			
	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
Sterling	99,409	-	268,577	367,986	61,681	-	259,528	321,209
US dollar	-	-	17,658	17,658	-	-	17,671	17,671

Currency	2023				2022			
	Floating rate financial liabilities £000's	Fixed rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's	Floating rate financial liabilities £000's	Fixed rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's
Sterling	-	-	9,917	9,917	-	-	981	981

# Notes to the Accounts

## For the year ended 28 February 2023 (continued)

At the year end, if all interest rates increased or decreased by 10%, with all other variables remaining constant, then the net assets attributable to the unitholders will increase or decrease by approximately £9,940,900 (2022 - £6,168,100).

### Floating rate financial assets and financial liabilities

Sterling denominated bank balances and bank overdrafts bear interest at rates based on the Sterling Overnight Index Average Rate. Foreign currency bank balances bear interest at rates based on the Sterling Overnight Index Average Rate 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.

### Global risk exposure

#### Leverage

#### Information on the limit usage and level of leverage

The Fund uses a risk management process that allows the Manager to monitor the risks ensure they are being managed in line with their investment policy and risk profile.

Leverage ratios are important risk metrics to represent the current risk profile of the Fund and are monitored on a daily basis. Leverage is a way for the Fund to increase its exposure through the use of financial derivative instruments and/or borrowing of cash or securities where applicable. It is expressed as a ratio between the exposure of the Fund and its Net Asset Value. The leverage ratio is calculated in accordance with two methodologies for calculating the exposure of the Fund, the Gross method and the Commitment method.

There were no new arrangements for managing the liquidity and no changes to the maximum permitted level of leverage occurred during the year.

In accordance with Alternative Investment Fund Manager rules, the leverage details as at the balance sheet date was as follows:

#### Leverage

As at 28 February	2023			2022		
	Commitment ratio limit	Commitment ratio level	Commitment utilised	Commitment ratio limit	Commitment ratio level	Commitment utilised
	1.20	1.05	87.61%	1.20	1.01	83.85%

As at 28 February	2023			2022		
	Gross ratio limit	Gross ratio level	Gross utilised	Gross ratio limit	Gross ratio level	Gross utilised
	1.20	0.99	82.40%	1.20	0.98	81.43%

# Notes to the Accounts

## For the year ended 28 February 2023 (continued)

### 14 Direct transaction costs

In the case of shares, broker commissions and transfer taxes/stamp duty are paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

2023	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Funds	123,083	–	16	123,099	–	0.01
<b>Sales</b>						
Funds	95,459	–	(6)	95,453	–	(0.01)
Total cost of the Fund's average net asset value (%)		–	0.01			

2022	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Funds	50,493	–	25	50,518	–	0.05
<b>Sales</b>						
Funds	120,890	–	(4)	120,886	–	–
Total cost of the Fund's average net asset value (%)		–	0.01			

#### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was Nil (2022 – Nil).

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

### 15 Units in issue reconciliation

	Number of units in issue 28.2.22	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue 28.2.23
A Accumulation units	24,481,997	4,032,658	(3,112,187)	(289,787)	25,112,681
A Income units	2,550,980	39,664	(155,807)	(2,348)	2,432,489
Q Accumulation units	26,108,485	29,814	(2,828,690)	–	23,309,609
S Accumulation units	1,445,301	–	(1,197,653)	–	247,648
S Income units	5,325,830	–	(859,261)	–	4,466,569
T Accumulation units	38,141,786	10,573,127	(5,258,052)	(139,150)	43,317,711
Z Accumulation units	163,205,811	23,641,029	(9,029,940)	434,751	178,251,651
Z Income units	17,327,678	3,196,342	(1,862,494)	2,323	18,663,849

# Notes to the Accounts

## For the year ended 28 February 2023 (continued)

### 16 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 28 February 2023, the price of each unit class has changed as follows:

	Dealing price 13.6.23	Dealing price 28.2.23	% change
A Accumulation units	129.50p	129.40p	0.08
A Income units	116.60p	116.60p	-
Q Accumulation units	137.80p	137.50p	0.22
S Accumulation units	134.60p	134.30p	0.22
S Income units	65.52p	65.62p	(0.15)
T Accumulation units	128.70p	128.40p	0.23
Z Accumulation units	127.80p	127.60p	0.16
Z Income units	117.80p	118.00p	(0.17)

# Distribution Tables

## Interim distribution for the six months ended 31 August 2022

**Group 1** Units purchased prior to 1 March 2022

**Group 2** Units purchased on or after 1 March 2022

	Net revenue 2022 per unit	Equalisation 2022 per unit	Distribution paid 31.10.22 per unit	Distribution paid 31.10.21 per unit
<b>A Accumulation units</b>				
Group 1	0.0086p	–	0.0086p	0.0378p
Group 2	–	0.0086p	0.0086p	0.0378p
<b>A Income units</b>				
Group 1	0.0074p	–	0.0074p	0.0296p
Group 2	–	0.0074p	0.0074p	0.0296p
<b>Q Accumulation units</b>				
Group 1	0.4812p	–	0.4812p	0.4971p
Group 2	–	0.4812p	0.4812p	0.4971p
<b>S Accumulation units</b>				
Group 1	0.4636p	–	0.4636p	0.4801p
Group 2	0.4636p	–	0.4636p	0.4801p
<b>S Income units</b>				
Group 1	0.2270p	–	0.2270p	0.2373p
Group 2	0.2270p	–	0.2270p	0.2373p
<b>T Accumulation units</b>				
Group 1	0.3880p	–	0.3880p	0.4161p
Group 2	0.2114p	0.1766p	0.3880p	0.4161p
<b>Z Accumulation units</b>				
Group 1	0.3180p	–	0.3180p	0.3473p
Group 2	0.1244p	0.1936p	0.3180p	0.3473p
<b>Z Income units</b>				
Group 1	0.2939p	–	0.2939p	0.3236p
Group 2	0.0673p	0.2266p	0.2939p	0.3236p

## Final distribution for the six months ended 28 February 2023

**Group 1** Units purchased prior to 1 September 2022

**Group 2** Units purchased on or after 1 September 2022

	Net revenue 2023 per unit	Equalisation 2023 per unit	Distribution payable 30.4.23 per unit	Distribution paid 30.4.22 per unit
<b>A Accumulation units</b>				
Group 1	0.0639p	–	0.0639p	0.1976p
Group 2	–	0.0639p	0.0639p	0.1976p
<b>A Income units</b>				
Group 1	0.0554p	–	0.0554p	0.1807p
Group 2	0.0136p	0.0418p	0.0554p	0.1807p
<b>Q Accumulation units</b>				
Group 1	0.5352p	–	0.5352p	0.6654p
Group 2	0.0075p	0.5277p	0.5352p	0.6654p



# Distribution Tables

## (continued)

	Net revenue 2023 per unit	Equalisation 2023 per unit	Distribution payable 30.4.23 per unit	Distribution paid 30.4.22 per unit
<b>S Accumulation units</b>				
Group 1	0.5233p	–	0.5233p	0.6451p
Group 2	0.5233p	–	0.5233p	0.6451p
<b>S Income units</b>				
Group 1	0.2523p	–	0.2523p	0.3180p
Group 2	0.2523p	–	0.2523p	0.3180p
<b>T Accumulation units</b>				
Group 1	0.4382p	–	0.4382p	0.5605p
Group 2	0.1788p	0.2594p	0.4382p	0.5605p
<b>Z Accumulation units</b>				
Group 1	0.3679p	–	0.3679p	0.4915p
Group 2	0.1366p	0.2313p	0.3679p	0.4915p
<b>Z Income units</b>				
Group 1	0.3405p	–	0.3405p	0.4574p
Group 2	0.1593p	0.1812p	0.3405p	0.4574p

## 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.

# Remuneration

## AIFMD remuneration disclosures for Schroder Unit Trusts Limited ('SUTL') for the year to 31 December 2022

These disclosures form part of the non-audited section of this annual report and accounts and should be read in conjunction with the Schroders plc Remuneration Report on pages 76 to 107 of the 2022 Annual Report & Accounts (available on the Group's website – <https://www.schroders.com/en/investor-relations/results-and-reports/annual-report-and-accounts-2022/>), which provides more information on the activities of our Remuneration Committee and our remuneration principles and policies.

The AIF Material Risk Takers ('AIF MRTs') of SUTL are individuals whose roles within the Schroders Group can materially affect the risk of SUTL or any AIF fund that it manages. These roles are identified in line with the requirements of the AIFM Directive and guidance issued by the European Securities and Markets Authority.

The Remuneration Committee of Schroders plc has established a remuneration policy to ensure the requirements of the AIFM Directive are met for all AIF MRTs. The Remuneration Committee and the Board of Schroders plc review remuneration strategy at least annually. The directors of SUTL are responsible for the adoption of the remuneration policy and periodically reviewing its implementation in relation to SUTL. During 2022 the Remuneration Policy was reviewed to ensure compliance with the UCITS/AIFMD remuneration requirements and no significant changes were made.

The implementation of the remuneration policy is, at least annually, subject to independent internal review for compliance with the policies and procedures for remuneration adopted by the Board of SUTL and the Remuneration Committee. The most recent review found no fundamental issues but resulted in minor recommendations relating to process documentation.

The ratio of total costs to net income through the market cycle guides the total spend on remuneration each year. This is recommended by the Remuneration Committee to the Board of Schroders plc. This approach aligns remuneration with Schroders financial performance. In determining the remuneration spend each year, the underlying strength and sustainability of the business is taken into account, along with reports on risk, legal, compliance and internal audit matters from the heads of those areas.

The remuneration data that follows reflects amounts paid in respect of performance during 2022.

- The total amount of remuneration paid by SUTL to its staff was nil as SUTL has no employees. SUTL has two independent Non Executive Directors who receive fees in respect of their role on the Board of SUTL<sup>1</sup>. Employees of other Schroders Group entities who serve as Directors of SUTL receive no additional fees in respect of their role on the Board of SUTL.
- The following disclosures relate to AIF MRTs of SUTL. Most of those AIF MRTs were employed by and provided services to other Schroders group companies and clients. In the interests of transparency, the aggregate remuneration figures that follow reflect the full remuneration for each SUTL AIF MRT. The aggregate total remuneration paid to the 153 AIF MRTs of SUTL in respect of the financial year ended 31 December 2022 is £86.04 million, of which £40.21 million was paid to senior management, £41.35 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the AIF funds that it manages and £4.48 million was paid to Control Function MRTs.

For additional qualitative information on remuneration policies and practices see [www.schroders.com/rem-disclosures](https://www.schroders.com/rem-disclosures).

<sup>1</sup> The fees are not disclosed due to confidentiality and data protection considerations. The amount is not material to SUTL.

# 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 Auditors

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

## Authorisation

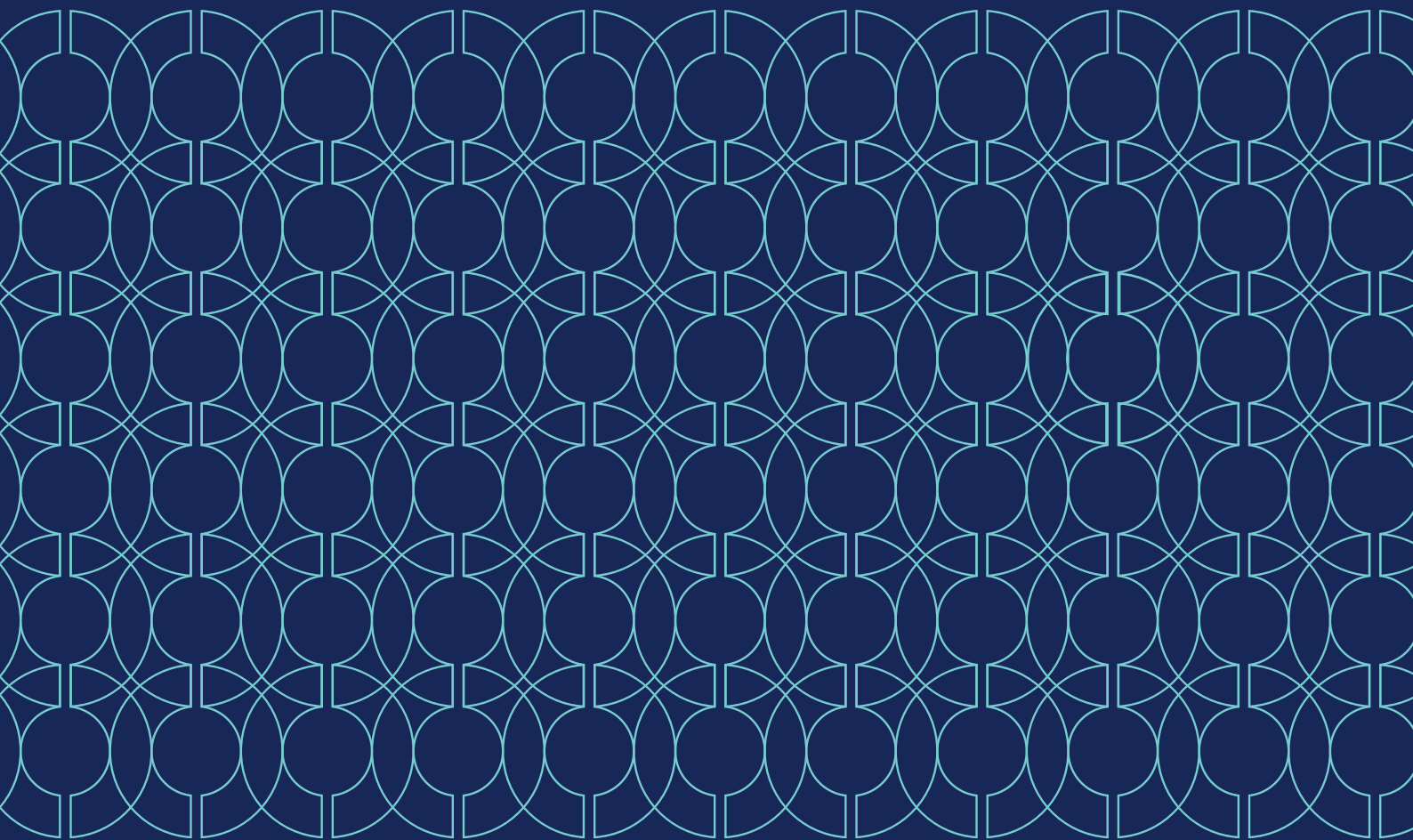
The Fund is an authorised unit trust and is constituted pursuant to the Collective Investment Schemes sourcebook and is structured as a Trust. The Fund is a non-UCITS retail scheme for the purpose of the categorisation of the Collective Investment Schemes sourcebook.

## Value Assessment

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

## Other information

The Prospectus, the Key Investor Information Document and details of investment charges and costs are available on request or can be downloaded from our website [www.schroders.com](http://www.schroders.com).



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