



UK AND INCOME INVESTMENT FUNDS ICVC

Annual long report for the year ended
28th February 2022

SCOTTISH WIDOWS

Scottish Widows UK and Income Investment Funds ICVC

The Company and Head Office

Scottish Widows UK and Income Investment Funds ICVC
69 Morrison Street
Edinburgh
EH3 1HT

Incorporated in Great Britain under registered number IC000165. Authorised and regulated by the Financial Conduct Authority.

Authorised Corporate Director (ACD), Authorised Fund Manager and Registrar*

Scottish Widows Unit Trust Managers Limited

Registered Office:

25 Gresham Street
London
EC2V 7HN

Head Office:

69 Morrison Street
Edinburgh
EH3 1HT

Authorised and regulated by the Financial Conduct Authority and a member of The Investment Association.

Investment Adviser*

Schroder Investment Management Limited
One London Wall Place
London
EC2Y 5AU

Authorised and regulated by the Financial Conduct Authority and a member of The Investment Association.

Depositary*

State Street Trustees Limited

Registered Office:

20 Churchill Place
Canary Wharf
London
E14 5HJ

Correspondence Address:

Quartermile 3
10 Nightingale Way
Edinburgh
EH3 9EG

Authorised and regulated by the Financial Conduct Authority.

Independent Auditors*

Deloitte LLP
110 Queen Street
Glasgow
G1 3BX

*The Company names and addresses form part of the Authorised Corporate Director's Report.

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* Collectively, these comprise the Authorised Corporate Director's Report in accordance with the Financial Conduct Authority's (the "FCA") Collective Investment Schemes Sourcebook (the "COLL Sourcebook").

About the Company

Welcome to the Annual Long Report for the Scottish Widows UK and Income Investment Funds ICVC (the "Company") covering the year ended 28th February 2022 (the "Report"). The Authorised Corporate Director (the "ACD") of the Company is Scottish Widows Unit Trust Managers Limited, a private company limited by shares which was incorporated in England and Wales on 19th April 1982. Its ultimate holding company is Lloyds Banking Group plc ("Lloyds"), which is incorporated in Scotland.

The Company is an Open-Ended Investment Company ("OEIC") with variable capital, incorporated in Great Britain under registration number IC000165 and is authorised and regulated by the Financial Conduct Authority (the "FCA") under regulation 12 of the Open-Ended Investment Companies Regulations 2001 (SI2001/1228) (the "OEIC Regulations"), with effect from 14th March 2002.

Shareholders are not liable for the debts of the Company.

The Company is a UK UCITS scheme which complies with Chapter 5 of the Financial Conduct Authority's Collective Investment Schemes Sourcebook (the "COLL Sourcebook"). Please note that subsequent references to UCITS throughout this report means UK UCITS. A UCITS Scheme is an undertaking for collective investment in transferable securities (a) that are established in accordance with the UCITS Directive; or (b) from the date on which the European Union (Withdrawal) Act 2018 ("the Act") comes into effect, that are established in an EEA State in accordance with the UCITS Directive or in the UK within the meaning of section 263A of the Act.

When preparing for the UK's departure from the European Union on 31st December 2020, the ACD monitored the potential impacts on the Company. Her Majesty's Treasury (HMT) implemented a number of statutory instruments (SIs) under the EU (Withdrawal) Act to ensure that common rules continued to apply to the financial services industry during the implementation period (29th March 2019 through 31st December 2020) and beyond. The Company and the ACD continue to comply with all relevant requirements.

The Company is structured as an umbrella fund, in that the scheme property of the Company is currently divided among 6 sub-funds, each with different investment objectives. The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to the sub-fund. The investment objective, policies and a review of the investment activities during the year are disclosed in the Investment Markets Overview of the individual sub-funds. New sub-funds may be established from time to time by the ACD with the approval of the FCA and Depositary.

Each sub-fund would, if it were a separate investment company with variable capital, also be a UCITS scheme which complies with Chapter 5 of the COLL Sourcebook.

The assets of each sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other sub-fund and shall not be available for such purpose.

Under the OEIC Regulations, the assets of each sub-fund can only be used to meet the liabilities of, or claims against, that sub-fund. This is known as segregated liability. Provisions for segregated liability between Funds were introduced in the OEIC Regulations in 2012. Where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would recognise the segregated liability and cross-investments provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a sub-fund will always be completely protected from the liabilities of another sub-fund of the Company in every circumstance.

The Financial Statements have been prepared on an individual basis including the 6 sub-funds in existence during the year covered by this Annual Long Report, as permitted by the OEIC Regulations and the COLL Sourcebook.

The Report of the Authorised Corporate Director is defined as those items highlighted in the contents page in accordance with paragraph 4.5.9 of the COLL Sourcebook.

Prospectus changes

During the year and up to the date of this report, the following changes were made to the Company and therefore the following changes were reflected in the Prospectus of Scottish Widows UK and Income Investment Funds ICVC:

- All UK fund managers have been asked by their regulator (the Financial Conduct Authority) to review their regulated investment funds annually to see if they are giving overall value to their customers. Following our review, we took the opportunity to make some improvements to how our charges are applied across our funds and altered the pricing structure from 21st June 2021 across our funds, ensuring greater alignment and consistency between our charges and the investment style of each fund. A summary of the changes that were made are noted below.

Environmental Investor Fund

- We changed the eligibility criteria and features of a number of share classes to reflect a new automatic conversion event in respect of share classes G and P;
- We decreased the annual management charge of share class A;

Ethical Fund

- We changed the eligibility criteria and features of a number of share classes to reflect a new automatic conversion event in respect of share classes B, G and P;
- We decreased the annual management charge of share class A;

Prospectus changes (continued)

Regular Income Fund (formerly High Reserve Fund)

- We changed the eligibility criteria and features of certain share classes to reflect a new automatic conversion event in respect of share class P;
- We decreased the annual management charge of share class A;

UK Equity Income Fund

- We changed the eligibility criteria and features of a number of share classes: (i) to reflect a new automatic conversion event in respect of share class B; and (ii) to ringfence share classes C and P;
- We decreased the annual management charge of share class A;

UK Growth Fund

- We changed the eligibility criteria and features of a number of share classes: (i) to reflect a new automatic conversion event in respect of share classes B and P; and (ii) to ringfence share class C;
- We decreased the annual management charge of share class A;

UK Select Growth Fund

- We changed the eligibility criteria and features of a number of share classes to reflect a new automatic conversion event in respect of share classes B, C and P;
- We decreased the annual management charge of share class A;

We also made changes to the following charges:

- We reduced the initial charge to 0% in respect of certain share classes of the following funds: Environmental Investor Fund, Ethical Fund, Regular Income Fund, UK Equity Income Fund, UK Growth Fund and UK Select Growth Fund;
- We removed certain references to maximum initial charges, maximum annual management charges and maximum switching fees;
- We reduced the registrar's fee to 0.05% in respect of the Environmental Investor Fund, Ethical Fund, Regular Income Fund, UK Equity Income Fund, UK Growth Fund and UK Select Growth Fund;
- We reduced the switching fee to 0% in respect of certain share classes of the Environmental Investor Fund, Ethical Fund, Regular Income Fund, UK Equity Income Fund, UK Growth Fund and UK Select Growth Fund.

As a result of a periodic review of our funds, we also made a number of other changes that took effect on 21st June 2021, which are summarised below:

- Changes to the Instrument and/or Prospectus (as appropriate) of the Company:
 - We updated the compulsory conversion powers to reflect that these powers are not restricted to specified share classes but may be used where we consider that this would be in shareholders' interests;
 - We changed the name of the High Reserve Fund to Regular Income Fund and updated the investment policy of the fund to incorporate a statement relating to short-term allocations by the investment adviser;
 - We updated the "additional information notes" relating to the outperformance target within the investment policies of the following funds to add the word "may" as shown in the table below:

UK Equity Income Fund UK Growth Fund	Note: there are Share Classes in the Fund where fees may exceed the Fund's outperformance target relative to the Index. For those Share Classes, the Fund may underperform the Index after deduction of fees even if its outperformance target is achieved.
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- We removed all references to share class C accumulation shares which are not in issue;
- We removed references to the share class X share class in respect of the Regular Income Fund which is currently not in issue.

- Changes to the Instrument of the Company:
 - We removed the "net" and "gross" designation from the share classes:

Previous share class designations	New share class designations
Net Income Shares	Income Shares
Net Accumulation Shares	Accumulation Shares

Prospectus changes (continued)

Previous share class designations	New share class designations
Gross Income Shares	Income Shares
Gross Accumulation Shares	Accumulation Shares

- We removed all references to gross and net paying shares;
- We removed all references to bearer shares following an update in legislation.
- PricewaterhouseCoopers LLP resigned as auditor of the Company on 1st July 2021. In accordance with the COLL Sourcebook and the OEIC Rules, Deloitte LLP has been appointed as replacement auditor effective from 22nd July 2021.
- The ACD operates an investment exclusions policy which applies to investments made by various entities within the Lloyds Banking Group Insurance division (the Group). The exclusions policy is part of the responsible investment framework which sets out the Group's approach to addressing material financial risks and opportunities linked to Environmental, Social and Governance (ESG) factors. The exclusions policy sets out the principles applied to determining exclusions or limitations on investment in companies which do not adhere to minimum ESG criteria and/or are engaged in activities that fall outside of the responsible investment framework. With effect from 22nd July 2021, the ACD added a statement to the Prospectus of the Company listing the sub-funds that are in scope and to summarise the exclusion policy and to clarify the sub-funds which are invested within its principles. The sub-funds of the Company which are currently in scope of the exclusions policy are listed below:
Environmental Investor Fund, Ethical Fund, Regular Income Fund, UK Equity Income Fund, UK Growth Fund and the UK Select Growth Fund.
- With effect from 5th October 2020, the Corporate Bond Fund, Gilt Fund, High Income Bond Fund and Strategic Income Fund, each a sub-fund of the Company (together the "closing sub-funds") commenced the process of being terminated and were therefore no longer available for further investment and had a termination completion date of 19th February 2021. On 13th August 2021 references to the closing sub-funds were removed from the Prospectus and Instrument of Incorporation of the Company.
- With effect from 27th September 2021 we updated the Prospectus of the Company with revised investment objectives and policies for the Environmental Investor Fund and Ethical Fund to provide further information on the funds' strategies and add clarification on how the funds are run. We are increasing Environmental Investor Fund investment in companies which are working towards or supporting a sustainable economy and investing a larger proportion into small to medium sized companies.
- With effect from 26th October 2021, the Prospectus of the Company was updated to show that the ACD's Registered Office address was changed from Charlton Place, Andover, Hampshire SP10 1RE to 25 Gresham Street, London, United Kingdom, EC2V 7HN.

A copy of the Prospectus is available on request.

Important information

- As required by the FCA we have carried out an annual value assessment of these funds to consider overall value delivered to customers. To avoid duplication and for ease of communication we have published a separate value assessment report explaining to customers, what we have found and what we are doing in a combined statement across all of the funds in Scottish Widows Unit Trust Managers Limited. The value assessment report is available for customers to read on our website at <https://www.scottishwidows.co.uk/kiids/>
- The Russian invasion of Ukraine, beginning in February 2022, has increased tensions between members of the North Atlantic Treaty Organisation (NATO) and Russia and caused sanctions to be imposed. This could have significant adverse economic effects on financial markets and on energy costs, and may also result in increased cyber attacks and an increase in costs associated with such cyber attacks. The ACD will continue to monitor the situation and risks to the Company. Russian stocks sold after the balance sheet date are disclosed in the post balance sheet events note in the notes to the accounts of each relevant sub-fund and were not subject to the UK government's sanctions.

Coronavirus

The Covid-19 (Coronavirus) outbreak has impacted Global economies, creating an ongoing period of volatility in financial markets. At the beginning of the Coronavirus outbreak the UK experienced significant volatility in market prices, however market liquidity remains relatively strong and so does the ability to trade in size across most asset classes.

The ACD's resilience to such events is regularly reviewed through stress and scenario testing. Plans to continue to operate important business services are in place and continue to be reviewed in light of the Covid-19 outbreak. The Covid response framework will be triggered if there are any strains in the operational environment.

Going concern basis of accounting

The ACD has considered the impact of Covid-19 on the financial resources and operations of the Company, the investment manager and key service providers. The ACD is of the opinion that the Company has sufficient financial resources and robust business continuity plans in place to continue as a going concern and as such, the financial statements have been prepared on a going concern basis.

Sub-fund cross-holdings

As at 28th February 2022 there were no shares in sub-funds of the Scottish Widows UK and Income Investment Funds ICVC held by other sub-funds of the Company.

Remuneration disclosures

The Undertakings for Collective Investment in Transferable Securities V (UCITS V) Directive requires the annual report of UK UCITS funds to contain a remuneration disclosure. The requirements include disclosing the total amount of remuneration paid by the UCITS fund providers to its staff for the financial year, split into fixed and variable remuneration.

This section discloses the remuneration awards made by Lloyds Banking Group ('the Group') to its UCITS Identified Staff for the Group's financial year to 31st December 2021, together with an explanation of the Group's remuneration policies, structure and governance.

Quantitative remuneration disclosure

Aggregate remuneration paid for the year ended 31st December 2021 to senior management and members of staff whose actions have a material impact on the risk profile of the AIFs (Identified Staff)	
	Total
Fixed remuneration	£3,451,188
Variable remuneration	£3,059,242
Carried interest	0
TOTAL	£6,510,430
Number of Identified Staff ¹	11 ¹

¹Excludes Non-Executive Directors of the Board. The figures stated in the above table represents the total remuneration received by individuals in respect of work undertaken for Lloyds Banking Group, as well as their specific UCITS activities.

Staff shown in the table above are employed by the Group in relation to activities relating to the management of UCITS and are subject to the Group remuneration policy. They also perform other Group activities; no staff are directly employed by the UCITS funds. The investment management of the UCITS funds is carried out by external investment advisers, and the fees paid for these services are disclosed in the external investment adviser fees table.

Some individuals are subject to more than one regulatory regime, e.g. AIFMD, UCITS V and CRD, therefore the enhanced CRD regulatory requirements such as clawback apply.

Quantitative UCITS disclosure

The table below shows the total net asset value of all funds the identified staff are responsible for, specifically highlighting the proportion of the assets related to the Scottish Widows UK and Income Investment Funds ICVC.

As at 31st December 2021 the assets under management for all funds were as follows:		
	Net asset value £	% of total assets
Scottish Widows Income and Growth Funds ICVC	10,951,858,465	23.25%
Scottish Widows Investment Solutions Funds ICVC	15,831,911,240	33.61%
Scottish Widows Managed Investment Funds ICVC	3,379,496,088	7.17%
Scottish Widows Overseas Growth Investment Funds ICVC	2,965,381,338	6.29%
Scottish Widows Property Authorised Contractual Scheme	3,550,894,713	7.54%
Scottish Widows Tracker and Specialist Investment Funds ICVC	7,261,336,609	15.41%
Scottish Widows UK and Income Investment Funds ICVC	3,169,914,463	6.73%
Total: Scottish Widows Unit Trust Managers Limited	47,110,792,916	100.00%

External investment adviser fees

The annual investment adviser fees paid to Schroder Investment Management Limited for investment management services in respect of the Scottish Widows UK and Income Investment Funds ICVC for the year to 31st December 2021 were £1,991,721.

These fees are paid by Scottish Widows Unit Trust Managers Limited.

Schroder Investment Management Limited are subject to remuneration rules under Directive 2013/36/EU ("CRD IV") and under the amended Directive 2019/878 ("CRD V") that are equally as effective as those applicable under the UCITS regime. Staff employed by Schroder Investment Management Limited who are "Identified Staff" for the purposes of the Guidelines published from time to time by the European Securities and Markets Authority are subject to remuneration rules commensurate with those which apply to Identified Staff of the UCITS. Schroder Investment Management Limited make information on remuneration publicly available in accordance with the disclosure requirements.

Qualitative remuneration disclosure

The remuneration policy for UCITS Identified Staff is driven by that of the wider banking group, where the policy is set by the LBG Remuneration Committee. The Group's Remuneration Committee is responsible for considering, agreeing and overseeing the overall remuneration philosophy and policy of the Group.

Composition of the Remuneration Committee

The members of the Committee during 2021 were Alan Dickinson (Chair from November 2021), Robin Budenberg, Amanda Mackenzie, Stuart Sinclair (Chair until November 2021), Sara Weller and Catherine Woods.

The Remuneration Committee appoints independent consultants to provide advice on specific matters according to their particular expertise. During the year, Mercer (part of the MMC group of companies) was the appointed advisor to the Remuneration Committee.

Role of the relevant stakeholders

During 2021, the Committee has consulted extensively with a number of shareholders and key stakeholders, such as the Group's main regulators, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The Chairman of the Remuneration Committee has also met with the Group's recognised unions.

The Group conducts colleague surveys every six months to measure engagement and culture. The engagement survey includes specific questions relating to reward and discussions on the Group's remuneration approach takes place with union representatives during the annual pay review cycle and on relevant employee reward matters.

Principles of the remuneration policy

The objective of the Policy is to align individual reward with the Group's performance, the interests of its shareholders and a prudent approach to risk management.

The remuneration policy is based on four core aims that are designed to specifically promote certain desired behaviours and outcomes, which are supported by the structure of the remuneration package offered to colleagues.

The four core aims are:

- Purpose – remuneration should be linked to the Group's purpose of Helping Britain Prosper;
- Behaviours – remuneration should reward and drive the right behaviours and outcomes and reflect both strategic (non-financial) and financial achievements;
- Simplicity – remuneration should be designed in a manner that is clear for all stakeholders and reflects their experience; and
- Clarity – remuneration should be easy to explain and viewed as fair.

The remuneration policy is based on principles which are applicable to all employees within the Group and, in particular, the principle that the reward package should support the delivery of the Group's purpose and strategic aim whilst delivering long-term superior and sustainable returns to shareholders. It fosters performance in line with the Group's values and behaviours, encourages effective risk disciplines and is in line with relevant regulations and codes of best practice. To support remuneration decision-making, Insurance & Wealth operates a robust and effective performance management framework. Performance is assessed across the organisation using a balanced scorecard approach comprising of financial and non-financial metrics and balancing the interests of various stakeholders including customers, shareholders and colleagues.

Risk is an embedded consideration in all categories of the balanced scorecard and emphasis is placed on reviewing how objectives are achieved, as well as what has been delivered. Various types of risk are considered, including (but not limited to) credit risk, conduct risk, market risk, operational risk and insurance risk.

Base salary and Benefits

Base salaries are reviewed annually, taking into account individual performance and market information.

Core benefits for UK-based colleagues include pensions, concessionary financial products, Private Medical cover and a voluntary discount scheme.

Variable remuneration arrangements

The Group Performance Share (GPS) Plan is the default annual discretionary bonus plan, where eligible colleagues are considered for an annual discretionary award based on LBG plc and business area performance including risk, and individual contribution.

The approach for the award is determined by the LBG plc Remuneration Committee.

Individual Group Performance Share awards are based upon individual contribution and overall Group financial results over the past year.

The Group's total risk-adjusted GPS outcome is determined by the Remuneration Committee annually as a percentage of the Group's underlying profit, modified for:

- Group Balanced Scorecard performance
- Collective and discretionary adjustments to reflect risk matters and/or other factors.

Variable remuneration arrangements (continued)

Measures, targets and weightings are determined annually by the Committee in line with the Group's strategic business plan, and consist of both financial and non-financial measures.

Remuneration under the GPS Plan is a mixture of cash and shares. The Group applies deferral arrangements to GPS and variable pay awards made to colleagues. GPS awards for Identified Staff are subject to deferral and a holding period in line with regulatory requirements.

The balance of fixed and variable remuneration is regarded as appropriate for such employees and allows variable remuneration to be adequately flexed to reflect the performance of the Group, the business unit and the individual.

Material Risk Takers and Solvency II identified staff are additionally assessed on both a pre-risk and post-risk performance rating, evidencing the impact the employee's risk performance has had on their overall performance.

Long Term Share Plan

The long term variable reward opportunity aligns executive management incentives and behaviours to the objective of delivering long-term superior and sustainable returns. Long term variable rewards incentive stewardship over a long time horizon and promote good governance through a simple alignment with the interest of shareholders.

Awards made under the rules of the Long term Share Plan are in the form of conditional shares and award levels are set at the time of grant, in compliance with regulatory requirements, and may be subject to a discount in determining total variable remuneration under the rules set by the European Banking Authority. The number of shares to be awarded may be calculated using a fair value or based on a discount to market value, as appropriate.

Vesting will be subject to an assessment of underpin thresholds being measured over a period of three years, or such longer period, as determined by the LBG Remuneration Committee.

The Remuneration Committee retains full discretion to amend the pay-out levels should the award not reflect business and/or individual performance. The Committee may reduce (including to zero) the level of the award, apply additional conditions to the vesting, or delay the vesting of awards to a specified date or until conditions set by the Committee are satisfied, where it considers it appropriate.

Awards may be subject to malus and clawback for a period of up to seven years after the date of award which may be extended to ten years where there is an ongoing internal or regulatory investigation.

Further details can be found in the LBG Directors' remuneration section of 2021 Annual Report using the link below:

<https://www.lloydsbankinggroup.com/assets/pdfs/investors/annual-report/2021/2021-lbg-annual-report.pdf>

Deferral, vesting and performance adjustment

At least 40 per cent of Identified Staff variable remuneration above certain thresholds is deferred into Lloyds Banking Group Shares for a minimum of three years.

For all Identified Staff, GPS is deferred in line with the regulatory requirements and all share awards are subject to a 12-month retention period.

For all colleagues, any deferred variable remuneration amount is subject to performance adjustment (malus) in accordance with the Group's Deferral and Performance Adjustment Policy.

All employee share plans

There are also two "all employee" share plans available for investment by all employees, namely Sharematch and Sharesave.

Sharematch gives each employee the opportunity to invest (from gross pay) in LBG shares (called Partnership Shares) and can be joined at any time. The maximum investment is £150 per month and for every two partnership shares you buy, you'll receive three matching shares up to a maximum colleague investment of £30 per month.

Sharesave is a combined Save As You Earn ('SAYE') savings and share option plan where employees are able to save between £5 and a maximum of £500 each month directly from their net salary (i.e. after income tax and National Insurance have been paid) for three years.

Pension and supplementary schemes

UCITS Identified Staff are eligible for membership of the all employee pension schemes on the terms that are in line with all employees.

The Group does not operate an early retirement scheme.

Statement of the Authorised Corporate Director's Responsibilities

for the year ended 28th February 2022*

The Financial Conduct Authority Collective Investment Schemes Sourcebook (the "COLL Sourcebook") requires the Authorised Corporate Director ("ACD") of Scottish Widows UK and Income Investment Funds ICVC to prepare the Annual Report and Financial Statements for each accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial affairs of the Company and of its net revenue and the net capital gains/(losses) for the year.

In preparing the Financial Statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the Prospectus and Instrument of Incorporation and the requirements of the Statement of Recommended Practice relating to the Financial Statements of Authorised Funds issued by the Investment Management Association in May 2014 as amended in June 2017 ("SORP");
- follow United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the COLL Sourcebook, the Instrument of Incorporation and the Prospectus. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The ACD is responsible for ensuring that, to the best of their knowledge and belief, there is no relevant audit information of which the auditors are unaware. It is the responsibility of the ACD to take all necessary steps as a director to familiarise themselves with any relevant audit information and to establish that the auditors are aware of that information.

The ACD is also responsible for the maintenance and integrity of the website on which the financial statements and auditors' report are published and distributed electronically. Please note that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Authorised Corporate Director

In accordance with the rules in the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority, I hereby approve the report and financial statements on behalf of the Authorised Corporate Director of Scottish Widows UK and Income Investment Funds ICVC.

James Hillman

Director

Scottish Widows Unit Trust Managers Limited

29th June 2022

*In accordance with the COLL Sourcebook 6.8.2R (5A), the ACD has determined that the annual accounting period ended at 8am on 28th February 2022, the last valuation point of the accounting year.

Statement of Depositary's Responsibilities in respect of the Scheme and Report of the Depositary to the Shareholders of the Scottish Widows UK and Income Investment Funds ICVC

for the year ended 28th February 2022

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors. The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM") which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

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

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

State Street Trustees Limited
29th June 2022

Independent Auditor's Report to the Shareholders of Scottish Widows UK and Income Investment Funds ICVC

for the year ended 28th February 2022

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Scottish Widows UK and Income Investment Funds ICVC (the "Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 28th February 2022; and of the net revenue and the net capital gains/(losses) on the property of the Company and each of the sub-funds for the year ended 28th February 2022; and
- have been properly prepared 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", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

We have audited the financial statements which comprise for each of the sub-funds:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the distribution tables; and
- the accounting policies and individual notes 1 up to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014 as amended in June 2017, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the authorised corporate director's (ACD's) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of depositary and ACD

As explained more fully in the statement of depositary's responsibilities and statement of ACD's responsibilities, the depositary is responsible for the safeguarding the property of the Company and the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the Shareholders of

Scottish Widows UK and Income Investment Funds ICVC

(continued)

for the year ended 28th February 2022

Responsibilities of depositary and ACD (continued)

In preparing the financial statements, the ACD is responsible for assessing the Company'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 ACD either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Collective Investment Schemes Sourcebook and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included The Open-Ended Investment Companies Regulations 2001.

We discussed among the audit engagement team including relevant internal specialists such as valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments. In response we have: obtained understanding of the relevant controls at the administrator over the valuation and existence of investments; involved our financial instruments specialists to assess the applied valuation methodologies; agreed investment holdings to independent confirmations; and agreed investment valuations to reliable independent sources.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and FCA.

Report on other legal and regulatory requirements

Opinion on matter required by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the Company and its sub-funds have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the annual report for the year ended 28th February 2022 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

Independent Auditor's Report to the Shareholders of

Scottish Widows UK and Income Investment Funds ICVC

(continued)

for the year ended 28th February 2022

Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with Paragraph 4.5.12R of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
29th June 2022

Summary of Significant Accounting Policies, Judgements and Estimates

applicable to all sub-funds

for the year ended 28th February 2022

1. Significant accounting and distribution policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and 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 (SORP) for UK Authorised Funds issued by the Investment Association in May 2014 as amended in June 2017, and the Collective Investment Schemes Sourcebook.

In accordance with the COLL Sourcebook 6.8.2R (5A), the ACD has determined that the annual accounting period ended at 8am on 28th February 2022, the last valuation point of the accounting year.

As disclosed on page 5, the financial statements have been prepared on a going concern basis.

(b) Revenue

Dividends on equities, preference stocks and revenue from collective investment schemes are recognised when the securities are quoted ex-dividend.

Dividends from Real Estate Investment Trusts ('REITs') are recognised as distributable revenue when the securities are quoted ex-dividend.

Dividends received from UK REITs are split into PID (Property Income Distributions) and Non-PID components for tax purposes. Revenue arising from UK REITs tax-exempt rental business is colloquially known as PID revenue and is taxable in the hands of the sub-fund. A UK REIT may also carry out activities that give rise to taxable profits and gains. It is from these that the REIT will make a Non-PID distribution. These are treated for tax purposes in the same way as dividends from UK companies.

Where accumulation units or shares are held in another authorised collective investment scheme, the accumulation of revenue relating to the holding is recognised in the revenue account.

Equalisation on distributions received is deducted from the cost of the investment.

Scrip dividends which have been released to the market as a normal dividend at XD point will be treated as such until further detail has been provided. If receipt of the scrip option uptake is in the subsequent accounting period, the dividend will be reclassified in the following period within the Financial Statements.

Special dividends may be treated as repayments of capital or as revenue depending on the facts of the particular case.

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue and where applicable, is included in the distribution. In the case of enhanced scrip dividends, the value of the enhancement is treated as capital.

Interest on deposits and fixed interest securities are recognised on an accruals basis. Revenue from debt securities is accounted for on an effective yield basis.

Revenue is allocated when earned in the proportion of the Net Asset Value of each share class to the total Net Asset Value of the sub-fund.

Dividend revenue from offshore reporting funds is recognised when the securities are quoted ex-dividend. Non-dividend revenue from offshore reporting funds is recognised when declared, and treated as revenue for taxation and distribution purposes.

(c) Expenses

The underlying sub-funds may currently have up to four share classes; Class A, Class C, Class P and Class X. Each share class suffers a different Authorised Corporate Director ("ACD") fee. Consequently the level of expenses attributable to each share class will differ.

All expenses other than those relating to the purchase and sale of investments are included in expenses in the Statement of Total Return. The only exception is interest on borrowing which is included in interest payable and similar charges in the Statement of Total Return.

The ACD's annual fee is charged to the revenue property of the respective sub-funds, with the exception of the Regular Income Fund and the UK Equity Income Fund which can charge all or part of the ACD fee to capital. Rebates are applied where ACD's fees are incurred by the underlying investments. Internal management fee rebates (rebates from Lloyds Banking Group plc companies) are offset against the ACD's periodic charge.

Expenses incurred in respect of, or attributable to, the sub-funds as a whole are allocated when incurred in the proportion of the Net Asset Value of each share class to the total Net Asset Value of the sub-fund.

(d) Distribution policy

The revenue from the sub-funds' investments accumulates during each accounting period. If revenue exceeds expenses during the period, the net revenue of the sub-funds is available for distribution (or re-investment) at share class level to the shareholders in accordance with the OEIC Regulations. If expenses exceed revenue during the period, the net revenue shortfall may be funded from capital.

All sub-funds make dividend distributions.

As permitted by the SORP, the Regular Income Fund and the UK Equity Income Fund have not taken into account marginal tax relief in determining the distribution. All other sub-funds do not have marginal tax relief.

Summary of Significant Accounting Policies, Judgements and Estimates

applicable to all sub-funds

(continued)

for the year ended 28th February 2022

1. Significant accounting and distribution policies (continued)

(e) Taxation

Provision is made for corporation tax at the standard rate of corporation tax for an OEIC on the excess of taxable income over allowable expenses. Overseas dividends continue to be disclosed gross of any foreign tax suffered, the tax element being separately disclosed in the taxation note.

Deferred taxation is provided 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 tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Deferred tax assets are only recognised to the extent that it is regarded more likely than not that there will be taxable profits against which the reversal of underlying timing differences can be offset.

(f) Valuation of investments

Purchases and sales of investments are recognised on the trade date, i.e. the date the Company commits to purchase the asset from, or deliver the asset to, the counterparty. Investments are initially recognised at cost, being the fair value of the consideration given, and are subsequently re-measured at fair value.

As permitted by the SORP, the listed investments of the Company have been valued at market value on 28th February 2022 at (BST) 8:00am, excluding any accrued interest in the case of fixed interest securities. Market value is defined by the SORP as fair value, which is generally the bid value of each security. Listed investments that are unable to be valued by standard sources are reviewed separately. These valuation exceptions include securities that are illiquid, unlisted, delisted, unapproved or suspended and are based on the ACD's assessment of their fair value. This assessment includes regular communication between internal pricing and valuation teams, and the investment adviser. Expert judgement is applied in order to calculate or adjust the value of the securities. Appropriate documentation is recorded and all management information is reported to a valuation committee on a monthly basis.

Open forward currency contracts are shown in the Portfolio Statement and are valued using contracted forward rates. The net gains/(losses) are reflected in "Forward currency contracts" in Net capital gains/(losses).

Open futures contracts are shown in the Portfolio Statement and are valued at their fair value as at balance sheet date. The fair value of long positions is the quoted bid price and fair value of short positions is the quoted offer price. The returns are either reflected in "Futures contracts" within Net capital gains/(losses) or are included within Revenue depending upon the nature of the transaction as per the accounting policy of derivatives note 1(i).

Investments in collective investment schemes operated by Scottish Widows Unit Trust Managers Limited have been valued at the single price as at the last business day of the year.

Investments in other collective investment schemes have been valued at bid price for dual priced funds and at the single price for single priced funds.

Investments are derecognised when the contractual right to receive cash flows from the asset has expired or when the Company has transferred its contractual right to receive the cash flows from the asset and either: substantially all of the risks and rewards of ownership have been transferred; or the Company has neither retained nor transferred substantially all of the risks and rewards, but has transferred control.

Unquoted debt securities

In order to ensure that a fair value is recognised for unquoted or illiquid debt securities, there are primary, secondary and tertiary price sources in the first instance and an independent broker will be used if necessary. The primary, secondary and tertiary price sources are regularly compared with one another to ensure accuracy. A formal review is then carried out by the ACD which challenges the external valuation and includes consideration of the impact of any relevant movements in underlying variables such as:

- underlying movements in the relevant markets, for example credit spreads;
- how current transactions are being priced in the market;
- how the security is structured; and
- any supporting quantitative analysis as appropriate, for example with reference to Bloomberg or internal models.

(g) Exchange rates

All transactions in foreign currencies are translated into Sterling at the rate of exchange ruling on the date of such transactions. Foreign currency assets and liabilities at the end of the accounting year are translated at the exchange rates applicable at the end of the accounting year at the appropriate valuation point.

Summary of Significant Accounting Policies, Judgements and Estimates

applicable to all sub-funds

(continued)

for the year ended 28th February 2022

1. Significant accounting and distribution policies (continued)

(h) Dilution adjustment

In certain circumstances (as detailed in the Prospectus) the ACD may charge a dilution adjustment on the creation or cancellation of shares, which is paid into the capital of the relevant sub-fund on an accruals basis. The adjustment is intended to cover certain dealing charges not included in the mid-market value of the sub-fund used in calculating the share price, which could have a diluting effect on the sub-fund

(i) Derivatives

Some of the sub-funds may enter into permitted transactions such as derivative contracts or forward currency transactions. The treatment of the returns from derivatives depends upon the nature of the transaction. Both motives and circumstances are used to determine whether returns should be treated as capital or revenue.

Where positions are undertaken to protect or enhance capital, and the circumstances support this, the returns are capital and included within gains/losses on investments in the Statement of Total Return. Similarly where they are for generating or protecting revenue, and the circumstances support this, the returns are revenue and included within net revenue in the Statement of Total Return. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction. Any open positions in these types of transactions at the year-end are included in the Balance Sheet at their mark to market value.

(j) Stock lending

Any income arising from stock lending is treated as revenue on an accruals basis and is disclosed in the notes to the Financial Statements net of directly attributable fees. The value of the collateral must always exceed the value of the stock on loan. The accepted collateral includes cash, equities, certain types of bonds and money market instruments as agreed with the Depositary.

2. Significant accounting judgements and estimates

The sub-funds make judgements and estimates when applying its significant accounting policies which affect the amounts of income and expenses recognised during the financial period and the amounts of assets and liabilities reported at the end of the financial period.

Estimates are continually assessed based on historical experience and other factors, including expectations of future events, in order to ensure they are reasonable under the circumstances.

(a) Judgements

In the process of applying the sub-funds' accounting policies, the ACD considers that the following judgement has the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

At the current and prior year end dates, each sub-fund had potential deferred tax assets relating to surplus management expenses. No deferred tax assets have been recognised in either year on the basis that the ACD does not consider it probable that the sub-funds would generate sufficient taxable profits in the future to utilise these amounts.

Further information is provided in note 5(d) within the notes to the financial statements for each respective sub-fund.

(b) Estimates

In the process of applying the sub-funds' accounting policies, the ACD has not made any estimates which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements.

Environmental Investor Fund

Investment Markets Overview

for the year ended 28th February 2022

Investment Objective

To provide capital growth through investment in shares of UK companies that demonstrate a commitment to the protection and preservation of the natural environment.

The benchmark index for the Fund is the FTSE All-Share Index (the "Index").

The Fund is actively managed by the Investment Adviser who chooses investments with the aim of outperforming the Index by 3% per annum on a rolling 3 year basis before deduction of fees.

Investment Policy

At least 80% of the Fund will invest in shares of UK companies, with up to 20% in international companies.

The ACD defines screens for UK and International equity markets to prevent investment in specific companies or industry sectors* that are harmful to the environment. The Investment Adviser, in selecting investments it believes provide attractive capital growth, will seek a mix of investment in companies whose specific products and services directly support or provide positive environmental outcomes or benefits, together with companies from any industry sector which, in the Investment Adviser's opinion, demonstrate high standards regarding sustainable environmental practice.

In seeking companies whose products and services support positive environmental outcomes the Investment Adviser will look to invest in:

- Energy Transition: Companies whose technologies contribute to or assist the transition to Low Carbon energy;
- Environmental Infrastructure: Companies that finance, build or operate energy infrastructure such as wind or solar farms;
- Environmental Industry: Companies whose products or services reduce the environmental impact of industrial activity;
- Low Carbon Consumer: Companies that enable consumers to live more sustainably;
- Circular Economy: Companies involved in the use of, or investment in, recycling technologies and waste management.

Companies which demonstrate high standards regarding sustainable environmental practice may include those which:

- Have responsible sourcing of sustainable resources;
- Promote environmentally responsible behaviour such as recycling;
- Have net zero carbon commitments.

The Fund retains a level of portfolio diversification and risk management by investing typically in 30 to 60 holdings across different sectors* of the Index. The Fund may have greater exposure to small and medium sized companies than the Index. As a result the Fund's performance may differ substantially from the Index.

The Fund may also invest in collective investment schemes, including those managed by the ACD and its associates, cash and cash like investments.

Derivatives and stock lending may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

Environmental Screen

In screening the investment universe the ACD identifies and excludes companies which:

- own reserves in; extract; produce; supply; generate; or receive revenue from fossil fuels. This includes thermal coal, gas, oil and tar-sands.
- receive revenue from nuclear energy including nuclear uranium mining,
- are involved in production and use of controversial weapons.

Further detail regarding Scottish Widows' commitment and approach to Responsible Investment can be found on the Responsible Investment section of the Scottish Widows website:

http://www.scottishwidows.co.uk/about_us/responsibleinvestment/index.html

Subject to the requirements of the FCA Rules and/or the OEIC Regulations, the criteria listed above may be updated from time to time to reflect changing market developments that may have environmental impact as agreed with the ACD and the Investment Adviser.

The FTSE All-Share Index has been selected as an appropriate benchmark as it provides a representation of the returns of securities in the UK equity market. The Investment Adviser selects shares that meet the Fund's environmental criteria from a diverse range of UK shares including those outside of the FTSE All-Share Index.

* A sector is a business area, industry or economy which shares the same characteristics. Company shares are typically grouped into different sectors depending on the company's business.

for the year ended 28th February 2022

Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 6* because it has experienced high levels of volatility over the past 5 years. *As disclosed in the key investor information document dated 20th January 2022.	Typically lower rewards, lower risks <div style="float: right;">Typically higher rewards, higher risks</div>						
	<div style="display: flex; justify-content: space-between;"> ← → </div>						
	1	2	3	4	5	6	7

Investment Review

Performance	01/03/21 to 28/02/22 %	29/02/20 to 28/02/21 %	01/03/19 to 28/02/20 %	01/03/18 to 28/02/19 %	01/03/17 to 28/02/18 %
Environmental Investor Fund A Accumulation	2.27	11.08	9.95	4.12	7.09
FTSE All-Share Index + 3%†	19.53	6.59	1.52	4.76	7.53

Source: Lipper for Environmental Investor Fund. Basis: Net revenue reinvested and net of expenses.

Source: Financial Express for FTSE All-Share Index + 3% (GBP). Basis: Total return net of tax.

†Please note that the ACD increased the outperformance target for the Environmental Investor Fund during September 2019. The returns shown in the performance table above reflect past performance of the Fund and that of the Fund's current benchmark index and outperformance target.

The Index plus outperformance target and the Fund performance figures are shown on an annual basis. In practice the Investment Adviser's outperformance target applies over rolling 3 year periods, as explained in the 'Investment Objective'. In addition the Index plus outperformance target is calculated without deduction of charges whereas the performance of the Fund is calculated after deduction of charges.

Please note that the Fund and benchmark values are struck at different points in the day, with the benchmark struck at the close of business. This timing difference may have the effect of showing the Fund performing significantly above or below the benchmark.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The Fund underperformed the FTSE All Share Index in the 12 months to 28th February 2022.

Stock selection in the energy sector detracted from gains. Holdings in the alternative energy sector, considerably underperformed the wider UK market. Meanwhile, the oil, gas and coal sectors, where the fund has no exposure, strongly outperformed. Zero-weight exposure to industrial metals and mining companies also weighed on returns as commodity and energy prices rose significantly over the year as demand has grown worldwide.

At the stock level, digital rail and coach technology platform Trainline performed poorly on concerns that the Omicron variant would delay the return to mass public transport use. Meanwhile, shares in Johnson Matthey were weaker following changes to senior management and strategy. Online food retailer Ocado was also weaker due to patent disputes with a competitor concerning its robotic technologies as well as a fire at one of its UK warehouses.

Sustainable chemicals company Croda performed well due to strong demand for many of its products, particularly those involved with the Pfizer Covid-19 vaccine. Kingspan capped off a very strong year with a good final quarter, demonstrating its ability to pass inflationary price increases on to customers. Another top performer was circular economy products business Tomra.

Additions to the portfolio included water and wastewater services company United Utilities, financial services company Standard Chartered and food products supplier Cranswick. Meanwhile, disposals included National Grid, John Laing and Genuit Group.

Investment Markets Overview

(continued)

for the year ended 28th February 2022

Investment Review (continued)

UK equities achieved a positive performance in the period. Lowly-valued, economically sensitive areas performed well in the first few months of 2021 as the global economic outlook improved. However, equities struggled in June amid a rise in Covid-19 infections and falling inflation expectations. UK share prices continued to advance over the summer but fell back in November following the discovery of Omicron, a new variant of Covid-19. However, encouraging news around Omicron during December saw a number of economically sensitive areas of the market largely recoup the sharp losses they had sustained in the initial sell-off in late November. Shares prices were broadly unchanged in January and February despite Russia's invasion of neighbouring Ukraine.

Schroder Investment Management Limited
March 2022

Environmental Investor Fund

Portfolio Statement

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
BASIC MATERIALS (7.26%, 28/02/21 11.30%)			
Chemicals			
Croda International	57,735	4,207	1.41
Johnson Matthey	598,102	10,431	3.49
Victrex	374,078	7,066	2.36
		21,704	7.26
TOTAL BASIC MATERIALS		21,704	7.26
CONSUMER DISCRETIONARY (12.50%, 28/02/21 14.85%)			
Automobiles & Parts			
TI Fluid Systems	1,109,594	2,441	0.82
		2,441	0.82
Media			
Pearson	887,800	5,874	1.96
		5,874	1.96
Personal Goods			
Burberry	350,231	6,712	2.25
		6,712	2.25
Retailers			
MusicMagpie	1,730,262	2,769	0.93
		2,769	0.93
Travel & Leisure			
Firstgroup	5,590,541	5,529	1.85
National Express	1,855,426	4,416	1.48
Trainline	1,577,707	3,120	1.04
Whitbread	225,739	6,488	2.17
		19,553	6.54
TOTAL CONSUMER DISCRETIONARY		37,349	12.50
CONSUMER STAPLES (14.91%, 28/02/21 11.11%)			
Beverages			
Britvic	705,002	5,929	1.99
		5,929	1.99
Food Producers			
Cranswick	197,979	6,933	2.32
MP Evans	186,636	1,527	0.51
		8,460	2.83
Personal Care, Drug & Grocery Store			
Unilever	512,470	19,130	6.40
		19,130	6.40

Environmental Investor Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
Personal Products			
Ocado	351,877	4,670	1.56
PZ Cussons	3,157,460	6,362	2.13
		11,032	3.69
TOTAL CONSUMER STAPLES		44,551	14.91
ENERGY (5.31%, 28/02/21 5.68%)			
Alternative Energy			
Ceres Power	233,801	1,431	0.48
First Solar	65,086	3,439	1.15
Invinity Energy Systems Warrants 15/09/2022	351,626	-	-
Invinity Energy Systems Warrants 16/12/2024	351,626	-	-
Pod Point	1,230,242	2,304	0.77
Tekmar	2,698,718	1,107	0.37
Vestas Wind Systems	355,570	7,594	2.54
		15,875	5.31
TOTAL ENERGY		15,875	5.31
FINANCIALS (23.08%, 28/02/21 18.71%)			
Banks			
Standard Chartered	1,889,901	10,122	3.39
		10,122	3.39
Closed End Investments			
Aquila Energy Efficiency Trust	2,779,856	2,224	0.75
Greencoat UK Wind	6,099,708	8,796	2.94
JLEN Environmental Assets	8,329,494	8,963	3.00
NextEnergy Solar Fund	5,524,114	5,524	1.85
Renewables Infrastructure	5,537,835	7,088	2.37
Syncona Limited	1,695,034	3,000	1.00
		35,595	11.91
Investment Banking & Brokerage			
IP	3,197,611	2,856	0.96
		2,856	0.96
Life Insurance			
Legal & General	3,451,409	9,461	3.17
Prudential	608,881	6,996	2.34
		16,457	5.51
Non-Equity Investment Instruments			
Schroder Sterling Liquidity Fund X Inc	3,917,292	3,917	1.31
		3,917	1.31
TOTAL FINANCIALS		68,947	23.08

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
HEALTH CARE (10.78%, 28/02/21 7.23%)			
Pharmaceuticals & Biotechnology			
AstraZeneca	191,090	17,080	5.72
GlaxoSmithKline	974,951	15,135	5.06
		32,215	10.78
TOTAL HEALTH CARE		32,215	10.78
INDUSTRIALS (11.13%, 28/02/21 16.86%)			
Construction & Materials			
Balfour Beatty	2,683,712	6,285	2.10
Kingspan	102,460	7,249	2.43
Volution	913,505	4,385	1.47
		17,919	6.00
Electronic & Electrical Equipment			
Dialight	480,944	1,520	0.51
Invinity Energy Systems	2,403,509	2,211	0.74
Strix	597,914	1,447	0.48
		5,178	1.73
General Industrials			
Coats	2,110,967	1,258	0.42
		1,258	0.42
Industrial Engineering			
TOMRA Systems	37,049	1,302	0.44
		1,302	0.44
Industrial Support Services			
IWG	1,439,225	3,969	1.33
RPS	3,729,591	3,622	1.21
		7,591	2.54
TOTAL INDUSTRIALS		33,248	11.13
REAL ESTATE (1.51%, 28/02/21 1.99%)			
Real Estate Investment Trusts			
Assura	7,376,363	4,511	1.51
		4,511	1.51
TOTAL REAL ESTATE		4,511	1.51
TECHNOLOGY (0.12%, 28/02/21 0.68%)			
Software & Computer Services			
LoopUp	4,289,913	343	0.12
		343	0.12
TOTAL TECHNOLOGY		343	0.12

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
TELECOMMUNICATIONS (2.51%, 28/02/21 0.89%)			
Telecommunications Service Providers			
BT	3,967,915	7,503	2.51
		7,503	2.51
TOTAL TELECOMMUNICATIONS		7,503	2.51
UTILITIES (10.19%, 28/02/21 9.59%)			
Gas, Water & Multiutilities			
Pennon	213,013	2,186	0.73
Severn Trent	353,862	9,940	3.33
United Utilities	1,232,144	12,974	4.34
		25,100	8.40
Waste & Disposal Services			
Biffa	1,714,840	5,350	1.79
		5,350	1.79
TOTAL UTILITIES		30,450	10.19
Portfolio of investments		296,696	99.30
Net other assets		2,102	0.70
Total net assets		298,798	100.00

All investments held are listed, unless otherwise stated.

◊ Asset managed by the Investment Adviser.

Environmental Investor Fund

Material Portfolio Changes

for the year ended 28th February 2022

	Cost £000		Proceeds £000
Major purchases		Major sales	
Schroder Sterling Liquidity Fund X Inc ♦	24,215	Schroder Sterling Liquidity Fund X Inc ♦	20,809
United Utilities	12,743	Croda International	12,491
Standard Chartered	9,007	National Grid	10,644
AstraZeneca	7,192	John Laing	8,154
Johnson Matthey	7,180	TOMRA Systems	7,930
Cranswick	7,163	Drax	7,386
Drax	6,218	Rentokil Initial	6,687
Unilever	6,122	Genuit	6,665
NextEnergy Solar Fund	5,554	Ecolab	4,359
PZ Cussons	5,014	National Express	4,076

♦ Asset managed by the Investment Adviser.

Environmental Investor Fund

Comparative Table

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class A - Accumulation			
Change in net assets per share			
Opening net asset value per share	356.00	325.00	295.58
Return before operating charges*	13.94	36.46	34.72
Operating charges	(4.74)	(5.46)	(5.30)
Return after operating charges*	9.20	31.00	29.42
Distributions	(5.04)	(2.02)	(3.42)
Retained distributions on accumulation shares	5.04	2.02	3.42
Closing net asset value per share	365.20	356.00	325.00
*after direct transaction cost of:~	0.60	0.22	1.51
Performance			
Return after charges^	2.58%	9.54%	9.95%
Other information			
Closing net asset value (£000)	64,477	61,150	58,014
Closing number of shares	17,655,014	17,177,051	17,850,651
Operating charges#†	1.23%	1.63%	1.61%
Direct transaction costs~	0.16%	0.06%	0.46%
Prices**			
Highest share price	405.50	380.10	361.40
Lowest share price	358.20	261.10	294.70

#Operating charges are representative of the ongoing charges figure.

†During the period, the ACD's periodic charge changed from 1.50% to 1.00% and the registration fee was also changed from 0.10% to 0.05%. As such, 1.08% is a more representative figure for the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

^ The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges can be different to the performance return stated in the Investment Market Review on page 17 which is sourced from Lipper and based on daily published prices.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Environmental Investor Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class G - Accumulation			
Change in net assets per share			
Opening net asset value per share	200.05	182.63	166.10
Return before operating charges*	19.24	20.49	19.51
Operating charges	(1.39)	(3.07)	(2.98)
Return after operating charges*	17.85	17.42	16.53
Distributions	-	(1.14)	(1.92)
Retained distributions on accumulation shares	-	1.14	1.92
Return to shareholder as a result of class closure	(217.90)	-	-
Closing net asset value per share	-	200.05	182.63
*after direct transaction cost of:~	0.13	0.12	0.85
Performance			
Return after charges	-	9.54%	9.95%
Other information			
Closing net asset value (£000)	-	169	154
Closing number of shares	-	84,400	84,000
Operating charges#	-	1.63%	1.61%
Direct transaction costs~	0.16%	0.06%	0.46%
Prices**			
Highest share price	220.50	213.60	203.10
Lowest share price	201.30	146.70	165.60

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation was closed on 21st June 2021.

Environmental Investor Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class P - Accumulation			
Change in net assets per share			
Opening net asset value per share	137.76	125.14	113.24
Return before operating charges*	13.30	14.08	13.31
Operating charges	(0.66)	(1.46)	(1.41)
Return after operating charges*	12.64	12.62	11.90
Distributions	-	(1.43)	(1.94)
Retained distributions on accumulation shares	-	1.43	1.94
Return to shareholder as a result of class closure	(150.40)	-	-
Closing net asset value per share	-	137.76	125.14
*after direct transaction cost of:~	0.09	0.08	0.58
Performance			
Return after charges	-	10.08%	10.51%
Other information			
Closing net asset value (£000)	-	3,739	2,906
Closing number of shares	-	2,714,500	2,322,600
Operating charges#	-	1.13%	1.11%
Direct transaction costs~	0.16%	0.06%	0.46%
Prices**			
Highest share price	152.10	147.00	139.10
Lowest share price	138.60	100.60	113.00

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class P Accumulation was closed on 21st June 2021.

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class X - Accumulation			
Change in net assets per share			
Opening net asset value per share	470.62	423.25	379.22
Return before operating charges*	18.18	47.92	44.52
Operating charges	(0.42)	(0.55)	(0.49)
Return after operating charges*	17.76	47.37	44.03
Distributions	(12.56)	(9.28)	(10.77)
Retained distributions on accumulation shares	12.56	9.28	10.77
Closing net asset value per share	488.38	470.62	423.25
*after direct transaction cost of:~	0.80	0.29	1.96
Performance			
Return after charges	3.77%	11.19%	11.61%
Other information			
Closing net asset value (£000)	234,321	181,155	154,834
Closing number of shares	47,979,639	38,492,389	36,582,389
Operating charges#	0.08%	0.12%	0.12%
Direct transaction costs~	0.16%	0.06%	0.46%
Prices**			
Highest share price	540.30	501.30	470.30
Lowest share price	473.40	340.50	378.60

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

Environmental Investor Fund

Statement of Total Return

for the year ended 28th February 2022

	Notes	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Income			
Net capital (losses)/gains	2	(14)	19,301
Revenue	3	7,189	5,059
Expenses	4	(1,023)	(1,188)
Interest payable and similar charges		-	-
Net revenue before taxation		6,166	3,871
Taxation	5	(15)	(25)
Net revenue after taxation		6,151	3,846
Total return before distributions		6,137	23,147
Distributions	6	(6,158)	(3,846)
Change in net assets attributable to shareholders from investment activities		(21)	19,301

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28th February 2022

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Opening net assets attributable to shareholders	246,213	215,908
Amounts receivable on creation of shares	61,962	16,136
Less: Amounts payable on cancellation of shares	(16,618)	(9,178)
	45,344	6,958
Dilution adjustment	345	86
Change in net assets attributable to shareholders from investment activities	(21)	19,301
Retained distributions on accumulation shares	6,917	3,960
Closing net assets attributable to shareholders	298,798	246,213

Notes to the Financial Statements are on pages 30 to 36.

Environmental Investor Fund

Balance Sheet

as at 28th February 2022

	Notes	28/02/22 £000	28/02/21 £000
Assets			
Fixed assets			
Investments		296,696	243,489
Current assets			
Debtors	8	1,373	710
Cash and bank balances		956	3,105
Total assets		299,025	247,304
Liabilities			
Creditors			
Other creditors	9	(227)	(1,091)
Total liabilities		(227)	(1,091)
Net assets attributable to shareholders		298,798	246,213

Notes to the Financial Statements are on pages 30 to 36.

Notes to the Financial Statements

for the year ended 28th February 2022

1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 13 to 15.

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Non-derivative securities	(19)	19,325
Currency gains/(losses)	8	(11)
Transaction charges	(3)	(13)
Net capital (losses)/gains	(14)	19,301

3. Revenue

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
UK dividends	5,775	3,663
Stock dividends	85	240
Overseas dividends	1,236	1,051
Property income distributions	90	88
Distributions from Regulated Collective Investment Schemes:		
Offshore distributions	3	9
Stock lending revenue	-	3
Underwriting commissions	-	5
Total revenue	7,189	5,059

4. Expenses

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	793	919
Registration fees	181	227
	974	1,146
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	30	25
Safe custody fees	7	7
	37	32
Other expenses:		
Audit fee	12	10
Total expenses	1,023	1,188

Expenses include irrecoverable VAT.

The Deloitte LLP (previously PricewaterhouseCoopers LLP) audit fee for the year, inclusive of VAT is £12,000 (28/02/21: £10,740).

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

5. Taxation**(a) Analysis of charge in year:**

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Irrecoverable overseas tax	15	25
Total taxation (note 5b)	15	25

(b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2021: 20%). The differences are explained below:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Net revenue before taxation	6,166	3,871
Corporation tax of 20% (2021: 20%)	1,233	774
Effects of:		
Non-taxable UK dividends*	(1,155)	(733)
Non-taxable scrip dividends*	(17)	(48)
Overseas non-taxable revenue*	(248)	(210)
Irrecoverable overseas tax	15	25
Movement in excess management expenses	187	217
Total tax charge for year (note 5a)	15	25

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £6,156,708 (28/02/2021: £5,969,442) relating to surplus management expenses. No deferred tax asset has been recognised in either year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

6. Distributions

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Final	6,917	3,960
Add: Revenue deducted on cancellation of shares	208	71
Deduct: Revenue received on creation of shares	(967)	(185)
Net distribution for the year	6,158	3,846

Details of the distribution per share are set out in the Distribution Tables on page 37.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

7. Movement between net revenue and net distributions

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Net revenue after taxation	6,151	3,846
Movement in net income as a result of conversions	7	-
Net distribution for the year	6,158	3,846

8. Debtors

	28/02/22 £000	28/02/21 £000
Amounts receivable for issue of shares	273	92
Accrued revenue	1,056	604
Overseas tax recoverable	44	14
Total debtors	1,373	710

9. Other creditors

	28/02/22 £000	28/02/21 £000
Purchases awaiting settlement	56	814
Amounts payable for cancellation of shares	92	174
Accrued expenses	79	103
Total other creditors	227	1,091

10. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the sub-fund. Lloyds Banking Group plc, as the parent company of the ACD is the ultimate controlling party of the sub-fund. As such any member company of Lloyds Banking Group plc is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees are disclosed in note 4, with £62,132 (28/02/21: £87,892) due at the year end.

Shares held by associates of the ACD

On 28th February, shares held as a percentage of the sub-fund's value were:

	28/02/22 %	28/02/21 %
ACD and associates of the ACD	78.42	73.58

11. Share classes

On 28th February the share classes in issue and the associated ACD's periodic charge on each share class, is as follows:

	28/02/22 %	28/02/21 %
Share Class A - Accumulation	1.00	1.50
Share Class G - Accumulation	N/A	1.50
Share Class P - Accumulation	N/A	1.00
Share Class X - Accumulation	-	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 24 to 27.

The distribution per share class is given in the Distribution Tables on page 37.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

11. Share classes (continued)

Reconciliation of the shares movement in the year:

	01/03/21 Opening shares in issue	Creations	Cancellations	Shares converted	28/02/22 Closing shares in issue
Share Class A - Accumulation	17,177,051	220,800	(926,600)	1,183,763	17,655,014
Share Class G - Accumulation	84,400	-	(34,240)	(50,160)	-
Share Class P - Accumulation	2,714,500	328,500	(60,473)	(2,982,527)	-
Share Class X - Accumulation	38,492,389	12,042,600	(2,555,350)	-	47,979,639

12. Capital commitments and contingent liabilities

On 28th February 2022, the sub-fund had no capital commitments (28/02/21: £nil) and no contingent liabilities (28/02/21: £nil).

13. Securities on loan

There were no securities on loan or collateral held at both current and prior year end.

The gross earnings and fees paid for the year are £nil (28/02/21: £3,388) and £nil (28/02/21: £842).

14. Risk management policies, derivatives and other financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 16. The risks inherent in the sub-fund's investment portfolio are as follows:

(a) Currency risk

A portion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

As at 28th February 2022, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been an increase or decrease of approximately £197,554 (28/02/21: £314,557).

As at 28th February 2022 the sub-fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure 28/02/22 £000	Currency exposure 28/02/21 £000
Danish krone	7,609	7,089
Euro	7,265	9,415
Norwegian krone	1,315	6,768
US dollar	3,566	8,184
Total	19,755	31,456

(b) Interest rate risk profile of financial assets and liabilities

The sub-fund receives revenue from holdings in equities. The cashflow from these investments may fluctuate depending upon the particular decisions made by each company. Given that the sub-fund's objective is to seek capital growth, these cashflows are considered to be of secondary importance and are not actively managed.

The sub-fund's net cash holding of £956,025 (28/02/21: holding £3,105,415) is held in a floating rate deposit account whose interest rates are based on SONIA or its international equivalent.

The interest rate exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The sub-fund did not have any long term financial liabilities.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

14. Risk management policies, derivatives and other financial instruments (continued)*(b) Interest rate risk profile of financial assets and liabilities (continued)**(c) Derivatives and other financial instruments*

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Efficient portfolio management techniques		
Gross revenues arising from efficient portfolio management techniques	-	3
Direct operational costs and fees incurred	-	(1)
Net revenue generated for the sub-fund during the accounting year	-	2

Counterparties to financial derivative instruments and efficient portfolio management techniques as at 28th February 2022

No uncollateralised counterparty exposure in the current or prior year.

Collateral as at 28th February 2022

No collateral received in the current or prior year.

(d) Liquidity risk

All of the sub-fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

(e) Market price risk and fair value of financial assets and liabilities

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price risk, currency risk and interest rate movements. It represents the potential loss the sub-fund may suffer through holding market positions in financial instruments in the face of market movements.

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

Local, regional or global events, for example, war, acts of terrorism, the spread of infectious diseases, government policy or the health of the underlying economy could have a significant impact on the sub-fund and the market price of its investments.

The sub-fund invests principally in equities. The value of equities is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual equity or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of investments spread across all market sectors in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules limiting the size of investment in any particular holding.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 28th February 2022, if the price of investments held by the sub-fund increased or decreased by 5%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 5%; which for this sub-fund would equate to £14,834,777 (28/02/21: £12,174,458).

The outbreak of COVID-19 (Coronavirus) in early 2020 adversely impacted Global economies, creating increased volatility in financial markets. At the beginning of the Coronavirus outbreak the UK experienced significant volatility in market prices, however market liquidity remains relatively strong and so does the ability to trade in size across most asset classes.

(f) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

14. Risk management policies, derivatives and other financial instruments (continued)*(f) Credit risk (continued)*

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/03/21 to 28/02/22	29/02/20 to 28/02/21	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	£000	£000	£000	£000
Collective Investment Schemes	35,005	7,048	21,516	14,830
Equities	130,193	44,639	89,506	25,119
Trades in the year before transaction costs	165,198	51,687	111,022	39,949
Commissions				
Collective Investment Schemes~	5	-	0	(1)
Equities	52	15	(36)	(8)
Total commissions	57	15	(36)	(9)
Taxes and other expenses				
Collective Investment Schemes~	4	-	0	0
Equities~	593	183	0	0
Total taxes and other expenses	597	183	0	0
Total costs	654	198	(36)	(9)
Total net trades in the year after transaction costs	165,852	51,885	110,986	39,940

~The value of transaction costs is below £500 and is therefore rounded down to £0.

Total transaction cost expressed as a percentage of asset class trades

	Purchases		Sales	
	01/03/21 to 28/02/22	29/02/20 to 28/02/21	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	%	%	%	%
Commissions				
Collective Investment Schemes	0.01	-	0.00	0.00
Equities	0.04	0.03	0.04	0.03
Taxes and other expenses				
Collective Investment Schemes	0.01	-	0.00	0.00
Equities	0.46	0.41	0.00	0.00

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

15. Portfolio transaction costs (continued)

Total transaction cost expressed as a percentage of average net asset value

	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	%	%
Commissions	0.03	0.01
Taxes and other expenses	0.21	0.08
Total costs	0.24	0.09

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of equities, futures and options contracts, broker commissions and transfer taxes and other expenses may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts, or the associated broker commissions and transfer taxes, is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to non-equity investment instruments.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.33% (28/02/21: 0.20%).

16. Fair value

Valuation technique	28/02/22		28/02/21	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	292,779	-	242,978	-
Level 2	3,917	-	511	-
Level 3	-	-	-	-
Total fair value	296,696	-	243,489	-

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

Environmental Investor Fund

Distribution Tables

for the year ended 28th February 2022

Distribution in pence per share

Group 1 Final Shares purchased prior to 1st March 2021

Group 2 Final Shares purchased on or between 1st March 2021 and 28th February 2022

Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	5.0358	-	5.0358	2.0248
Group 2	(p)	(p)	(p)	(p)
Final	3.2474	1.7884	5.0358	2.0248

Share Class G - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	-	-	-	1.1396
Group 2	(p)	(p)	(p)	(p)
Final	-	-	-	1.1396

Share Class P - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	-	-	-	1.4317
Group 2	(p)	(p)	(p)	(p)
Final	-	-	-	1.4317

Share Class X - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	12.5625	-	12.5625	9.2820
Group 2	(p)	(p)	(p)	(p)
Final	4.8266	7.7359	12.5625	9.2820

Share Classes G Accumulation and P Accumulation were closed on 21st June 2021.

Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend, is received as non-taxable income.

Final - 0.00% of the dividend is received as an annual payment (non-foreign element) received after the deduction of tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of tax.

Investment Markets Overview

for the year ended 28th February 2022

Investment Objective

To provide capital growth through investment in shares of UK companies with ethical attributes and practises.

The benchmark index for the Fund is the FTSE All-Share Index (the "Index").

The Fund is actively managed by the Investment Adviser who chooses investments with the aim of outperforming the Index by 3% per annum on a rolling 3 year basis before deduction of fees.

Investment Policy

At least 90% of the Fund will invest in shares of UK companies, and it may also include some international companies.

The ACD defines an ethical screen which means that the Fund will not invest, or investment is limited, in certain industries or companies. This approach is taken with companies whose products or services contribute to: social problems; destruction of human life; human rights or labour abuses; environmental damage; animal testing for cosmetic purposes and irresponsible corporate practice.

After screening for ethical criteria the Investment Adviser selects investments based on a company's growth prospects, market valuation and business risks.

In addition the Investment Adviser engages with investee companies to monitor their compliance with international standards and promote ethical practices. The Fund will also take into account companies that demonstrate their involvement in the community and that have transparent and accountable corporate policies.

The Fund retains a level of portfolio diversification and risk management by investing typically in 30 to 60 holdings across different sectors* of the Index and in different market sizes. As a result the Fund's performance may differ substantially from the Index.

The Fund may also invest in collective investment schemes, including those managed by the ACD and its associates, cash and cash like investments.

Derivatives and stock lending may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

Ethical Screen

The Fund will not invest in companies involved in:

- Alcohol – where the annual revenue from production is greater than 1%; where the annual revenue from supply, distribution and retail companies is greater than 10%;
- Animal testing within the Household and Personal products sectors (according to GICS sub-industry definitions**) - unless committed to the European Partnership for Alternative Approaches to Animal Testing or equivalent;
- Fossil Fuels – all thermal coal and tar sands extraction and production; oil and gas extraction, production and refining;
- Gambling and pornography - where annual revenue is greater than 5%;
- Military involvement and weapons – all controversial weapons; production of critical weapons' components, manufacture or sale of firearms where the annual revenue is greater than 5%;
- UN Global Compact Violators - Companies in violation of UN Global Compact Human Rights or Workplace/Labour standards;
- Nuclear Energy – production or supply where the annual revenue is greater than 5%;
- Tobacco – where the annual revenue from production is greater than 1%; where the annual revenue from supply, distribution and retail companies is greater than 5%.

Further information regarding Scottish Widows' commitment and approach to Responsible Investment can be found on the Responsible Investment section of the Scottish Widows website:

http://www.scottishwidows.co.uk/about_us/responsibleinvestment/index.html.

Subject to the requirements of the FCA Rules and/or the OEIC Regulations, the criteria may be updated from time to time to reflect changing market developments that may have an ethical and/or social impact as agreed with the ACD and the Investment Adviser.

*A sector is a business area, industry or economy which shares the same characteristics. Company shares are typically grouped into different sectors depending on the company's business.

**GICS is the Global Industry Classification Standard which categorises global companies into sectors and industries.

The FTSE All-Share Index has been selected as an appropriate benchmark as it provides a representation of the returns of securities in the UK equity market. The Investment Adviser selects shares that meet the Fund's ethical criteria from a diverse range of UK shares including those outside of the FTSE All-Share Index.

Investment Markets Overview

(continued)

for the year ended 28th February 2022

Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 6* because it has experienced high levels of volatility over the past 5 years. *As disclosed in the key investor information document dated 20th January 2022.	Typically lower rewards, lower risks <div style="float: right;">Typically higher rewards, higher risks</div>						
	<div style="display: flex; justify-content: space-between;"> ← → </div>						
	1	2	3	4	5	6	7

Investment Review

Performance	01/03/21 to 28/02/22 %	29/02/20 to 28/02/21 %	01/03/19 to 28/02/20 %	01/03/18 to 28/02/19 %	01/03/17 to 28/02/18 %
Ethical Fund A Accumulation	4.79	3.68	5.50	1.91	9.85
FTSE All-Share Index + 3%†	19.53	6.59	1.52	4.76	7.53

Source: Lipper for Ethical Fund. Basis: Net revenue reinvested and net of expenses.

Source: Financial Express for FTSE All-Share Index + 3% (GBP). Basis: Total return net of tax.

†Please note that the ACD increased the outperformance target for the Ethical Fund during September 2019. The returns shown in the performance table above reflect past performance of the Fund and that of the Fund's current benchmark index and outperformance target.

The Index plus outperformance target and the Fund performance figures are shown on an annual basis. In practice the Investment Adviser's outperformance target applies over rolling 3 year periods, as explained in the 'Investment Objective'. In addition the Index plus outperformance target is calculated without deduction of charges whereas the performance of the Fund is calculated after deduction of charges.

Please note that the Fund and benchmark values are struck at different points in the day, with the benchmark struck at the close of business. This timing difference may have the effect of showing the Fund performing significantly above or below the benchmark.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The Fund underperformed its benchmark in the 12 months to 28th February 2022.

Stock selection in more cyclical areas was a key detractor together with zero-weight exposure to oil, gas and coal companies as these benefitted from rising prices in the period. Life sciences investment trust Syncona was the largest detractor after its shares underperformed in the second half of 2021, with the US biotech sector, where some of its investments are quoted, seeing a significant de-rating. Online food retailer Ocado also detracted as ongoing patent disputes with a competitor hit the shares over the last 12 months. Chemical group Croda (now sold) was amongst the strongest performers during the period.

We initiated a new position in Convatec, one of the leading providers of ostomy and wound care products to the US and Europe, in the period under review. We also added Spire Healthcare Group and professional services firm RPS Group. Spire Healthcare is a leading independent hospital group, which in addition to providing private healthcare facilities, has a partnership with the NHS to provide care to patients impacted by long waiting times due to the pandemic. The key themes influencing equity markets over the coming year are likely to be the continuing fallout from Russia's invasion of Ukraine, the economic impact as countries continue to recover from the disruption caused by Covid-19 and how Central Banks respond to rising inflation.

UK equities achieved a positive performance in the period. Lowly-valued, economically sensitive areas performed well in the first few months of 2021 as the global economic outlook improved. However, equities struggled in June amid a rise in Covid-19 infections and falling inflation expectations. UK share prices continued to advance over the summer but fell back in November following the discovery of Omicron, a new variant of Covid-19. However, encouraging news around Omicron during December saw a number of economically sensitive areas of the market largely recoup the sharp losses they had sustained in the initial sell-off in late November. Shares prices were broadly unchanged in January and February despite Russia's invasion of neighbouring Ukraine.

Portfolio Statement

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
BASIC MATERIALS (0.00%, 28/02/21 6.62%)			
CONSUMER DISCRETIONARY (20.06%, 28/02/21 23.17%)			
Consumer Services			
Compass	202,685	3,395	2.59
		3,395	2.59
Household Goods & Home Construction			
Redrow	391,703	2,155	1.65
		2,155	1.65
Media			
Pearson	432,365	2,860	2.18
RELX	184,315	4,118	3.15
		6,978	5.33
Personal Goods			
Burberry	130,082	2,493	1.91
		2,493	1.91
Retailers			
Pets at Home	901,436	3,245	2.48
		3,245	2.48
Travel & Leisure			
Firstgroup	2,305,787	2,280	1.74
National Express	768,374	1,829	1.40
Trainline	253,695	502	0.38
Whitbread	117,352	3,373	2.58
		7,984	6.10
TOTAL CONSUMER DISCRETIONARY		26,250	20.06
CONSUMER STAPLES (10.85%, 28/02/21 9.65%)			
Beverages			
Britvic	283,189	2,381	1.82
		2,381	1.82
Personal Care, Drug & Grocery Stores			
J Sainsbury	1,143,684	3,104	2.37
Unilever	135,786	5,069	3.88
		8,173	6.25
Personal Products			
Ocado	122,718	1,629	1.24
PZ Cussons	999,162	2,013	1.54
		3,642	2.78
TOTAL CONSUMER STAPLES		14,196	10.85

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
ENERGY (1.41%, 28/02/21 1.95%)			
Alternative Energy			
Invinity Energy Systems Warrants 15/09/2022	253,126	-	-
Invinity Energy Systems Warrants 16/12/2024	253,126	-	-
Vestas Wind Systems	86,400	1,845	1.41
		1,845	1.41
TOTAL ENERGY		1,845	1.41
FINANCIALS (20.40%, 28/02/21 20.23%)			
Banks			
Lloyds Banking†	9,261,932	4,410	3.37
Standard Chartered	959,484	5,139	3.93
		9,549	7.30
Closed End Investments			
Renewables Infrastructure	968,270	1,239	0.95
Syncona Limited	1,319,848	2,336	1.78
		3,575	2.73
Investment Banking & Brokerage			
Intermediate Capital	111,737	1,885	1.44
IP	1,065,266	951	0.73
		2,836	2.17
Life Insurance			
Legal & General	1,582,968	4,339	3.31
Prudential	262,742	3,019	2.31
		7,358	5.62
Non-Equity Investment Instruments			
Schroder Sterling Liquidity Fund X Inc◇	3,370,559	3,371	2.58
		3,371	2.58
TOTAL FINANCIALS		26,689	20.40
HEALTH CARE (16.52%, 28/02/21 12.54%)			
Health Care Providers			
Spire Healthcare	443,233	957	0.73
		957	0.73
Medical Equipment & Services			
ConvaTec	1,054,770	1,803	1.38
Smith & Nephew	204,870	2,642	2.02
		4,445	3.40
Pharmaceuticals & Biotechnology			
AstraZeneca	95,820	8,564	6.55
GlaxoSmithKline	492,502	7,646	5.84
		16,210	12.39
TOTAL HEALTH CARE		21,612	16.52

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
INDUSTRIALS (10.41%, 28/02/21 12.51%)			
Construction & Materials			
Balfour Beatty	832,574	1,950	1.49
		1,950	1.49
Electronic & Electrical Equipment			
Invinity Energy Systems	1,360,937	1,252	0.96
Spectris	50,022	1,504	1.15
		2,756	2.11
General Industrials			
Smiths	188,085	2,828	2.16
		2,828	2.16
Industrial Support Services			
Capita	3,922,077	1,088	0.83
Euromoney Institutional Investor	120,333	1,070	0.82
Ferguson	29,885	3,396	2.60
RPS	543,526	528	0.40
		6,082	4.65
TOTAL INDUSTRIALS		13,616	10.41
REAL ESTATE (5.11%, 28/02/21 4.74%)			
Real Estate Investment & Services			
Grainger	734,246	2,094	1.60
		2,094	1.60
Real Estate Investment Trusts			
Assura	3,148,696	1,925	1.47
Workspace	349,251	2,672	2.04
		4,597	3.51
TOTAL REAL ESTATE		6,691	5.11
TELECOMMUNICATIONS (3.15%, 28/02/21 1.25%)			
Telecommunications Service Providers			
BT	2,175,760	4,114	3.15
		4,114	3.15
TOTAL TELECOMMUNICATIONS		4,114	3.15
UTILITIES (10.72%, 28/02/21 5.82%)			
Electricity			
SSE	254,636	4,256	3.25
		4,256	3.25

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
Gas, Water & Multiutilities			
National Grid	527,028	5,797	4.43
Pennon	129,178	1,326	1.02
Severn Trent	94,077	2,643	2.02
		9,766	7.47
TOTAL UTILITIES		14,022	10.72
Portfolio of investments		129,035	98.63
Net other assets		1,796	1.37
Total net assets		130,831	100.00

All investments held are listed, unless otherwise stated.

◊Asset managed by the Investment Adviser.

†This investment is a related party (see note 10).

Ethical Fund

Material Portfolio Changes

for the year ended 28th February 2022

	Cost £000		Proceeds £000
Major purchases		Major sales	
Schroder Sterling Liquidity Fund X Inc ◊	9,197	Croda International	6,756
Unilever	6,077	Schroder Sterling Liquidity Fund X Inc◊	6,028
SSE	4,048	Tesco	3,990
J Sainsbury	3,352	John Laing	3,892
ConvaTec	2,519	Johnson Matthey	2,821
Grainger	2,302	Next	2,690
Lloyds Banking†	1,717	IWG	2,637
BT	1,694	Danone	1,781
Standard Chartered	1,324	Civitas Social Housing*	1,355
National Grid	1,169	Legal & General	1,188

†This investment is a related party (see note 10).

◊Asset managed by the Investment Adviser.

*Real Estate Investment Trust (REIT).

Ethical Fund

Comparative Table

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class A - Accumulation			
Change in net assets per share			
Opening net asset value per share	165.37	163.14	154.67
Return before operating charges*	10.48	4.76	11.23
Operating charges	(2.04)	(2.53)	(2.76)
Return after operating charges*	8.44	2.23	8.47
Distributions	(2.61)	(1.52)	(1.65)
Retained distributions on accumulation shares	2.61	1.52	1.65
Closing net asset value per share	173.81	165.37	163.14
*after direct transaction cost of:~	0.17	0.09	0.93
Performance			
Return after charges^	5.10%	1.37%	5.48%
Other information			
Closing net asset value (£000)	4,834	1,428	1,444
Closing number of shares	2,781,272	863,607	885,107
Operating charges#†	1.13%	1.65%	1.62%
Direct transaction costs~	0.10%	0.06%	0.54%
Prices**			
Highest share price	188.60	174.00	185.70
Lowest share price	166.40	123.40	153.70

#Operating charges are representative of the ongoing charges figure.

†During the period, the ACD's periodic charge changed from 1.50% to 1.00% and the registration fee was also changed from 0.10% to 0.05%. As such, 1.07% is a more representative figure for the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges can be different to the performance return stated in the Investment Market Review on page 39 which is sourced from Lipper and based on daily published prices.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class B - Accumulation			
Change in net assets per share			
Opening net asset value per share	173.38	170.61	161.36
Return before operating charges*	16.82	5.02	11.69
Operating charges	(1.00)	(2.25)	(2.44)
Return after operating charges*	15.82	2.77	9.25
Distributions	-	(1.99)	(2.16)
Retained distributions on accumulation shares	-	1.99	2.16
Return to shareholder as a result of class closure	(189.20)	-	-
Closing net asset value per share	-	173.38	170.61
*after direct transaction cost of:~	0.07	0.09	0.97
Performance			
Return after charges	-	1.62%	5.73%
Other information			
Closing net asset value (£000)	-	2,175	2,319
Closing number of shares	-	1,254,419	1,358,919
Operating charges#	-	1.40%	1.37%
Direct transaction costs~	0.10%	0.06%	0.54%
Prices**			
Highest share price	194.00	182.40	194.20
Lowest share price	174.40	129.10	160.30

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class B Accumulation was closed on 21st June 2021.

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class G - Accumulation			
Change in net assets per share			
Opening net asset value per share	170.94	168.64	159.88
Return before operating charges*	16.62	4.90	11.63
Operating charges	(1.16)	(2.60)	(2.87)
Return after operating charges*	15.46	2.30	8.76
Distributions	-	(1.57)	(1.70)
Retained distributions on accumulation shares	-	1.57	1.70
Return to shareholder as a result of class closure	(186.40)	-	-
Closing net asset value per share	-	170.94	168.64
*after direct transaction cost of:~	0.07	0.09	0.96
Performance			
Return after charges	-	1.36%	5.48%
Other information			
Closing net asset value (£000)	-	104	115
Closing number of shares	-	60,500	68,400
Operating charges#	-	1.65%	1.62%
Direct transaction costs~	0.10%	0.06%	0.54%
Prices**			
Highest share price	191.20	179.90	192.00
Lowest share price	172.00	127.60	158.80

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation was closed on 21st June 2021.

Comparative Table**(continued)**

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class P - Accumulation			
Change in net assets per share			
Opening net asset value per share	121.99	119.74	112.96
Return before operating charges*	11.88	3.55	8.18
Operating charges	(0.57)	(1.30)	(1.40)
Return after operating charges*	11.31	2.25	6.78
Distributions	-	(1.68)	(1.83)
Retained distributions on accumulation shares	-	1.68	1.83
Return to shareholder as a result of class closure	(133.30)	-	-
Closing net asset value per share	-	121.99	119.74
*after direct transaction cost of:~	0.05	0.07	0.68
Performance			
Return after charges	-	1.88%	6.00%
Other information			
Closing net asset value (£000)	-	1,085	1,032
Closing number of shares	-	889,600	861,700
Operating charges#	-	1.15%	1.12%
Direct transaction costs~	0.10%	0.06%	0.54%
Prices**			
Highest share price	136.60	128.20	136.20
Lowest share price	122.70	90.63	112.30

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class P Accumulation was closed on 21st June 2021.

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class X - Accumulation			
Change in net assets per share			
Opening net asset value per share	217.63	211.50	197.55
Return before operating charges*	13.94	6.42	14.22
Operating charges	(0.18)	(0.29)	(0.27)
Return after operating charges*	13.76	6.13	13.95
Distributions	(6.04)	(4.99)	(5.40)
Retained distributions on accumulation shares	6.04	4.99	5.40
Closing net asset value per share	231.39	217.63	211.50
*after direct transaction cost of:~	0.23	0.12	1.19
Performance			
Return after charges	6.32%	2.90%	7.06%
Other information			
Closing net asset value (£000)	125,997	115,477	109,818
Closing number of shares	54,452,650	53,061,950	51,922,850
Operating charges#	0.07%	0.15%	0.12%
Direct transaction costs~	0.10%	0.06%	0.54%
Prices**			
Highest share price	249.90	228.40	240.10
Lowest share price	218.90	160.20	196.50

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

Statement of Total Return

for the year ended 28th February 2022

		01/03/21 to 28/02/22	29/02/20 to 28/02/21
	Notes	£000	£000
Income			
Net capital gains	2	4,118	606
Revenue	3	3,517	2,861
Expenses	4	(172)	(190)
Interest payable and similar charges		-	-
Net revenue before taxation		3,345	2,671
Taxation	5	(15)	(7)
Net revenue after taxation		3,330	2,664
Total return before distributions		7,448	3,270
Distributions	6	(3,333)	(2,664)
Change in net assets attributable to shareholders from investment activities		4,115	606

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28th February 2022

	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	£000	£000
Opening net assets attributable to shareholders	120,269	114,728
Amounts receivable on creation of shares	9,648	8,045
Less: Amounts payable on cancellation of shares	(6,617)	(5,858)
	3,031	2,187
Dilution adjustment	55	46
Change in net assets attributable to shareholders from investment activities	4,115	606
Retained distributions on accumulation shares	3,361	2,702
Closing net assets attributable to shareholders	130,831	120,269

Notes to the Financial Statements are on pages 52 to 58.

Ethical Fund

Balance Sheet

as at 28th February 2022

	Notes	28/02/22 £000	28/02/21 £000
Assets			
Fixed assets			
Investments		129,035	118,440
Current assets			
Debtors	8	649	516
Cash and bank balances		1,208	1,423
Total assets		130,892	120,379
Liabilities			
Creditors			
Other creditors	9	(61)	(110)
Total liabilities		(61)	(110)
Net assets attributable to shareholders		130,831	120,269

Notes to the Financial Statements are on pages 52 to 58.

Notes to the Financial Statements

for the year ended 28th February 2022

1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 13 to 15.

2. Net capital gains

The net capital gains during the year comprise:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Non-derivative securities	4,106	630
Currency (losses)/gains	(4)	4
Transaction charges	16	(28)
Net capital gains	4,118	606

3. Revenue

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
UK dividends	2,985	2,393
Stock dividends	173	105
Overseas dividends	191	233
Property income distributions	167	121
Distributions from Regulated Collective Investment Schemes:		
Offshore distributions	1	4
Stock lending revenue	-	2
Underwriting commissions	-	3
Total revenue	3,517	2,861

4. Expenses

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	56	58
Registration fees	87	109
	143	167
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	14	12
Safe custody fees	2	1
	16	13
Other expenses:		
Audit fee	12	10
Professional fees	1	-
	13	10
Total expenses	172	190

Expenses include irrecoverable VAT.

The Deloitte LLP (previously PricewaterhouseCoopers LLP) audit fee for the year, inclusive of VAT is £12,000 (31/08/21: £10,740).

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

5. Taxation**(a) Analysis of charge in year:**

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Irrecoverable overseas tax	15	7
Total taxation (note 5b)	15	7

(b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2021: 20%). The differences are explained below:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Net revenue before taxation	3,345	2,671
Corporation tax of 20% (2021: 20%)	669	534
Effects of:		
Non-taxable UK dividends*	(597)	(479)
Non-taxable scrip dividends*	(35)	(21)
Overseas non-taxable revenue*	(38)	(46)
Irrecoverable overseas tax	15	7
Movement in excess management expenses	1	12
Total tax charge for year (note 5a)	15	7

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £863,763 (28/02/2021: £862,489) relating to surplus management expenses. No deferred tax asset has been recognised in either year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

6. Distributions

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Final	3,361	2,702
Add: Revenue deducted on cancellation of shares	99	86
Deduct: Revenue received on creation of shares	(127)	(124)
Net distribution for the year	3,333	2,664

Details of the distribution per share are set out in the Distribution Tables on pages 59 to 60.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

7. Movement between net revenue and net distributions

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Net revenue after taxation	3,330	2,664
Movement in net income as a result of conversions	3	-
Net distribution for the year	3,333	2,664

8. Debtors

	28/02/22 £000	28/02/21 £000
Amounts receivable for issue of shares	127	172
Accrued revenue	502	321
Overseas tax recoverable	20	23
Total debtors	649	516

9. Other creditors

	28/02/22 £000	28/02/21 £000
Amounts payable for cancellation of shares	37	67
Accrued expenses	24	43
Total other creditors	61	110

10. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the sub-fund. Lloyds Banking Group plc, as the parent company of the ACD is the ultimate controlling party of the sub-fund. As such any member company of Lloyds Banking Group plc is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees are disclosed in note 4, with £8,865 (28/02/21: £13,210) due at the year end.

The sub-fund entered into related party transactions of Lloyds Banking Group plc investments during the year. This included purchases of 3,664,177 shares (28/02/21: nil shares) with a cost of £1,717,383 (28/02/21: £nil) and sales of nil shares (28/02/21: 3,171,438 shares) with sales proceeds of £nil (28/02/21: £928,745).

The sub-fund has a related party holding of shares 9,261,932 (28/02/21: 5,597,755 shares) and value of £4,410,069 (28/02/21: £2,183,124) held at the year end within the Lloyds Banking Group plc.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group plc investments. The total revenue received amounts to £69,412 (28/02/21: £nil).

Shares held by associates of the ACD

On 28th February, shares held as a percentage of the sub-fund's value were:

	28/02/22 %	28/02/21 %
ACD and associates of the ACD	83.27	81.26

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

11. Share classes

On 28th February the share classes in issue and the associated ACD's periodic charge on each share class, is as follows:

	28/02/22	28/02/21
	%	%
Share Class A - Accumulation:	1.00	1.50
Share Class B - Accumulation:	N/A	1.25
Share Class G - Accumulation:	N/A	1.50
Share Class P - Accumulation:	N/A	1.00
Share Class X - Accumulation:	-	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables (unaudited) on pages 45 to 49.

The distributions per share class are given in the Distribution Tables on pages 59 to 60.

Reconciliation of the shares movement in the year:

	01/03/21			28/02/22
	Opening shares			Closing shares
	in issue	Creations	Cancellations	in issue
Share Class A - Accumulation	863,607	43,600	(141,000)	2,015,065
Share Class B - Accumulation	1,254,419	-	(39,261)	2,781,272
Share Class G - Accumulation	60,500	1,000	(16,984)	-
Share Class P - Accumulation	889,600	66,400	(17,219)	-
Share Class X - Accumulation	53,061,950	4,065,700	(2,675,000)	54,452,650

12. Capital commitments and contingent liabilities

On 28th February 2022, the sub-fund had no capital commitments (28/02/21: £nil) and no contingent liabilities (28/02/21: £nil).

13. Securities on loan

There were no securities on loan or collateral held at both current and prior year end.

The gross earnings and fees paid for the year are £nil (28/02/21: £1,517) and £nil (28/02/21: £378).

14. Risk management policies, derivatives and other financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 38. The risks inherent in the sub-fund's investment portfolio are as follows:

(a) Currency risk

A portion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

As at 28th February 2022, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been an increase or decrease of approximately £19,303 (28/02/21: £40,938).

As at 28th February 2022 the sub-fund had the following net currency exposure (excluding Sterling):

	Currency exposure	Currency exposure
	28/02/22	28/02/21
Currency	£000	£000
Danish krone	1,857	2,371
Euro	73	1,723
Total	1,930	4,094

(b) Interest rate risk profile of financial assets and liabilities

The sub-fund receives revenue from holdings in equities. The cashflow from these investments may fluctuate depending upon the particular decisions made by each company. Given that the sub-fund's objective is to seek capital growth, these cashflows are considered to be of secondary importance and are not actively managed.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

14. Risk management policies, derivatives and other financial instruments (continued)*(b) Interest rate risk profile of financial assets and liabilities (continued)*

The sub-fund's net cash holding of £1,207,670 (28/02/21: holding £1,422,691) is held in a floating rate deposit account whose interest rates are based on SONIA or its international equivalent.

The interest rate exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The sub-fund did not have any long term financial liabilities.

(c) Derivatives and other financial instrument

Efficient portfolio management techniques	01/03/21 to 28/02/22 £000	01/03/20 to 28/02/21 £000
Gross revenues arising from efficient portfolio management techniques~	-	2
Direct operational costs and fees incurred~	-	0
Indirect operational costs and fees incurred~	-	0
Net revenue generated for the sub-fund during the accounting year	-	2

~The value of operational costs is below £500 and is therefore rounded down to £0.

Counterparties to financial derivative instruments and efficient portfolio management techniques as at 28th February 2022

No uncollateralised counterparty exposure in the current or prior year.

Collateral as at 28th February 2022

No collateral received in the current or prior year.

(d) Liquidity risk

All of the sub-fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

(e) Market price risk and fair value of financial assets and liabilities

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price risk, currency risk and interest rate movements. It represents the potential loss the sub-fund may suffer through holding market positions in financial instruments in the face of market movements.

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

Local, regional or global events, for example, war, acts of terrorism, the spread of infectious diseases, government policy or the health of the underlying economy could have a significant impact on the sub-fund and the market price of its investments.

The sub-fund invests principally in equities. The value of equities is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual equity or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of investments spread across all market sectors in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules limiting the size of investment in any particular holding.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

14. Risk management policies, derivatives and other financial instruments (continued)*(e) Market price risk and fair value of financial assets and liabilities (continued)*

As at 28th February 2022, if the price of investments held by the sub-fund increased or decreased by 5%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 5%; which for this sub-fund would equate to £6,451,761 (28/02/21: £5,921,988).

The outbreak of Covid-19 (Coronavirus) in early 2020 adversely impacted Global economies, creating increased volatility in financial markets. At the beginning of the Coronavirus outbreak the UK experienced significant volatility in market prices, however market liquidity remains relatively strong and so does the ability to trade in size across most asset classes.

(f) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk.

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/03/21 to 28/02/22	29/02/20 to 28/02/21	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	£000	£000	£000	£000
Collective Investment Schemes	9,468	5,797	6,028	7,394
Equities	32,112	24,312	28,470	17,062
Trades in the year before transaction costs	41,580	30,109	34,498	24,456
Commissions				
Collective Investment Schemes~	0	1	-	-
Equities	9	8	(11)	(4)
Total commissions	9	9	(11)	(4)
Taxes and other expenses				
Collective Investment Schemes~	0	0	-	-
Equities~	154	89	0	0
Total taxes and other expenses	154	89	0	0
Total costs	163	98	(11)	(4)
Total net trades in the year after transaction costs	41,743	30,207	34,487	24,452

~The value of transaction costs is below £500 and is therefore rounded down to £0.

Total transaction cost expressed as a percentage of asset class trades

	Purchases		Sales	
	01/03/21 to 28/02/22	29/02/20 to 28/02/21	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	%	%	%	%
Commissions				
Collective Investment Schemes	0.00	0.01	-	-
Equities	0.03	0.03	0.04	0.02
Taxes and other expenses				
Collective Investment Schemes	0.00	0.00	-	-
Equities	0.48	0.37	0.00	0.00

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

15. Portfolio transaction costs (continued)**Total transaction cost expressed as a percentage of average net asset value**

	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	%	%
Commissions	0.01	0.01
Taxes and other expenses	0.12	0.08
Total costs	0.13	0.09

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of equities, futures and options contracts, broker commissions and transfer taxes and other expenses may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts, or the associated broker commissions and transfer taxes, is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to non-equity investment instruments.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.14% (28/02/21: 0.11%).

16. Fair value

Valuation technique	28/02/22		28/02/21	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	125,664	-	118,239	-
Level 2	3,371	-	201	-
Level 3	-	-	-	-
Total fair value	129,035	-	118,440	-

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

Ethical Fund

Distribution Tables

for the year ended 28th February 2022

Distribution in pence per share

Group 1 Final Shares purchased prior to 1st March 2021

Group 2 Final Shares purchased on or between 1st March 2021 and 28th February 2022

Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	2.6087	-	2.6087	1.5198
Group 2	(p)	(p)	(p)	(p)
Final	1.6675	0.9412	2.6087	1.5198

Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	-	-	-	1.9930
Group 2	(p)	(p)	(p)	(p)
Final	-	-	-	1.9930

Share Class G - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	-	-	-	1.5732
Group 2	(p)	(p)	(p)	(p)
Final	-	-	-	1.5732

Share Class P - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	-	-	-	1.6828
Group 2	(p)	(p)	(p)	(p)
Final	-	-	-	1.6828

Share Class X - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	6.0388	-	6.0388	4.9904
Group 2	(p)	(p)	(p)	(p)
Final	3.3005	2.7383	6.0388	4.9904

Share Classes B Accumulation, G Accumulation and P Accumulation were closed on 21st June 2021.

Distribution Tables

(continued)

for the year ended 28th February 2022

Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend, is received as non-taxable income.

Final - 0.00% of the dividend is received as an annual payment (non-foreign element) received after the deduction of tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of tax.

Regular Income Fund

Investment Markets Overview

for the year ended 28th February 2022

Investment Objective

To provide a regular quarterly income whilst providing potential for capital growth through investment in the UK.

The benchmark for the Fund is a blend of the FTSE All Share Index and the iBOXX Sterling Corporate and Collateralised Index (the "Benchmark"). 75% consists of the FTSE All Share Index and 25% consists of the iBOXX Sterling Corporate and Collateralised Index.

The Fund is actively managed by the Investment Adviser who chooses investments which, collectively, aim to provide an income return in excess of 110% of the Benchmark income yield*, each year before deduction of fees.

The Investment Adviser also chooses investments with the aim of providing capital growth by seeking to outperform the Benchmark on a rolling 3 year basis, before deduction of fees.

*The Benchmark income yield is based on 75% of the FTSE All Share Index dividend yield and 25% of the yield of the iBOXX Sterling Corporate and Collateralised Index. Index Yields are calculated by totalling the annual income paid and dividing it by the respective total value of each index.

Investment Policy

At least 80% of the Fund will invest in a diversified portfolio of UK shares and fixed interest securities. It may also invest in shares and fixed interest securities in Europe.

The portion in shares may include high yielding equities as well as convertible stocks, preference shares* and warrants.

The fixed interest portion will consist of investment grade bonds** and may also include government bonds, high yield bonds, supranational bonds*** and asset backed securities such as securitised loans.

In addition the Fund may invest in collective investment schemes, cash and cash like investments.

Derivatives and stock lending may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

The ACD is responsible for determining the percentage range normally used for investments held in each asset class (shares and fixed interest securities) based on its medium to long term outlook of that asset class.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser also determines the individual assets and can vary the types of assets held within each asset class within the ranges set, based on their views.

The ACD limits the extent to which the Fund's composition can differ relative to the market for shares and fixed interest securities (as represented by the Benchmark). These limits help to deliver a level of portfolio diversification and risk management. The limits also help to achieve an appropriate balance between the extent to which the Fund's composition can diverge from the Benchmark and providing the Investment Adviser with flexibility to seek outperformance relative to the Benchmark. As a result, the Fund's performance may differ from the Benchmark.

*A preference share usually issues a fixed dividend payment which takes priority over payments of ordinary shares.

**Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

***A supranational bond is a type of fixed interest security which is issued by two or more governmental organisations.

The FTSE All-Share Index has been selected as an appropriate benchmark as it provides a representation of the returns of shares in the UK equity market.

The iBOXX Sterling Corporate and Collateralised Index has been selected as an appropriate benchmark as it provides a representation of the returns of securities in the sterling investment grade corporate bond market.

Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

for the year ended 28th February 2022

Synthetic Risk and Reward Indicator (continued)

The Fund is ranked at 5* because it has experienced medium to high levels of volatility over the past 5 years. *As disclosed in the key investor information document dated 20th January 2022.	<div> <div>Typically lower rewards, lower risks</div> <div>Typically higher rewards, higher risks</div> </div>						
	←						
	1	2	3	4	5	6	7

Investment Review

Performance	01/03/21 to 28/02/22 %	29/02/20 to 28/02/21 %	01/03/19 to 28/02/20 %	01/03/18 to 28/02/19 %	01/03/17 to 28/02/18 %
Regular Income Fund A Accumulation	7.85	2.73	(2.11)	0.62	3.15
75% FTSE All-Share Index and 25% iBOXX Sterling Corporate and Collateralised Index†	10.15	2.91	1.90	1.73	3.52

Source: Lipper for Regular Income Fund. Basis: Net revenue reinvested and net of expenses.

Source: Financial Express for FTSE All-Share Index (GBP) and iBOXX Sterling Corporate and Collateralised Index (GBP). Basis: Total return net of tax.

†Please note that the ACD changed the outperformance target for the Regular Income Fund during February 2020. The returns shown in the performance table above reflect past performance of the Fund and that of the Fund's current benchmark index and outperformance target.

The Index plus outperformance target and the Fund performance figures are shown on an annual basis. In practice the Investment Adviser's outperformance target applies over rolling 3 year periods, as explained in the 'Investment Objective'. In addition the Index plus outperformance target is calculated without deduction of charges whereas the performance of the Fund is calculated after deduction of charges.

Please note that the Fund and benchmark values are struck at different points in the day, with the benchmark struck at the close of business. This timing difference may have the effect of showing the Fund performing significantly above or below the benchmark.

The index is the intellectual property of the index provider. The index provider does not make any warranties or representations on the accuracy, fitness for purpose or results to be obtained by using the index, and disclaim all liabilities in this regard. Index provided by IHS Markit subject to disclaimer currently available here (and as updated by IHS Markit from time to time): <https://ihsmarkit.com/Legal/disclaimers.html>

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The portfolio achieved a positive performance but underperformed its benchmark in the 12 months to 28th February 2022.

Equity returns were the primary driver of positive performance over the period, supported by the allocation to UK stocks. UK small and mid-cap stocks benefitted from the re-opening of the domestic and global economy and remained a centre for merger and acquisition activity. Fixed income holdings detracted, with corporate bonds underperforming as markets began to price in a faster pace of interest rate rises in the US.

The economic environment remains distinctly stagflationary. Given further supply disruptions caused by Russia's invasion of Ukraine, we expect the trade off between growth and inflation to continue to deteriorate. This poses a challenge to central bank policy. We downgraded our view on equities to negative given the geopolitical risks, peaking growth momentum and rising interest rates. On the bonds side, we continue to hold our negative stance on government bonds as valuations look expensive relative to our models.

UK equities achieved a positive performance in the period. Lowly-valued, economically sensitive areas performed well in the first few months of 2021 as the global economic outlook improved. However, equities struggled in June amid a rise in Covid-19 infections and falling inflation expectations. UK share prices continued to advance over the summer but fell back in November following the discovery of Omicron, a new variant of Covid-19. However, encouraging news around Omicron during December saw a number of economically sensitive areas of the market largely recoup the sharp losses sustained in the initial sell-off. Shares prices were broadly unchanged in January and February despite Russia's invasion of neighbouring Ukraine.

In the bond markets, the US 10-year yield increased from 1.41% to 1.82%, the UK 10-year yield from 0.82% to 1.41% and Germany's from -0.26% to 0.16%. But with the shift in expectations around monetary policy there was a much larger sell-off in shorter-date government bonds. The US two-year yield increased from 0.13% to 1.44% and the UK two-year yield from 0.13% to 1.05%. Global corporate bonds produced negative total returns (local currency), and underperformed government bonds.

Schroder Investment Management Limited
March 2022

Regular Income Fund

Portfolio Statement

as at 28th February 2022

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
BASIC MATERIALS (6.94%, 28/02/21 10.73%)			
Chemicals			
Johnson Matthey	11,953	208	0.10
RHI Magnesita	3,193	74	0.03
Victrix	10,430	197	0.09
		479	0.22
Industrial Metals & Mining			
Anglo American	97,075	3,641	1.64
Antofagasta	19,270	277	0.13
Ferrexpo	197,077	296	0.13
Glencore	864,066	3,788	1.71
Rio Tinto	103,260	5,854	2.64
		13,856	6.25
Precious Metals & Mining			
Centamin	748,411	712	0.32
Polymetal International	52,954	325	0.15
		1,037	0.47
TOTAL BASIC MATERIALS		15,372	6.94
CONSUMER DISCRETIONARY (9.63%, 28/02/21 10.61%#)			
Consumer Services			
Compass	58,514	980	0.44
		980	0.44
Household Goods & Home Construction			
Barratt Developments	141,199	799	0.36
Bellway	7,998	220	0.10
Berkeley	7,259	272	0.12
Crest Nicholson	7,585	22	0.01
Persimmon	69,973	1,605	0.72
Redrow	35,309	194	0.09
Taylor Wimpey	281,645	398	0.18
Vistry	10,707	102	0.05
		3,612	1.63
Leisure Goods			
Games Workshop	10,260	736	0.33
		736	0.33
Media			
Informa	32,439	193	0.09
ITV	570,397	629	0.28
RELX	210,126	4,694	2.12
WPP	159,474	1,688	0.76
		7,204	3.25
Personal Goods			
Burberry	30,181	579	0.26
Watches of Switzerland	58,648	707	0.32
		1,286	0.58

Regular Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
Retailers			
B&M European Value Retail	301,050	1,743	0.79
Currys	154,248	143	0.06
Dunelm	49,475	579	0.26
Frasers	2,195	14	0.01
Halfords	3,260	9	0.00
Howden Joinery	93,506	746	0.34
JD Sports Fashion	287,506	425	0.19
Kingfisher	277,123	820	0.37
Marks & Spencer	299,184	515	0.23
Next	15,764	1,065	0.48
Pets at Home	3,833	14	0.01
Vivo Energy	101,255	136	0.06
WH Smith	2,277	36	0.02
		6,245	2.82
Travel & Leisure			
888	58,340	135	0.06
Domino's Pizza	95,343	344	0.16
Entain	24,989	405	0.18
Firstgroup	149,131	148	0.07
InterContinental Hotels	2,877	148	0.07
Marston's	34,446	26	0.01
TUI	29,184	70	0.03
		1,276	0.58
TOTAL CONSUMER DISCRETIONARY		21,339	9.63
CONSUMER STAPLES (11.47%, 28/02/21 10.09%)			
Beverages			
Britvic	35,447	298	0.13
Coca-Cola HBC	44,639	924	0.42
Diageo	151,731	5,563	2.51
		6,785	3.06
Food Producers			
Cranswick	464	16	0.01
Tate & Lyle	128,167	963	0.43
		979	0.44
Personal Care, Drug & Grocery Stores			
Greggs	19,904	508	0.23
J Sainsbury	1,027,603	2,789	1.26
Reckitt Benckiser	29,944	1,886	0.85
Unilever	151,279	5,647	2.55
		10,830	4.89

Regular Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
Tobacco			
British American Tobacco	123,765	4,074	1.84
Imperial Brands	166,334	2,758	1.24
		6,832	3.08
TOTAL CONSUMER STAPLES		25,426	11.47
ENERGY (7.61%, 28/02/21 5.48%)			
Oil, Gas & Coal			
BP	1,504,126	5,297	2.39
Cairn Energy	10,581	23	0.01
Shell	563,680	11,352	5.13
Tullow Oil	353,683	183	0.08
		16,855	7.61
TOTAL ENERGY		16,855	7.61
FINANCIALS (13.25%, 28/02/21 16.26%#)			
Banks			
Barclays	885,756	1,608	0.73
Close Brothers	18,994	219	0.10
HSBC	963,909	4,987	2.25
Investec	111,545	453	0.20
Lloyds Banking†	4,788,137	2,280	1.03
NatWest	87,005	198	0.09
		9,745	4.40
Closed End Investments			
Edinburgh Investment Trust	25,483	157	0.07
Edinburgh Worldwide Investment Trust	81,595	176	0.08
HICL Infrastructure	6,619	11	0.00
		344	0.15
Finance & Credit Services			
Paragon Banking	1,617	8	0.00
		8	0.00
Investment Banking & Brokerage			
3i	49,678	636	0.29
abrdn	388,097	787	0.35
AJ Bell	83,630	256	0.11
Ashmore	102,506	256	0.11
Hargreaves Lansdown	55,678	614	0.28
IG	102,181	782	0.35
Intermediate Capital	16,746	282	0.13
Jupiter Fund Management	86,714	174	0.08
M&G	521,829	1,082	0.49
Man	339,032	635	0.29
Plus500	72,528	1,016	0.46

Regular Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
Quilter	49,410	65	0.03
St. James's Place	27,443	380	0.17
		6,965	3.14
Life Insurance			
Aviva	239,472	1,014	0.46
Legal & General	135,754	372	0.17
Phoenix	30,393	182	0.08
Prudential	368,976	4,240	1.91
		5,808	2.62
Non-Equity Investment Instruments			
Schroder Sterling Liquidity Fund X Inc	3,096,096	3,096	1.40
		3,096	1.40
Non-Life Insurance			
Admiral	76,891	2,272	1.03
Beazley	28,390	130	0.06
Direct Line Insurance	311,661	917	0.41
HomeServe	13,118	87	0.04
		3,406	1.54
TOTAL FINANCIALS		29,372	13.25
HEALTH CARE (8.67%, 28/02/21 7.28%)			
Health Care Providers			
Mediclinic International	47,254	156	0.07
		156	0.07
Medical Equipment & Services			
ConvaTec	603,335	1,031	0.47
Smith & Nephew	58,843	759	0.34
		1,790	0.81
Pharmaceuticals & Biotechnology			
AstraZeneca	93,195	8,330	3.76
Dechra Pharmaceuticals	6,850	272	0.12
Genus	4,101	127	0.06
GlaxoSmithKline	508,555	7,895	3.56
Hikma Pharmaceuticals	31,607	634	0.29
		17,258	7.79
TOTAL HEALTH CARE		19,204	8.67
INDUSTRIALS (10.94%, 28/02/21 10.32%)			
Aerospace & Defence			
Babcock International	113,113	347	0.16
BAE Systems	198,101	1,416	0.64
Meggitt	52,963	395	0.18
Ultra Electronics	13,040	405	0.18
		2,563	1.16

Regular Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
Construction & Materials			
CRH	40,790	1,335	0.60
		1,335	0.60
Electronic & Electrical Equipment			
Halma	9,991	232	0.10
IMI	100,291	1,475	0.67
Rotork	223,635	671	0.30
Spectris	14,633	440	0.20
		2,818	1.27
General Industrials			
Bunzl	35,324	999	0.45
DS Smith	5,721	19	0.01
Melrose Industries	326,716	471	0.21
Mondi	39,677	685	0.31
Smiths	43,963	661	0.30
Smurfit Kappa	16,918	634	0.28
		3,469	1.56
Industrial Engineering			
Spirax-Sarco Engineering	11,230	1,301	0.59
Weir	24,608	383	0.17
		1,684	0.76
Industrial Support Services			
Clipper Logistics	2,819	25	0.01
DCC	3,169	182	0.08
Electrocomponents	14,297	138	0.06
Experian	58,845	1,674	0.76
Ferguson	20,505	2,330	1.05
Finabl*	17,127	-	-
Grafton	44,288	463	0.21
Inchcape	80,168	589	0.27
Intertek	51,912	2,687	1.21
IWG	216,323	597	0.27
Network International	31,433	68	0.03
Pagegroup	65,688	370	0.17
Rentokil Initial	116,617	578	0.26
		9,701	4.38
Industrial Transportation			
Ashtead	35,175	1,643	0.74
Royal Mail	96,478	364	0.16
		2,007	0.90
Retailers			
Travis Perkins	48,560	678	0.31
		678	0.31
TOTAL INDUSTRIALS		24,255	10.94

Regular Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
REAL ESTATE (2.13%, 28/02/21 1.19%)			
Real Estate Investment & Services			
Rightmove	215,031	1,376	0.62
Savills	1,681	22	0.01
		1,398	0.63
Real Estate Investment Trusts			
BMO Commercial Property Trust	5,805	6	0.00
British Land	246,357	1,283	0.58
Great Portland Estates	3,410	23	0.01
Hammerson	527,754	191	0.09
Land Securities	223,792	1,732	0.78
Primary Health Properties	65,829	88	0.04
		3,323	1.50
TOTAL REAL ESTATE		4,721	2.13
TECHNOLOGY (1.47%, 28/02/21 2.09%)			
Software & Computer Services			
Auto Trader	274,149	1,776	0.80
Kainos	9,516	139	0.07
Micro Focus International	56,581	215	0.10
Moneysupermarket.com	219,024	447	0.20
Sage	58,685	401	0.18
Softcat	18,051	269	0.12
		3,247	1.47
TOTAL TECHNOLOGY		3,247	1.47
TELECOMMUNICATIONS (2.98%, 28/02/21 1.84%)			
Telecommunications Equipment			
Spirent Communications	61,593	144	0.07
		144	0.07
Telecommunications Service Providers			
Airtel Africa	49,696	72	0.03
BT	732,613	1,385	0.62
Vodafone	3,804,762	4,998	2.26
		6,455	2.91
TOTAL TELECOMMUNICATIONS		6,599	2.98
UTILITIES (1.93%, 28/02/21 1.34%)			
Electricity			
Drax	52,388	347	0.16
SSE	119,740	2,002	0.90
		2,349	1.06

Regular Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
Gas, Water & Multiutilities			
Centrica	1,690,585	1,304	0.59
National Grid	26,729	294	0.13
Pennon	3,081	32	0.01
United Utilities	29,262	308	0.14
		1,938	0.87
TOTAL UTILITIES		4,287	1.93
ASSET-BACKED SECURITIES (1.74%, 28/02/21 0.46%)			
Aspire Defence Finance (UK guaranteed) 4.674% 31/03/2040	GBP429,998	523	0.24
Aspire Defence Finance (US guaranteed) 4.674% 31/03/2040	GBP201,905	246	0.11
Dignity Finance 4.6956% 31/12/2049	GBP254,000	263	0.12
Gatwick Funding 4.625% 27/03/2034	GBP330,000	361	0.16
Gatwick Funding 2.625% 07/10/2046	GBP330,000	271	0.12
Greene King Finance (FRN) 2.5696% 15/12/2033	GBP139,583	138	0.06
Heathrow Funding 6.45% 10/12/2031	GBP500,000	634	0.29
Southern Water Services Finance 6.64% 31/03/2026	GBP500,000	583	0.26
Stirling Water Seafeld Finance 5.822% 26/09/2026	GBP344,021	364	0.16
Thames Water Utilities Finance 5.75% 13/09/2030	GBP230,000	234	0.11
Thames Water Utilities Finance 2.625% 24/01/2032	GBP120,000	117	0.05
Thames Water Utilities Finance 5.5% 11/02/2041	GBP100,000	131	0.06
TOTAL ASSET-BACKED SECURITIES		3,865	1.74
CORPORATE BONDS (18.48%, 28/02/21 19.41%)			
3i 3.75% 05/06/2040	GBP186,000	192	0.09
Abertis Infraestructuras 3.375% 27/11/2026	GBP200,000	205	0.09
Accent Capital 2.625% 18/07/2049	GBP200,000	194	0.09
Anheuser-Busch InBev 2.85% 25/05/2037	GBP204,000	198	0.09
Annington Funding 3.685% 12/07/2034	GBP200,000	200	0.09
Annington Funding 3.935% 12/07/2047	GBP264,000	269	0.12
Apple 3.05% 31/07/2029	GBP100,000	107	0.05
APT Pipelines 3.5% 22/03/2030	GBP150,000	153	0.07
APT Pipelines 3.125% 18/07/2031	GBP313,000	307	0.14
Assura Financing 3% 19/07/2028	GBP287,000	298	0.13
Aster Treasury 4.5% 18/12/2043	GBP111,000	142	0.06
AT&T 4.375% 14/09/2029	GBP100,000	110	0.05
AT&T 5.2% 18/11/2033	GBP380,000	451	0.20
AT&T 7% 30/04/2040	GBP250,000	360	0.16
AT&T 4.25% 01/06/2043	GBP112,000	122	0.06
Autostrade per l'Italia 1.625% 25/01/2028	EUR165,000	131	0.06
Aviva 6.125% 14/11/2036	GBP330,000	366	0.17
Aviva 4.375% 12/09/2049	GBP306,000	316	0.14
Aviva 6.125% Perpetual	GBP120,000	121	0.05
AXA 6.6862% Perpetual	GBP600,000	666	0.30
Banco Santander 2.25% 04/10/2032	GBP100,000	93	0.04

Regular Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
Bank of America 2.3% 25/07/2025	GBP166,000	166	0.08
Bank of America 4.25% 10/12/2026	GBP266,000	290	0.13
Bank of America 7% 31/07/2028	GBP150,000	188	0.09
Barclays 3.125% 17/01/2024	GBP270,000	274	0.12
Barclays 3.75% 22/11/2030	GBP900,000	909	0.41
Berkshire Hathaway Finance 2.375% 19/06/2039	GBP150,000	141	0.06
BG Energy Capital 5% 04/11/2036	GBP115,000	137	0.06
BHP Billiton Finance 6.5% 22/10/2077	GBP251,000	256	0.12
BNP Paribas 2% 24/05/2031	GBP200,000	189	0.09
BNP Paribas 2% 13/09/2036	GBP200,000	170	0.08
BPCE 5.25% 16/04/2029	GBP100,000	112	0.05
British Telecommunications 5.75% 07/12/2028	GBP47,000	54	0.02
British Telecommunications 3.125% 21/11/2031	GBP100,000	98	0.04
British Telecommunications 3.625% 21/11/2047	GBP178,000	166	0.08
BUPA Finance 5% 08/12/2026	GBP257,000	277	0.13
Cadent Finance 2.625% 22/09/2038	GBP350,000	315	0.14
Catalyst Housing 3.125% 31/10/2047	GBP170,000	179	0.08
Channel Link Enterprises Finance 3.043% 30/06/2050	GBP140,000	136	0.06
Circle Anglia Social Housing 7.25% 12/11/2038	GBP130,000	207	0.09
Citigroup 1.75% 23/10/2026	GBP240,000	232	0.10
Citigroup 4.5% 03/03/2031	GBP450,000	492	0.22
Citigroup 7.375% 01/09/2039	GBP150,000	243	0.11
Citizen Treasury 3.25% 20/10/2048	GBP192,000	209	0.09
Clarion Funding 1.875% 07/09/2051	GBP117,000	95	0.04
Close Brothers 2% 11/09/2031	GBP131,000	123	0.06
Comcast 5.5% 23/11/2029	GBP578,000	702	0.32
Connect Plus M25 Issuer 2.607% 31/03/2039	GBP209,988	215	0.10
Cooperatieve Rabobank UA 4.625% 23/05/2029	GBP200,000	218	0.10
Coventry Building Society 2% 20/12/2030	GBP226,000	208	0.09
CPUK Finance 3.69% 28/08/2028	GBP290,000	307	0.14
Credit Suisse 2.25% 09/06/2028	GBP167,000	160	0.07
Digital Dutch Finco 1% 15/01/2032	EUR100,000	73	0.03
Digital Stout (Ireland) 3.75% 17/10/2030	GBP350,000	370	0.17
DS Smith 2.875% 26/07/2029	GBP100,000	99	0.04
DWR Cymru Financing 1.375% 31/03/2033	GBP102,000	92	0.04
E.ON International Finance 6.375% 07/06/2032	GBP300,000	394	0.18
E.ON International Finance 5.875% 30/10/2037	GBP100,000	133	0.06
E.ON International Finance 6.75% 27/01/2039	GBP100,000	145	0.07
Eastern Power Networks 1.875% 01/06/2035	GBP258,000	230	0.10
Eastern Power Networks 6.25% 12/11/2036	GBP110,000	155	0.07
Electricite de France 5.875% 18/07/2031	GBP354,000	432	0.20
Electricite de France 6.125% 02/06/2034	GBP250,000	316	0.14
Electricite de France 5.5% 27/03/2037	GBP100,000	122	0.06
Electricite de France 5.5% 17/10/2041	GBP100,000	125	0.06
Electricite de France 5.125% 22/09/2050	GBP150,000	187	0.08
Electricite de France 6% 23/01/2114	GBP200,000	266	0.12
Eli Lilly 1.625% 14/09/2043	GBP100,000	86	0.04
Enel 5.75% 22/06/2037	GBP138,000	180	0.08
Enel Finance International 1% 20/10/2027	GBP402,000	375	0.17
Enel Finance International 5.75% 14/09/2040	GBP100,000	134	0.06
Eversholt Funding 2.742% 30/06/2040	GBP265,641	260	0.12

Regular Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
Experian Finance 3.25% 07/04/2032	GBP100,000	104	0.05
Fidelity National Information Services 3.36% 21/05/2031	GBP280,000	289	0.13
Fiserv 2.25% 01/07/2025	GBP100,000	100	0.05
General Motors Financial 2.25% 06/09/2024	GBP274,000	272	0.12
General Motors Financial 1.55% 30/07/2027	GBP210,000	197	0.09
Goldman Sachs 7.25% 10/04/2028	GBP201,000	252	0.11
Grainger 3.375% 24/04/2028	GBP116,000	117	0.05
Hammerson 6% 23/02/2026	GBP79,000	84	0.04
Heathrow Finance 6.25% 03/03/2025	GBP725,000	747	0.34
Hiscox 6.125% 24/11/2045	GBP100,000	106	0.05
HSBC 5.75% 20/12/2027	GBP101,000	113	0.05
HSBC 6% 29/03/2040	GBP300,000	365	0.16
HSBC Bank Capital Funding Sterling 1 5.844% Perpetual	GBP606,000	779	0.35
InterContinental Hotels 3.75% 14/08/2025	GBP300,000	309	0.14
InterContinental Hotels 2.125% 24/08/2026	GBP150,000	145	0.07
InterContinental Hotels 3.375% 08/10/2028	GBP100,000	100	0.05
Investec 2.625% 04/01/2032	GBP123,000	115	0.05
Kane Bidco 6.5% 15/02/2027	GBP161,000	159	0.07
Karbon Homes 3.375% 15/11/2047	GBP100,000	114	0.05
KBC 1.25% 21/09/2027	GBP100,000	94	0.04
Kraft Heinz Foods 4.125% 01/07/2027	GBP640,000	679	0.31
LiveWest Treasury 2.25% 10/10/2043	GBP113,000	106	0.05
Lloyds Bank 7.625% 22/04/2025†	GBP281,000	320	0.14
Lloyds Banking 2.25% 16/10/2024†	GBP273,000	271	0.12
Lloyds Banking 2% 12/04/2028†	GBP150,000	144	0.07
Lloyds Banking 2.707% 03/12/2035†	GBP630,000	581	0.26
London & Quadrant Housing Trust 2.625% 28/02/2028	GBP289,000	295	0.13
London & Quadrant Housing Trust 2.75% 20/07/2057	GBP300,000	294	0.13
LVMH Moet Hennessy Louis Vuitton 1.125% 11/02/2027	GBP200,000	192	0.09
M&G 5.625% 20/10/2051	GBP234,000	253	0.11
M&G 6.34% 19/12/2063	GBP400,000	450	0.20
Manchester Airport Funding 2.875% 30/09/2044	GBP269,000	241	0.11
Marks & Spencer 6% 12/06/2025	GBP200,000	211	0.10
Meadowhall Finance 4.986% 12/01/2032	GBP347,622	384	0.17
Motability Operations 2.125% 18/01/2042	GBP170,000	154	0.07
MPT Finance 2.5% 24/03/2026	GBP240,000	231	0.10
MPT Finance 3.692% 05/06/2028	GBP159,000	159	0.07
National Express 2.375% 20/11/2028	GBP122,000	118	0.05
National Grid Electricity Transmission 2.75% 06/02/2035	GBP133,000	129	0.06
NatWest 2.875% 19/09/2026	GBP175,000	176	0.08
NatWest 2.57% 09/11/2028	GBP150,000	144	0.07
NatWest 3.622% 14/08/2030	GBP238,000	239	0.11
NatWest 2.11% 28/11/2031	GBP320,000	302	0.14
NGG Finance 5.625% 18/06/2073	GBP200,000	205	0.09
NIE Finance 6.375% 02/06/2026	GBP500,000	586	0.26
Nordea Bank 1.625% 09/12/2032	GBP213,000	194	0.09
Northumbrian Water Finance 2.375% 05/10/2027	GBP200,000	201	0.09
Notting Hill Genesis 2.875% 31/01/2029	GBP100,000	103	0.05
Notting Hill Genesis 3.25% 12/10/2048	GBP130,000	139	0.06
Notting Hill Genesis 4.375% 20/02/2054	GBP100,000	132	0.06
Ocado 3.875% 08/10/2026	GBP121,000	109	0.05

Regular Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
Omnicom Capital 2.25% 22/11/2033	GBP128,000	118	0.05
Optivo Finance 3.283% 22/03/2048	GBP155,000	167	0.08
Orange 5.625% 23/01/2034	GBP310,000	395	0.18
Orbit Capital 2% 24/11/2038	GBP100,000	89	0.04
Organon 2.875% 30/04/2028	EUR100,000	78	0.04
Orsted 2.125% 17/05/2027	GBP140,000	140	0.06
Orsted 5.75% 09/04/2040	GBP75,000	108	0.05
Orsted 2.5% 18/02/3021	GBP100,000	88	0.04
Paradigm Homes Charitable Housing Association 2.25% 20/05/2051	GBP164,000	150	0.07
Peabody Capital 5.25% 17/03/2043	GBP230,000	317	0.14
Peabody Capital No 2 2.75% 02/03/2034	GBP100,000	99	0.04
Pinewood Finance 3.625% 15/11/2027	GBP130,000	123	0.06
Platform HG Financing 1.926% 15/09/2041	GBP103,000	90	0.04
Platform HG Financing 1.625% 10/08/2055	GBP100,000	77	0.04
QBE Insurance 6.115% 24/05/2042	GBP498,000	501	0.23
Quadgas Finance 3.375% 17/09/2029	GBP502,000	503	0.23
RL Finance Bonds No 2 6.125% 30/11/2043	GBP114,000	120	0.05
Rolls-Royce 5.75% 15/10/2027	GBP100,000	105	0.05
Sage 1.625% 25/02/2031	GBP109,000	98	0.04
Sage 2.875% 08/02/2034	GBP130,000	125	0.06
Sanctuary Capital 2.375% 14/04/2050	GBP133,000	126	0.06
Santander UK 2.92% 08/05/2026	GBP159,000	159	0.07
Santander UK 3.875% 15/10/2029	GBP260,000	287	0.13
Scentre Group Trust 1 3.875% 16/07/2026	GBP150,000	159	0.07
Severn Trent Utilities Finance 4.875% 24/01/2042	GBP255,000	329	0.15
South Eastern Power Networks 1.75% 30/09/2034	GBP103,000	92	0.04
Southern Gas Networks 3.1% 15/09/2036	GBP100,000	96	0.04
Sovereign Housing Capital 2.375% 04/11/2048	GBP100,000	94	0.04
SP Distribution 5.875% 17/07/2026	GBP120,000	139	0.06
Standard Chartered 5.125% 06/06/2034	GBP150,000	169	0.08
Swan Housing Capital 3.625% 05/03/2048	GBP110,000	116	0.05
TC Dudgeon Ofco 3.158% 12/11/2038	GBP152,473	160	0.07
Telereal Securitisation 1.3657% 10/12/2031	GBP90,830	87	0.04
Tesco Corporate Treasury Services 1.875% 02/11/2028	GBP230,000	218	0.10
Thames Water Utilities Finance 2.875% 03/05/2027	GBP230,000	226	0.10
Thames Water Utilities Finance 7.738% 09/04/2058	GBP100,000	196	0.09
Time Warner Cable 5.75% 02/06/2031	GBP100,000	117	0.05
Time Warner Cable 5.25% 15/07/2042	GBP100,000	115	0.05
TotalEnergies Capital International 1.66% 22/07/2026	GBP400,000	393	0.18
Tritax Big Box REIT 1.5% 27/11/2033	GBP110,000	95	0.04
Unilever 2.125% 28/02/2028	GBP105,000	105	0.05
UNIQA Insurance 2.375% 09/12/2041	EUR100,000	76	0.03
United Utilities Water 5.625% 20/12/2027	GBP400,000	476	0.22
University of Oxford 2.544% 08/12/2117	GBP100,000	97	0.04
Veolia Environnement 2% Perpetual	EUR100,000	77	0.03
Verizon Communications 1.875% 19/09/2030	GBP279,000	261	0.12
Verizon Communications 2.5% 08/04/2031	GBP100,000	97	0.04
Verizon Communications 3.375% 27/10/2036	GBP130,000	134	0.06
Vicinity Centres Trust 3.375% 07/04/2026	GBP153,000	158	0.07
Virgin Media Secured Finance 5% 15/04/2027	GBP220,000	221	0.10
Virgin Money 4% 03/09/2027	GBP530,000	549	0.25

Regular Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
Virgin Money 7.875% 14/12/2028	GBP160,000	173	0.08
Volkswagen Financial Services 2.125% 27/06/2024	GBP100,000	99	0.04
Volkswagen Financial Services 2.25% 12/04/2025	GBP256,000	253	0.11
Volkswagen International Finance 3.375% 16/11/2026	GBP100,000	103	0.05
Walmart 5.625% 27/03/2034	GBP70,000	93	0.04
Wells Fargo Bank 5.25% 01/08/2023	GBP150,000	156	0.07
Welltower 4.5% 01/12/2034	GBP200,000	225	0.10
Wessex Water Services Finance 5.375% 10/03/2028	GBP450,000	522	0.24
Western Power Distribution 3.625% 06/11/2023	GBP200,000	205	0.09
Western Power Distribution West Midlands 5.75% 16/04/2032	GBP435,000	543	0.25
WPP Finance 3.75% 19/05/2032	GBP100,000	105	0.05
Yorkshire Building Society 3% 18/04/2025	GBP150,000	151	0.07
Yorkshire Building Society 3.5% 21/04/2026	GBP260,000	273	0.12
TOTAL CORPORATE BONDS		40,962	18.48
GOVERNMENT BONDS (1.65%, 28/02/21 1.74%)			
UK Treasury 4.5% 07/09/2034	GBP1,110,193	1,482	0.67
UK Treasury 4.25% 07/09/2039	GBP180,000	252	0.12
UK Treasury 1.25% 22/10/2041	GBP1,050,000	980	0.44
UK Treasury 4.25% 07/12/2046	GBP243,731	374	0.17
UK Treasury 1.5% 22/07/2047	GBP166,168	163	0.07
UK Treasury 4% 22/01/2060	GBP77,000	133	0.06
UK Treasury 0.5% 22/10/2061	GBP126,500	91	0.04
UK Treasury 1.625% 22/10/2071	GBP154,495	169	0.08
TOTAL GOVERNMENT BONDS		3,644	1.65
MORTGAGE-BACKED SECURITIES (0.31%, 28/02/21 0.27%)			
Tesco Property Finance 1 7.6227% 13/07/2039	GBP40,999	55	0.02
Tesco Property Finance 4 5.8006% 13/10/2040	GBP341,528	411	0.19
Tesco Property Finance 5 5.6611% 13/10/2041	GBP97,160	117	0.05
Tesco Property Finance 6 5.4111% 13/07/2044	GBP92,500	109	0.05
TOTAL MORTGAGE-BACKED SECURITIES		692	0.31

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
DERIVATIVES (0.01%, 28/02/21 -0.02%)			
Forward Currency Contracts			
Sold EUR463,962 for GBP391,463 Settlement 16/03/2022		3	0.00
Sold EUR87,279 for GBP73,338 Settlement 16/03/2022~		0	0.00
		<hr/>	<hr/>
		3	0.00
Futures Contracts			
German Euro BOBL Futures March 2022	(2)	2	0.00
German Euro Bund Futures March 2022	(2)	3	0.01
UK Long Gilt Futures March 2022	(5)	1	0.00
		<hr/>	<hr/>
		6	0.01
TOTAL DERIVATIVES		<hr/>	<hr/>
		9	0.01
Portfolio of investments		<hr/>	<hr/>
		219,849	99.21
Net other assets		<hr/>	<hr/>
		1,758	0.79
Total net assets		<hr/>	<hr/>
		221,607	100.00

Equity investments held are listed, Fixed Interest securities are traded on a regulated market unless otherwise stated.

Derivatives can be exchange traded or Over the Counter (OTC) contracts. The futures contracts were traded on another regulated market.

Stocks shown as FRNs represent Floating Rate Notes - debt instruments that pay a floating rate of interest, usually based on an accepted market benchmark rate such as SONIA.

†This investment is a related party (see note 11).

◇Asset managed by the Investment Adviser.

~The market value of the holding is below £500 and is therefore rounded down to £0.

*Suspended security.

#Since the previous report classification headings have been updated by data providers. Comparative figures have been updated where appropriate.

Regular Income Fund

Material Portfolio Changes

for the year ended 28th February 2022

	Cost £000		Proceeds £000
Major purchases		Major sales	
Schroder Sterling Liquidity Fund X Inc [◇]	18,029	Schroder Sterling Liquidity Fund X Inc [◇]	15,784
Prudential	3,483	BHP	6,607
AstraZeneca	3,172	AstraZeneca	4,175
Diageo	3,033	Unilever	2,780
Vodafone	2,499	Rio Tinto	2,592
GlaxoSmithKline	2,362	GlaxoSmithKline	2,315
BP	2,216	Royal Dutch Shell 'B' Shares	2,305
J Sainsbury	1,797	Evraz	2,248
Royal Dutch Shell 'B' Shares	1,764	London Stock Exchange	2,177
Anglo American	1,627	HSBC	2,100

[◇] Asset managed by the Investment Adviser.

Regular Income Fund

Comparative Table

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class A - Accumulation			
Change in net assets per share			
Opening net asset value per share	351.12	347.94	355.87
Return before operating charges*	35.29	7.77	(2.87)
Operating charges	(3.98)	(4.59)	(5.06)
Return after operating charges*	31.31	3.18	(7.93)
Distributions	(14.18)	(10.27)	(16.30)
Retained distributions on accumulation shares	14.18	10.27	16.30
Closing net asset value per share	382.43	351.12	347.94
*after direct transaction cost of:~	0.58	0.86	0.43
Performance			
Return after charges^	8.92%	0.91%	(2.23)%
Other information			
Closing net asset value (£000)	153,230	153,935	167,072
Closing number of shares	40,067,249	43,840,849	48,017,349
Operating charges#†	1.04%	1.39%	1.37%
Direct transaction costs~	0.15%	0.26%	0.12%
Prices**			
Highest share price	399.20	367.90	389.50
Lowest share price	351.10	276.70	348.30

#Operating charges are representative of the ongoing charges figure.

†During the period, the ACD's periodic charge changed from 1.25% to 0.80% and the registration fee was also changed from 0.10% to 0.05%. As such, 0.90% is a more representative figure for the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

^ The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges can be different to the performance return stated in the Investment Market Review on page 62 which is sourced from Lipper and based on daily published prices.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Regular Income Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class A - Income			
Change in net assets per share			
Opening net asset value per share	117.34	119.88	128.28
Return before operating charges*	11.86	2.52	(0.83)
Operating charges	(1.31)	(1.56)	(1.79)
Return after operating charges*	10.55	0.96	(2.62)
Distributions	(4.68)	(3.50)	(5.78)
Closing net asset value per share	123.21	117.34	119.88
*after direct transaction cost of:~	0.19	0.29	0.15
Performance			
Return after charges^	8.99%	0.80%	(2.04)%
Other information			
Closing net asset value (£000)	59,797	62,954	71,216
Closing number of shares	48,532,105	53,651,905	59,408,705
Operating charges#†	1.04%	1.39%	1.37%
Direct transaction costs~	0.15%	0.26%	0.12%
Prices**			
Highest share price	129.40	123.70	135.10
Lowest share price	117.30	95.18	120.80

#Operating charges are representative of the ongoing charges figure.

†During the period, the ACD's periodic charge changed from 1.25% to 0.80% and the registration fee was also changed from 0.10% to 0.05%. As such, 0.90% is a more representative figure for the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Regular Income Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class P - Accumulation			
Change in net assets per share			
Opening net asset value per share	103.98	102.52	104.34
Return before operating charges*	10.46	2.33	(0.87)
Operating charges	(0.97)	(0.87)	(0.95)
Return after operating charges*	9.49	1.46	(1.82)
Distributions	(4.20)	(3.03)	(4.79)
Retained distributions on accumulation shares	4.20	3.03	4.79
Closing net asset value per share	113.47	103.98	102.52
*after direct transaction cost of:~	0.17	0.26	0.13
Performance			
Return after charges	9.13%	1.42%	(1.74)%
Other information			
Closing net asset value (£000)	5,936	5,325	4,849
Closing number of shares	5,231,300	5,121,200	4,730,300
Operating charges#	0.85%	0.89%	0.87%
Direct transaction costs~	0.15%	0.26%	0.12%
Prices**			
Highest share price	118.40	108.90	114.70
Lowest share price	104.00	81.55	102.60

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Regular Income Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class P - Income			
Change in net assets per share			
Opening net asset value per share	88.34	89.80	95.62
Return before operating charges*	8.92	1.91	(0.65)
Operating charges	(0.81)	(0.75)	(0.85)
Return after operating charges*	8.11	1.16	(1.50)
Distributions	(3.52)	(2.62)	(4.32)
Closing net asset value per share	92.93	88.34	89.80
*after direct transaction cost of:~	0.14	0.22	0.11
Performance			
Return after charges	9.18%	1.29%	(1.57)%
Other information			
Closing net asset value (£000)	2,644	2,579	2,513
Closing number of shares	2,845,500	2,919,500	2,797,900
Operating charges#	0.85%	0.89%	0.87%
Direct transaction costs~	0.15%	0.26%	0.12%
Prices**			
Highest share price	97.61	93.07	101.20
Lowest share price	88.36	71.33	90.53

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Regular Income Fund

Statement of Total Return

for the year ended 28th February 2022

		01/03/21 to 28/02/22	29/02/20 to 28/02/21
	Notes	£000	£000
Income			
Net capital gains/(losses)	2	13,461	(3,181)
Revenue	3	8,887	7,239
Expenses	4	(2,371)	(3,014)
Interest payable and similar charges		(6)	-
Net revenue before taxation		6,510	4,225
Taxation	5	(43)	(34)
Net revenue after taxation		6,467	4,191
Total return before distributions		19,928	1,010
Distributions	6	(8,638)	(6,938)
Change in net assets attributable to shareholders from investment activities		11,290	(5,928)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28th February 2022

	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	£000	£000
Opening net assets attributable to shareholders	224,793	245,650
Amounts receivable on creation of shares	1,018	1,307
Less: Amounts payable on cancellation of shares	(21,656)	(21,179)
	(20,638)	(19,872)
Dilution adjustment	23	33
Change in net assets attributable to shareholders from investment activities	11,290	(5,928)
Retained distributions on accumulation shares	6,087	4,835
Unclaimed distributions	52	75
Closing net assets attributable to shareholders	221,607	224,793

Notes to the Financial Statements are on pages 82 to 90.

Regular Income Fund

Balance Sheet

as at 28th February 2022

	Notes	28/02/22 £000	28/02/21 £000
Assets			
Fixed assets			
Investments		219,849	222,784
Current assets			
Debtors	8	1,682	2,582
Cash and bank balances	9	973	1,200
Total assets		222,504	226,566
Liabilities			
Investment liabilities		-	(36)
Creditors			
Distribution payable		(397)	(403)
Other creditors	10	(500)	(1,334)
Total liabilities		(897)	(1,773)
Net assets attributable to shareholders		221,607	224,793

Notes to the Financial Statements are on pages 82 to 90.

Regular Income Fund

Notes to the Financial Statements

for the year ended 28th February 2022

1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 13 to 15.

2. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Non-derivative securities	12,727	(3,116)
Futures contracts	750	(18)
Forward currency contracts	5	-
Currency gains/(losses)	9	(7)
Transaction charges	(30)	(40)
Net capital gains/(losses)	13,461	(3,181)

3. Revenue

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
UK dividends	6,613	5,134
Overseas dividends	658	358
Property income distributions	94	56
Distributions from Regulated Collective Investment Schemes:		
Interest distributions	-	1
Offshore distributions	-	5
Interest on debt securities	1,522	1,685
Total revenue	8,887	7,239

4. Expenses

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	2,171	2,747
Registration fees	153	223
	2,324	2,970
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	25	24
Safe custody fees	6	6
	31	30
Other expenses:		
Audit fee	16	14
Total expenses	2,371	3,014

Expenses include irrecoverable VAT.

The Deloitte LLP (previously PricewaterhouseCoopers LLP) audit fee for the year, inclusive of VAT is £14,400 (28/02/21: £14,880).

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

5. Taxation**(a) Analysis of charge in year:**

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Irrecoverable overseas tax	43	34
Total taxation (note 5b)	43	34

(b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2021: 20%). The differences are explained below:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Net revenue before taxation	6,510	4,225
Corporation tax of 20% (2021: 20%)	1,302	845
Effects of:		
Non-taxable UK dividends*	(1,323)	(1,027)
Overseas non-taxable revenue*	(131)	(71)
Irrecoverable overseas tax	43	34
Movement in excess management expenses	152	253
Total tax charge for year (note 5a)	43	34

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £1,886,556 (28/02/2021: £1,734,555) relating to surplus management expenses. No deferred tax asset has been recognised in either year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
First interim	2,657	2,028
Second interim	2,638	2,046
Third interim	1,853	1,425
Final	1,401	1,376
	8,549	6,875
Add: Revenue deducted on cancellation of shares	95	68
Deduct: Revenue received on creation of shares	(6)	(5)
Net distributions for the year	8,638	6,938

Details of the distribution per share are set out in the Distribution Tables on pages 91 to 92.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

7. Movement between net revenue and net distributions

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Net revenue after taxation	6,467	4,191
ACD's periodic charge taken to capital	2,171	2,747
Net distributions for the year	8,638	6,938

8. Debtors

	28/02/22 £000	28/02/21 £000
Sales awaiting settlement	107	1,058
Accrued revenue	1,511	1,487
Overseas tax recoverable	64	37
Total debtors	1,682	2,582

9. Cash and bank balances

	28/02/22 £000	28/02/21 £000
Cash and bank balances	885	1,094
Amounts held at futures clearing houses and brokers	88	106
Total cash and bank balances	973	1,200

10. Other creditors

	28/02/22 £000	28/02/21 £000
Purchases awaiting settlement	172	740
Amounts payable for cancellation of shares	147	340
Accrued expenses	181	254
Total other creditors	500	1,334

11. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the sub-fund. Lloyds Banking Group plc, as the parent company of the ACD is the ultimate controlling party of the sub-fund. As such any member company of Lloyds Banking Group plc is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees are disclosed in note 4, with £147,527 (28/02/21: £217,344) due at the year end.

The sub-fund entered into related party transactions of Lloyds Banking Group plc investments during the year. This included purchases of 2,127,352 shares (28/02/21: 4,521,605 shares) with a cost of £1,292,384 (28/02/21: £2,637,074) and sales of 2,638,266 shares (28/02/21: 2,190,937 shares) with sales proceeds of £1,314,191 (28/02/21: £973,288).

The sub-fund has a related party holding of 6,122,137 shares (28/02/21: 6,718,922 shares) and value of £3,596,868 (28/02/21: £3,366,133) held at the year end within the Lloyds Banking Group plc.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group plc investments. The total revenue received amounts to £106,766 (28/02/21: £39,749).

Shares held by associates of the ACD

There were no shares held by the ACD and associates of the ACD in the sub-fund at the current and prior year.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

12. Share classes

On 28th February the share classes in issue and the associated ACD's periodic charge on each share class, is as follows:

	28/02/22	28/02/21
	%	%
Share Class A - Accumulation	0.80	1.25
Share Class A - Income	0.80	1.25
Share Class P - Accumulation	0.75	0.75
Share Class P - Income	0.75	0.75

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables (unaudited) on pages 76 to 79.

The distributions per share class are given in the Distribution Tables on pages 91 to 92.

Reconciliation of the shares movement in the year:

	01/03/21 Opening shares in issue	Creations	Cancellations	28/02/22 Closing shares in issue
Share Class A - Accumulation	43,840,849	15,900	(3,789,500)	40,067,249
Share Class A - Income	53,651,905	179,500	(5,299,300)	48,532,105
Share Class P - Accumulation	5,121,200	512,900	(402,800)	5,231,300
Share Class P - Income	2,919,500	178,500	(252,500)	2,845,500

There are no conversions in the year to report.

13. Capital commitments and contingent liabilities

On 28th February 2022, the sub-fund had no capital commitments (28/02/21: £nil) and no contingent liabilities (28/02/21: £nil).

14. Securities on loan

There were no securities on loan or collateral held at both current and prior year end.

The gross earnings and fees paid for the year are £nil (28/02/21: £57) and £nil (28/02/21: £13).

15. Risk management policies, derivatives and other financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 61. The risks inherent in the sub-fund's investment portfolio are as follows:

(a) Currency risk

A small portion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

As at 28th February 2022, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been an increase or decrease of approximately £1,394 (28/02/21: £2,076).

As at 28th February 2022 the sub-fund had the following net currency exposure (excluding Sterling):

	Currency exposure 28/02/22	Currency exposure 28/02/21
Currency	£000	£000
Euro	(66)	38
US dollar	205	170
Total	139	208

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

15. Risk management policies, derivatives and other financial instruments (continued)

(b) Interest rate risk profile of financial assets and liabilities

The sub-fund receives revenue from holdings in equities and fixed interest investments. The cashflow from these investments may fluctuate depending upon the particular decisions made by each company. Given that the sub-fund's objective is to provide a high and regular revenue whilst not neglecting capital growth, these cashflows are actively managed.

The interest rate risk profile of the company's financial assets and liabilities at 28th February was:

Currency	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets/(liabilities) not carrying interest £000	Total £000
28/02/22				
Sterling	1,110	48,589	171,769	221,468
Euro	-	435	(501)	(66)
US dollar	-	-	205	205
Total	1,110	49,024	171,473	221,607

Currency	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
28/02/21				
Sterling	1,332	49,043	174,210	224,585
Euro	11	-	27	38
US dollar	-	-	170	170
Total	1,343	49,043	174,407	224,793

The value of financial assets/liabilities not carrying interest includes amounts payable and receivable on forward contracts held at the year end.

The sub-fund's net cash holding of £884,631 (28/02/21: holding £1,093,705) is held in a floating rate deposit account whose interest rates are based on SONIA or its international equivalent.

The sub-fund holds net cash at futures brokers of £88,256 (28/02/21: cash £106,309), whose rates are on based on SONIA or its international equivalent.

As at 28th February 2022, if interest rates increased or decreased by 0.25%, with all other variables remaining constant, the resulting change in the net assets attributable to shareholders of the sub-fund would have been an increase or decrease of approximately £122,908 (28/02/21: £122,983).

The sub-fund did not have any long term financial liabilities.

(c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the sub-fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the sub-fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC).

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

15. Risk management policies, derivatives and other financial instruments (continued)

(c) Derivatives and other financial instruments (continued)

The sub-fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the sub-fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the sub-fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Financial derivative instrument exposure - fair value	28/02/22 £000	28/02/21 £000
Exchange traded derivatives	6	-
Forward currency contracts	3	-
Total Financial derivative instrument exposure	9	-

Counterparties to financial derivative instruments and efficient portfolio management techniques	28/02/22 £000	28/02/21 £000
BNP Paribas - Forward currency contracts	3	-
Merrill Lynch - Futures contracts	6	(16)
Total uncollateralised counterparty exposure	9	(16)

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

Collateral	28/02/22 £000	28/02/21 £000
Broker cash balances to increase counterparty exposure:		
GBP Cash - Merrill Lynch	88	106

Collateral as at 28th February 2022

No collateral received in the current or prior year.

(d) Liquidity risk

All of the sub-fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

(e) Market price risk and fair value of financial assets and liabilities

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price risk, currency risk and interest rate movements. It represents the potential loss the sub-fund may suffer through holding market positions in financial instruments in the face of market movements.

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

Local, regional or global events, for example, war, acts of terrorism, the spread of infectious diseases, government policy or the health of the underlying economy could have a significant impact on the sub-fund and the market price of its investments.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

15. Risk management policies, derivatives and other financial instruments (continued)*(e) Market price risk and fair value of financial assets and liabilities (continued)*

The sub-fund invests in both equities and bonds. The value of equities is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual equity or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of investments spread across all market sectors in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the Financial Conduct Authority COLL Sourcebook, which include rules limiting the size of investment in any particular holding.

Debt security credit analysis

	28/02/22	28/02/21
	£000	£000
Investment grade	44,625	44,993
Non-Investment grade	4,536	4,100
Unrated	-	100
Total debt securities	49,161	49,193

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 28th February 2022, if the price of investments held by the sub-fund increased or decreased by 5%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 5%; which for this sub-fund would equate to £10,992,456 (28/02/21: £11,137,376).

The outbreak of COVID-19 (Coronavirus) in early 2020 adversely impacted Global economies, creating increased volatility in financial markets. At the beginning of the Coronavirus outbreak the UK experienced significant volatility in market prices, however market liquidity remains relatively strong and so does the ability to trade in size across most asset classes.

(f) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk.

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

16. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/03/21 to 28/02/22	29/02/20 to 28/02/21	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	£000	£000	£000	£000
Collective Investment Schemes	18,365	25,540	16,478	24,029
Equities	68,263	115,464	89,550	120,653
Fixed Income	12,226	80,020	8,160	94,059
Trades in the year before transaction costs	98,854	221,024	114,188	238,741
Commissions				
Collective Investment Schemes~	0	0	0	0
Equities	16	28	(17)	(30)
Fixed Income	-	2	-	(2)
Total commissions	16	30	(17)	(32)
Taxes and other expenses				
Collective Investment Schemes~	2	5	0	0
Equities	317	522	(3)	(2)
Total taxes and other expenses	319	527	(3)	(2)
Total costs	335	557	(20)	(34)
Total net trades in the year after transaction costs	99,189	221,581	114,168	238,707

~The value of transaction costs is below £500 and is therefore rounded down to £0.

Total transaction cost expressed as a percentage of asset class trades

	Purchases		Sales	
	01/03/21 to 28/02/22	29/02/20 to 28/02/21	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	%	%	%	%
Commissions				
Collective Investment Schemes	0.00	0.00	0.00	0.00
Equities	0.02	0.02	0.02	0.02
Fixed Income	-	0.00	-	0.00
Taxes and other expenses				
Collective Investment Schemes	0.01	0.02	0.00	0.00
Equities	0.46	0.45	0.00	0.00

Total transaction cost expressed as a percentage of average net asset value

	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	%	%
Commissions	0.01	0.03
Taxes and other expenses	0.14	0.24
Total costs	0.15	0.27

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of equities, futures and options contracts, broker commissions and transfer taxes and other expenses may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts, or the associated broker commissions and transfer taxes, is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to non-equity investment instruments.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.20% (28/02/21: 0.20%).

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

17. Fair value

Valuation technique	28/02/22		28/02/21	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	171,231	-	176,665	(36)
Level 2	48,618	-	46,119	-
Level 3*	-	-	-	-
Total fair value	219,849	-	222,784	(36)

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

*Current and prior year figures include Finabl. Finabl is a suspended security with £nil market value.

18. Post balance sheet events

Since the balance sheet date and up to the date of this report, the sub-fund has sold all its holdings in Polymetal International which was identified as being a company with links to Russia. Total sales in the period were as follows:

	Value as of 28th February 2022 £000	Sales Proceeds £000	Loss from Sale £000
Polymetal International	422	73	349

Regular Income Fund

Distribution Tables

for the year ended 28th February 2022

Distribution in pence per share

Group 1 First interim Shares purchased prior to 1st March 2021
 Second interim Shares purchased prior to 1st June 2021
 Third interim Shares purchased prior to 1st September 2021
 Final Shares purchased prior to 1st December 2021

Group 2 First interim Shares purchased on or between 1st March 2021 and 31st May 2021
 Second interim Shares purchased on or between 1st June 2021 and 31st August 2021
 Third interim Shares purchased on or between 1st September 2021 and 30th November 2021
 Final Shares purchased on or between 1st December 2021 and 28th February 2022

Share Class A - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 30/04/2022	Distributions paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
First interim	4.2688	-	4.2688	2.9233
Second interim	4.3631	-	4.3631	3.0345
Third interim	3.1330	-	3.1330	2.1694
Final	2.4129	-	2.4129	2.1448
Group 2	(p)	(p)	(p)	(p)
First interim	2.0014	2.2674	4.2688	2.9233
Second interim	3.3932	0.9699	4.3631	3.0345
Third interim	1.4641	1.6689	3.1330	2.1694
Final	1.4991	0.9138	2.4129	2.1448

Share Class A - Income

	Net revenue	Equalisation	Distributions paid/payable to 30/04/2022	Distributions paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
First interim	1.4273	-	1.4273	1.0082
Second interim	1.4424	-	1.4424	1.0369
Third interim	1.0241	-	1.0241	0.7343
Final	0.7824	-	0.7824	0.7215
Group 2	(p)	(p)	(p)	(p)
First interim	0.6526	0.7747	1.4273	1.0082
Second interim	1.0556	0.3868	1.4424	1.0369
Third interim	0.4653	0.5588	1.0241	0.7343
Final	0.5587	0.2237	0.7824	0.7215

Regular Income Fund

Distribution Tables

(continued)

for the year ended 28th February 2022

Share Class P - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 30/04/2022	Distributions paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
First interim	1.2648	-	1.2648	0.8551
Second interim	1.2941	-	1.2941	0.8961
Third interim	0.9293	-	0.9293	0.6413
Final	0.7160	-	0.7160	0.6349
Group 2	(p)	(p)	(p)	(p)
First interim	0.5419	0.7229	1.2648	0.8551
Second interim	0.9986	0.2955	1.2941	0.8961
Third interim	0.4962	0.4331	0.9293	0.6413
Final	0.5560	0.1600	0.7160	0.6349

Share Class P - Income

	Net revenue	Equalisation	Distributions paid/payable to 30/04/2022	Distributions paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
First interim	1.0750	-	1.0750	0.7518
Second interim	1.0876	-	1.0876	0.7782
Third interim	0.7722	-	0.7722	0.5518
Final	0.5901	-	0.5901	0.5429
Group 2	(p)	(p)	(p)	(p)
First interim	0.3673	0.7077	1.0750	0.7518
Second interim	1.0118	0.0758	1.0876	0.7782
Third interim	0.3562	0.4160	0.7722	0.5518
Final	0.5264	0.0637	0.5901	0.5429

Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

First Interim - 100.00% of the dividend, is received as non-taxable income.

First Interim - 0.00% of the dividend is received as an annual payment (non-foreign element) received after the deduction of tax.

First Interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of tax.

Second Interim - 100.00% of the dividend, is received as non-taxable income.

Second Interim - 0.00% of the dividend is received as an annual payment (non-foreign element) received after the deduction of tax.

Second Interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of tax.

Third Interim - 100.00% of the dividend, is received as non-taxable income.

Third Interim - 0.00% of the dividend is received as an annual payment (non-foreign element) received after the deduction of tax.

Third Interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of tax.

Final - 100.00% of the dividend, is received as non-taxable income.

Final - 0.00% of the dividend is received as an annual payment (non-foreign element) received after the deduction of tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of tax.

UK Equity Income Fund

Investment Markets Overview

for the year ended 28th February 2022

Investment Objective

To provide income together with capital growth by investing in shares of UK companies.

Investments are selected by the Investment Adviser which, collectively, aim to deliver an income of 110% of the dividend yield* of the FTSE All-Share Index (the "Index") on a rolling 3 year basis, before deduction of fees, and outperform the Index by 1.25%** per annum on a rolling 3 year basis, before deduction of fees.

Investment Policy

At least 80% of the Fund will be invested in a portfolio of companies which are part of the Index.

This will involve investing in shares and may also include preference shares***. The majority of these companies are those which are incorporated, or domiciled, or have a significant part of their business in the UK. The Investment Adviser identifies companies that are forecast to provide higher than average dividend yields* and to achieve capital growth. The Fund seeks to hold more in these companies in comparison to the Index. Therefore, while the Fund will hold a large number of shares in common with the Index, the weighting of any one share may be significantly different to the Index.

The Fund is limited in the extent to which it can hold more (overweight) or less (underweight) in sectors† relative to the Index, but it aims to be overweight in sectors which are expected to provide a higher than average dividend yield.

These limitations help to deliver a level of portfolio diversification and risk management. The limitations also help to achieve an appropriate balance between the extent to which the Fund's composition can diverge from the Index and providing the Investment Adviser with flexibility to seek outperformance relative to the Index. As a result, the Fund's performance may differ from the Index.

The Fund may also invest in collective investment schemes, including those managed by the ACD and its associates, hold cash and cash like investments.

Derivatives and stock lending may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

*The dividend yield is calculated by dividing the annual dividend paid in respect of a security by its share price.

**Note: there are Share Classes in the Fund where fees exceed the Fund's outperformance target relative to the Index. For those Share Classes, the Fund will underperform the Index after deduction of fees even if its outperformance target is achieved.

***A preference share usually issues a fixed dividend payment which takes priority over payments of ordinary shares.

†A sector is a business area, industry or economy which shares the same characteristics. Company shares are typically grouped into different sectors depending on the company's business.

The FTSE All-Share Index has been selected as an appropriate benchmark as it provides a representation of the returns of securities in the UK equity market.

Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<div>The Fund is ranked at 6* because it has experienced high levels of volatility over the past 5 years.</div> <div>*As disclosed in the key investor information document dated 20th January 2022.</div>	<div>Typically lower rewards, lower risks</div> <div>Typically higher rewards, higher risks</div>						
	<div>←</div> <div></div> <div></div> <div></div> <div></div> <div></div> <div>→</div>						
	1	2	3	4	5	6	7

Investment Markets Overview

(continued)

for the year ended 28th February 2022

Investment Review

Performance	01/03/21 to 28/02/22 %	29/02/20 to 28/02/21 %	01/03/19 to 28/02/20 %	01/03/18 to 28/02/19 %	01/03/17 to 28/02/18 %
UK Equity Income Fund A Accumulation	12.22	2.10	(7.54)	0.34	4.15
FTSE All-Share Index + 1.25%†	17.49	4.79	(0.20)	2.98	5.70

Source: Lipper for UK Equity Income Fund. Basis: Net revenue reinvested and net of expenses.

Source: Financial Express for FTSE All-Share Index + 1.25% (GBP). Basis: Total return net of tax.

†Please note that the ACD increased the outperformance target for the UK Equity Income Fund during September 2019. The returns shown in the performance table above reflect past performance of the Fund and that of the Fund's current benchmark index and outperformance target.

The Index plus outperformance target and the Fund performance figures are shown on an annual basis. In practice the Investment Adviser's outperformance target applies over rolling 3 year periods, as explained in the 'Investment Objective'. In addition the Index plus outperformance target is calculated without deduction of charges whereas the performance of the Fund is calculated after deduction of charges.

Please note that the Fund and benchmark values are struck at different points in the day, with the benchmark struck at the close of business. This timing difference may have the effect of showing the Fund performing significantly above or below the benchmark.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The Fund achieved positive performance but underperformed the benchmark index in the 12 months to 28th February 2022.

We employ a disciplined, systematic investment approach to gain exposure to a range of factors, such as value (targeting undervalued companies), quality (favouring profitable and well-governed companies) and momentum (evaluating recent trends in stock and industry-level performance). Our approach to factor investing is quantitative and evidence based. We are committed to the research and development of our strategy in light of new information.

Value and governance contributed in the period. Overall, both factors performed well in the latter part of the period as a new reflation trade, the Omicron trade, briefly took hold with investors seemingly positioning for the beginning of the end of the pandemic. Russia's invasion of Ukraine and related escalation of geopolitical tensions started to drive stock returns, helping to put a stop to value's strong start to 2022. Profitability struggled during the year. After recovering from a poor Q3, the factor sold off in January and February leaving it the largest detractor. Momentum sold off in February while low volatility was slightly positive over the year.

From a stock level perspective, over the period, the fund benefitted the most from an overweight in pharmaceutical company GlaxoSmithKline, which currently scores well on most factors. Conversely, our underweight in National Grid, a utilities company with mixed factor scores, was the largest detractor from relative returns.

UK equities achieved a positive performance in the period. Lowly-valued, economically sensitive areas performed well in the first few months of 2021 as the global economic outlook improved. However, equities struggled in June amid a rise in Covid-19 infections and falling inflation expectations. UK share prices continued to advance over the summer but fell back in November following the discovery of Omicron, a new variant of Covid-19. However, encouraging news around Omicron during December saw a number of economically sensitive areas of the market largely recoup the sharp losses they had sustained in the initial sell-off in late November. Shares prices were broadly unchanged in January and February despite Russia's invasion of neighbouring Ukraine.

Schroder Investment Management Limited
March 2022

UK Equity Income Fund

Portfolio Statement

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
BASIC MATERIALS (9.17%, 28/02/21 13.95%)			
Chemicals			
Johnson Matthey	24,187	422	0.12
RHI Magnesita	6,620	152	0.05
Victrex	20,569	389	0.11
		963	0.28
Industrial Metals & Mining			
Anglo American	196,952	7,388	2.17
Antofagasta	39,003	560	0.17
Ferrexpo	397,342	597	0.18
Glencore	1,753,063	7,686	2.26
Rio Tinto	209,470	11,875	3.49
		28,106	8.27
Precious Metals & Mining			
Centamin	1,531,532	1,457	0.43
Polymetal International	107,436	659	0.19
		2,116	0.62
TOTAL BASIC MATERIALS		31,185	9.17
CONSUMER DISCRETIONARY (12.73%, 28/02/21 13.83%)			
Consumer Services			
Compass	118,716	1,988	0.58
		1,988	0.58
Household Goods & Home Construction			
Barratt Developments	286,473	1,621	0.48
Bellway	16,185	445	0.13
Berkeley	14,727	552	0.16
Crest Nicholson	15,389	45	0.01
Persimmon	141,964	3,255	0.96
Redrow	71,840	395	0.12
Taylor Wimpey	571,416	808	0.24
Vistry	21,735	208	0.06
		7,329	2.16
Leisure Goods			
Games Workshop	20,743	1,487	0.44
		1,487	0.44
Media			
Informa	65,814	391	0.12
ITV	1,155,488	1,274	0.37
RELX	426,681	9,532	2.80
WPP	324,020	3,430	1.01
		14,627	4.30
Personal Goods			
Burberry	61,399	1,177	0.35
Watches of Switzerland	118,989	1,435	0.42
		2,612	0.77

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
Retailers			
B&M European Value Retail	607,220	3,516	1.03
Currys	310,929	288	0.09
Dunelm	100,378	1,175	0.35
Frasers	4,455	28	0.01
Halfords	6,807	18	0.01
Howden Joinery	189,295	1,510	0.44
JD Sports Fashion	583,308	862	0.25
Kingfisher	556,207	1,647	0.48
Marks & Spencer	607,479	1,046	0.31
Next	31,983	2,161	0.64
Pets at Home	7,847	28	0.01
Vivo Energy	205,431	276	0.08
WH Smith	4,839	77	0.02
		12,632	3.72
Travel & Leisure			
888	118,040	273	0.08
Domino's Pizza	194,177	702	0.21
Entain	50,700	822	0.24
Firstgroup	303,408	300	0.09
InterContinental Hotels	5,837	300	0.09
Marston's	69,227	53	0.01
TUI	59,211	141	0.04
		2,591	0.76
TOTAL CONSUMER DISCRETIONARY		43,266	12.73
CONSUMER STAPLES (15.18%, 28/02/21 13.12%)			
Beverages			
Britvic	71,918	605	0.18
Coca-Cola HBC	90,637	1,876	0.55
Diageo	307,943	11,291	3.32
		13,772	4.05
Food Producers			
Cranswick	1,009	35	0.01
Tate & Lyle	261,253	1,962	0.58
		1,997	0.59
Personal Care, Drug & Grocery Stores			
Greggs	40,382	1,031	0.30
J Sainsbury	2,084,855	5,658	1.66
Reckitt Benckiser	60,840	3,832	1.13
Unilever	306,989	11,460	3.37
		21,981	6.46

UK Equity Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
Tobacco			
British American Tobacco	251,066	8,264	2.43
Imperial Brands	337,468	5,595	1.65
		13,859	4.08
TOTAL CONSUMER STAPLES		51,609	15.18
ENERGY (10.06%, 28/02/21 7.12%)			
Oil, Gas & Coal			
BP	3,051,219	10,745	3.16
Cairn Energy	22,177	48	0.01
John Wood	6,728	12	0.00
Shell	1,143,461	23,029	6.78
Tullow Oil	717,570	372	0.11
		34,206	10.06
TOTAL ENERGY		34,206	10.06
FINANCIALS (15.96%, 28/02/21 20.63%)			
Banks			
Barclays	1,797,068	3,262	0.96
Close Brothers	38,122	439	0.13
HSBC	1,945,646	10,067	2.96
Investec	226,969	923	0.27
Lloyds Banking†	9,714,427	4,625	1.36
NatWest	176,058	401	0.12
		19,717	5.80
Closed End Investments			
Edinburgh Investment Trust	53,304	328	0.10
Edinburgh Worldwide Investment Trust	165,532	358	0.10
HICL Infrastructure	13,118	22	0.01
		708	0.21
Finance & Credit Services			
Paragon Banking	3,393	18	0.01
		18	0.01
Investment Banking & Brokerage			
3i	103,228	1,321	0.39
abrdn	797,871	1,617	0.47
AJ Bell	163,507	500	0.15
Ashmore	210,920	528	0.15
Hargreaves Lansdown	111,345	1,229	0.36
IG	203,444	1,557	0.46
Intermediate Capital	34,641	584	0.17
Jupiter Fund Management	173,933	348	0.10
M&G	1,058,715	2,195	0.64
Man	686,049	1,285	0.38
Plus500	147,096	2,060	0.61

UK Equity Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
Quilter	100,245	132	0.04
St. James's Place	55,561	770	0.23
		14,126	4.15
Life Insurance			
Aviva	485,853	2,057	0.61
Legal & General	275,426	755	0.22
Phoenix	61,663	369	0.11
Prudential	749,439	8,611	2.53
		11,792	3.47
Non-Equity Investment Instruments			
Schroder Sterling Liquidity Fund X Inc	1,025,073	1,025	0.30
		1,025	0.30
Non-Life Insurance			
Admiral	155,422	4,592	1.35
Beazley	57,599	264	0.08
Direct Line Insurance	632,313	1,859	0.54
HomeServe	25,159	167	0.05
		6,882	2.02
TOTAL FINANCIALS		54,268	15.96
HEALTH CARE (11.50%, 28/02/21 9.47%)			
Health Care Providers			
Mediclinic International	99,790	330	0.10
NMC Health*	14,389	-	-
		330	0.10
Medical Equipment & Services			
ConvaTec	1,225,044	2,093	0.62
Smith & Nephew	122,039	1,574	0.46
		3,667	1.08
Pharmaceuticals & Biotechnology			
AstraZeneca	189,053	16,898	4.97
Dechra Pharmaceuticals	13,899	552	0.16
Genus	8,324	258	0.08
GlaxoSmithKline	1,036,450	16,090	4.73
Hikma Pharmaceuticals	64,125	1,285	0.38
		35,083	10.32
TOTAL HEALTH CARE		39,080	11.50
INDUSTRIALS (14.48%, 28/02/21 13.44%)			
Aerospace & Defence			
Babcock International	228,873	703	0.21
BAE Systems	401,917	2,872	0.84
Meggitt	107,454	802	0.24
Ultra Electronics	26,529	824	0.24
		5,201	1.53

UK Equity Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
Construction & Materials			
CRH	82,972	2,716	0.80
		2,716	0.80
Electronic & Electrical Equipment			
Halma	20,270	471	0.14
IMI	203,769	2,997	0.88
Rotork	454,583	1,363	0.40
Spectris	29,701	893	0.26
		5,724	1.68
General Industrials			
Bunzl	71,668	2,027	0.60
DS Smith	12,997	45	0.01
Melrose Industries	653,004	941	0.28
Mondi	82,147	1,418	0.42
Smiths	90,670	1,363	0.40
Smurfit Kappa	33,893	1,270	0.37
		7,064	2.08
Industrial Engineering			
Spirax-Sarco Engineering	22,803	2,640	0.78
Weir	49,926	778	0.23
		3,418	1.01
Industrial Support Services			
Clipper Logistics	6,071	54	0.02
DCC	6,261	360	0.11
Electrocomponents	29,006	281	0.08
Experian	119,388	3,396	1.00
Ferguson	41,601	4,728	1.39
Finabl*	17,413	-	-
Grafton	89,924	940	0.28
Inchcape	162,836	1,196	0.35
Intertek	104,800	5,424	1.60
IWG	436,850	1,205	0.35
Network International	64,230	138	0.04
Pagegroup	133,819	754	0.22
Rentokil Initial	235,516	1,168	0.34
		19,644	5.78
Industrial Transportation			
Ashtead	71,364	3,333	0.98
Royal Mail	195,739	739	0.22
		4,072	1.20
Retailers			
Travis Perkins	98,521	1,375	0.40
		1,375	0.40
TOTAL INDUSTRIALS		49,214	14.48

UK Equity Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
REAL ESTATE (2.81%, 28/02/21 1.55%)			
Real Estate Investment & Services			
Rightmove	436,611	2,795	0.82
Savills	3,524	46	0.02
		<hr/> 2,841	<hr/> 0.84
Real Estate Investment Trusts			
BMO Commercial Property Trust	12,183	13	0.00
British Land	499,822	2,602	0.77
Great Portland Estates	3,076	21	0.01
Hammerson	1,069,226	386	0.11
Land Securities	454,042	3,514	1.03
Primary Health Properties	124,240	166	0.05
		<hr/> 6,702	<hr/> 1.97
TOTAL REAL ESTATE		<hr/> 9,543	<hr/> 2.81
TECHNOLOGY (1.93%, 28/02/21 2.72%)			
Software & Computer Services			
Auto Trader	557,011	3,608	1.06
Kainos	19,252	281	0.08
Micro Focus International	114,885	437	0.13
Moneysupermarket.com	436,730	890	0.26
Sage	117,498	804	0.24
Softcat	36,624	546	0.16
		<hr/> 6,566	<hr/> 1.93
TOTAL TECHNOLOGY		<hr/> 6,566	<hr/> 1.93
TELECOMMUNICATIONS (3.93%, 28/02/21 2.40%)			
Telecommunications Equipment			
Spirent Communications	132,549	310	0.09
		<hr/> 310	<hr/> 0.09
Telecommunications Service Providers			
Airtel Africa	104,161	150	0.04
BT	1,486,364	2,811	0.83
Vodafone	7,674,582	10,081	2.97
		<hr/> 13,042	<hr/> 3.84
TOTAL TELECOMMUNICATIONS		<hr/> 13,352	<hr/> 3.93
UTILITIES (2.55%, 28/02/21 1.74%)			
Electricity			
Drax	106,018	703	0.21
SSE	242,934	4,060	1.19
		<hr/> 4,763	<hr/> 1.40

UK Equity Income Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
Gas, Water & Multiutilities			
Centrica	3,429,949	2,647	0.78
National Grid	53,362	587	0.17
Pennon	6,251	64	0.02
United Utilities	59,368	625	0.18
		3,923	1.15
TOTAL UTILITIES		8,686	2.55
DERIVATIVES (-0.01%, 28/02/21 -0.02%)			
Futures Contracts			
FTSE 100 Index Futures March 2022	26	(28)	(0.01)
		(28)	(0.01)
TOTAL DERIVATIVES		(28)	(0.01)
Portfolio of investments[^]		340,947	100.29
Net other liabilities		(992)	(0.29)
Total net assets		339,955	100.00

All investments held are listed, unless otherwise stated.

The futures contracts were traded on another regulated market.

[^]Including investment liabilities.

[†]This investment is a related party (see note 11).

[◇]Asset managed by the Investment Adviser.

*Suspended security.

UK Equity Income Fund

Material Portfolio Changes

for the year ended 28th February 2022

	Cost £000		Proceeds £000
Major purchases		Major sales	
Schroder Sterling Liquidity Fund X Inc ♦	79,212	Schroder Sterling Liquidity Fund X Inc ♦	78,453
Prudential	6,913	BHP	13,804
AstraZeneca	6,418	AstraZeneca	9,148
Diageo	6,235	Unilever	6,171
Vodafone	5,312	Rio Tinto	5,813
GlaxoSmithKline	4,998	Shell	5,570
BP	4,474	GlaxoSmithKline	5,367
Shell	3,903	Evraz	4,759
J Sainsbury	3,743	HSBC	4,671
Anglo American	3,427	London Stock Exchange	4,450

♦ Asset managed by the Investment Adviser.

UK Equity Income Fund

Comparative Table

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class A - Accumulation			
Change in net assets per share			
Opening net asset value per share	4,363.92	4,368.26	4,734.97
Return before operating charges*	635.47	51.91	(300.41)
Operating charges	(49.43)	(56.25)	(66.30)
Return after operating charges*	586.04	(4.34)	(366.71)
Distributions	(196.41)	(127.24)	(239.86)
Retained distributions on accumulation shares	196.41	127.24	239.86
Closing net asset value per share	4,949.96	4,363.92	4,368.26
*after direct transaction cost of:~	9.65	5.66	15.73
Performance			
Return after charges^	13.43%	(0.10)%	(7.74)%
Other information			
Closing net asset value (£000)	85,632	81,059	86,368
Closing number of shares	1,729,946	1,857,476	1,977,166
Operating charges#†	1.01%	1.40%	1.36%
Direct transaction costs~	0.20%	0.14%	0.32%
Prices**			
Highest share price	5,167.00	4,573.00	5,080.00
Lowest share price	4,362.00	3,256.00	4,376.00

#Operating charges are representative of the ongoing charges figure.

†During the period, the ACD's periodic charge changed from 1.25% to 0.80% and the registration fee was also changed from 0.10% to 0.05%. As such, 0.88% is a more representative figure for the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges can be different to the performance return stated in the Investment Market Review on page 94 which is sourced from Lipper and based on daily published prices.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

UK Equity Income Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class A - Income			
Change in net assets per share			
Opening net asset value per share	606.88	626.46	715.88
Return before operating charges*	88.64	6.51	(43.70)
Operating charges	(6.82)	(8.00)	(9.87)
Return after operating charges*	81.82	(1.49)	(53.57)
Distributions	(27.07)	(18.09)	(35.85)
Closing net asset value per share	661.63	606.88	626.46
*after direct transaction cost of:~	1.33	0.80	2.34
Performance			
Return after charges^	13.48%	(0.24)%	(7.48)%
Other information			
Closing net asset value (£000)	126,738	128,392	170,829
Closing number of shares	19,155,435	21,156,010	27,268,710
Operating charges#†	1.02%	1.40%	1.36%
Direct transaction costs~	0.20%	0.14%	0.32%
Prices**			
Highest share price	701.00	643.60	764.70
Lowest share price	606.80	465.90	640.20

#Operating charges are representative of the ongoing charges figure.

†During the period, the ACD's periodic charge changed from 1.25% to 0.80% and the registration fee was also changed from 0.10% to 0.05%. As such, 0.88% is a more representative figure for the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

UK Equity Income Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class B - Income			
Change in net assets per share			
Opening net asset value per share	639.21	658.17	750.21
Return before operating charges*	66.09	7.02	(45.97)
Operating charges	(3.00)	(6.90)	(8.46)
Return after operating charges*	63.09	0.12	(54.43)
Distributions	-	(19.08)	(37.61)
Return to shareholder as a result of class closure	(702.30)	-	-
Closing net asset value per share	-	639.21	658.17
*after direct transaction cost of:~	0.57	0.85	2.46
Performance			
Return after charges	-	0.02%	(7.26)%
Other information			
Closing net asset value (£000)	-	2,189	2,473
Closing number of shares	-	342,416	375,816
Operating charges#	-	1.15%	1.11%
Direct transaction costs~	0.20%	0.14%	0.32%
Prices**			
Highest share price	716.00	677.60	802.20
Lowest share price	639.20	489.50	672.50

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class B Income was closed on 21st June 2021.

UK Equity Income Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class C - Income			
Change in net assets per share			
Opening net asset value per share	699.03	716.15	812.18
Return before operating charges*	102.14	7.93	(50.17)
Operating charges	(4.47)	(4.24)	(5.06)
Return after operating charges*	97.67	3.69	(55.23)
Distributions	(31.26)	(20.81)	(40.80)
Closing net asset value per share	765.44	699.03	716.15
*after direct transaction cost of:~	1.53	0.92	2.67
Performance			
Return after charges	13.97%	0.52%	(6.80)%
Other information			
Closing net asset value (£000)	1,031	1,023	1,115
Closing number of shares	134,715	146,315	155,715
Operating charges#	0.58%	0.65%	0.61%
Direct transaction costs~	0.20%	0.14%	0.32%
Prices**			
Highest share price	810.70	740.50	870.20
Lowest share price	699.00	532.80	731.80

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

UK Equity Income Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class P - Accumulation			
Change in net assets per share			
Opening net asset value per share	97.47	97.08	104.71
Return before operating charges*	14.20	1.20	(6.70)
Operating charges	(0.90)	(0.81)	(0.93)
Return after operating charges*	13.30	0.39	(7.63)
Distributions	(4.39)	(2.82)	(5.32)
Retained distributions on accumulation shares	4.39	2.82	5.32
Closing net asset value per share	110.77	97.47	97.08
*after direct transaction cost of:~	0.22	0.13	0.35
Performance			
Return after charges	13.65%	0.40%	(7.29)%
Other information			
Closing net asset value (£000)	3,524	3,118	2,879
Closing number of shares	3,181,100	3,199,500	2,965,300
Operating charges#	0.83%	0.90%	0.86%
Direct transaction costs~	0.20%	0.14%	0.32%
Prices**			
Highest share price	115.60	102.10	112.80
Lowest share price	97.44	72.38	97.25

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

UK Equity Income Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class P - Income			
Change in net assets per share			
Opening net asset value per share	81.60	83.81	95.29
Return before operating charges*	11.91	0.90	(5.87)
Operating charges	(0.75)	(0.69)	(0.83)
Return after operating charges*	11.16	0.21	(6.70)
Distributions	(3.64)	(2.42)	(4.78)
Closing net asset value per share	89.12	81.60	83.81
*after direct transaction cost of:~	0.18	0.11	0.31
Performance			
Return after charges	13.68%	0.25%	(7.03)%
Other information			
Closing net asset value (£000)	2,900	2,423	2,442
Closing number of shares	3,253,900	2,969,400	2,914,000
Operating charges#	0.83%	0.90%	0.86%
Direct transaction costs~	0.20%	0.14%	0.32%
Prices**			
Highest share price	94.42	86.47	102.00
Lowest share price	81.60	62.34	85.64

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

UK Equity Income Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class X - Accumulation			
Change in net assets per share			
Opening net asset value per share	5,506.78	5,443.87	5,827.71
Return before operating charges*	803.03	70.30	(376.91)
Operating charges	(4.72)	(7.39)	(6.93)
Return after operating charges*	798.31	62.91	(383.84)
Distributions	(249.00)	(159.13)	(296.78)
Retained distributions on accumulation shares	249.00	159.13	296.78
Closing net asset value per share	6,305.09	5,506.78	5,443.87
*after direct transaction cost of:~	12.22	7.09	19.48
Performance			
Return after charges	14.50%	1.16%	(6.59)%
Other information			
Closing net asset value (£000)	120,130	144,281	190,659
Closing number of shares	1,905,285	2,620,065	3,502,265
Operating charges#	0.08%	0.15%	0.11%
Direct transaction costs~	0.20%	0.14%	0.32%
Prices**			
Highest share price	6,576.00	5,762.00	6,322.00
Lowest share price	5,505.00	4,060.00	5,453.00

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

UK Equity Income Fund

Statement of Total Return

for the year ended 28th February 2022

	Notes	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Income			
Net capital gains/(losses)	2	35,395	(11,600)
Revenue	3	15,177	13,524
Expenses	4	(2,437)	(3,459)
Interest payable and similar charges		(2)	(2)
Net revenue before taxation		12,738	10,063
Taxation	5	(89)	(81)
Net revenue after taxation		12,649	9,982
Total return before distributions		48,044	(1,618)
Distributions	6	(14,789)	(12,972)
Change in net assets attributable to shareholders from investment activities		33,255	(14,590)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28th February 2022

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Opening net assets attributable to shareholders	362,485	456,765
Amounts receivable on creation of shares	3,340	70,545
Less: Amounts payable on cancellation of shares	(67,931)	(158,393)
	(64,591)	(87,848)
Dilution adjustment	37	505
Change in net assets attributable to shareholders from investment activities	33,255	(14,590)
Retained distributions on accumulation shares	8,537	7,377
Unclaimed distributions	232	276
Closing net assets attributable to shareholders	339,955	362,485

Notes to the Financial Statements are on pages 112 to 119.

UK Equity Income Fund

Balance Sheet

as at 28th February 2022

	Notes	28/02/22 £000	28/02/21 £000
Assets			
Fixed assets			
Investments		340,975	362,363
Current assets			
Debtors	8	1,562	3,270
Cash and bank balances	9	210	528
Total assets		342,747	366,161
Liabilities			
Investment liabilities		(28)	(53)
Creditors			
Bank overdrafts		(296)	-
Distribution payable		(1,965)	(1,586)
Other creditors	10	(503)	(2,037)
Total liabilities		(2,792)	(3,676)
Net assets attributable to shareholders		339,955	362,485

Notes to the Financial Statements are on pages 112 to 119.

Notes to the Financial Statements

for the year ended 28th February 2022

1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 13 to 15.

2. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Non-derivative securities	34,723	(10,523)
Futures contracts	611	(931)
Currency gains/(losses)	44	(13)
Transaction charges	17	(133)
Net capital gains/(losses)	35,395	(11,600)

3. Revenue

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
UK dividends	13,657	12,545
Overseas dividends	1,321	835
Property income distributions	197	134
Distributions from Regulated Collective Investment Schemes:		
Offshore distributions	2	5
Stock lending revenue	-	5
Total revenue	15,177	13,524

4. Expenses

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	2,140	2,991
Registration fees	241	411
	2,381	3,402
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	40	44
Safe custody fees	4	3
	44	47
Other expenses:		
Audit fee	12	10
Total expenses	2,437	3,459

Expenses include irrecoverable VAT.

The Deloitte LLP (previously PricewaterhouseCoopers LLP) audit fee for the year, inclusive of VAT is £12,000 (28/02/21: £10,740).

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

5. Taxation**(a) Analysis of charge in year:**

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Irrecoverable overseas tax	89	81
Total taxation (note 5b)	89	81

(b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2021: 20%). The differences are explained below:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Net revenue before taxation	12,738	10,063
Corporation tax of 20% (2021: 20%)	2,548	2,013
Effects of:		
Non-taxable UK dividends*	(2,732)	(2,509)
Overseas non-taxable revenue*	(273)	(167)
Irrecoverable overseas tax	89	81
Movement in excess management expenses	457	663
Total tax charge for year (note 5a)	89	81

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £33,162,791 (28/02/2021: £32,706,166) relating to surplus management expenses. No deferred tax asset has been recognised in either year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Interim	8,921	7,907
Final	5,061	4,252
	13,982	12,159
Add: Revenue deducted on cancellation of shares	862	1,183
Deduct: Revenue received on creation of shares	(55)	(370)
Net distributions for the year	14,789	12,972

Details of the distribution per share are set out in the Distribution Tables on pages 120 to 121.

Notes to the Financial Statements**(continued)**

for the year ended 28th February 2022

7. Movement between net revenue and net distributions

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Net revenue after taxation	12,649	9,982
ACD's periodic charge taken to capital	2,140	2,991
Net distributions for the year	<u>14,789</u>	<u>12,973</u>

8. Debtors

	28/02/22 £000	28/02/21 £000
Sales awaiting settlement	-	1,699
Amounts receivable for issue of shares	1	20
Accrued revenue	1,402	1,389
Overseas tax recoverable	159	108
Income tax receivable	-	54
Total debtors	<u>1,562</u>	<u>3,270</u>

9. Cash and bank balances

	28/02/22 £000	28/02/21 £000
Cash and bank balances	-	419
Amounts held at futures clearing houses and brokers	210	109
Total cash and bank balances	<u>210</u>	<u>528</u>

10. Other creditors

	28/02/22 £000	28/02/21 £000
Purchases awaiting settlement	-	1,477
Amounts payable for cancellation of shares	320	255
Accrued expenses	183	305
Total other creditors	<u>503</u>	<u>2,037</u>

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

11. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the sub-fund. Lloyds Banking Group plc, as the parent company of the ACD is the ultimate controlling party of the sub-fund. As such any member company of Lloyds Banking Group plc is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees are disclosed in note 4, with £152,332 (28/02/21: £222,581) due at the year end.

The sub-fund entered into related party transactions of Lloyds Banking Group plc investments during the year. This included purchases of 3,376,909 shares (28/02/21: 3,893,640 shares) with a cost of £1,706,855 (28/02/21: £1,228,376) and sales of 5,272,277 shares (28/02/21: 9,279,632 shares) with sales proceeds of £2,414,550 (28/02/21: £3,070,148).

The sub-fund has a related party holding of 9,714,427 shares (28/02/21: 11,768,725 shares) and value of £4,625,524 (28/02/21: £4,589,803) held at the year end within the Lloyds Banking Group plc.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group plc investments. The total revenue received amounts to £125,940 (28/02/21: £nil).

Shares held by associates of the ACD

On 28th February, shares held as percentage of the sub-fund's value were:

	28/02/22	28/02/21
	%	%
ACD and associates of the ACD	48.47	46.66

12. Share classes

On 28th February the share classes in issue and the associated ACD's periodic charge on each share class, is as follows:

	28/02/22	28/02/21
	%	%
Share Class A - Accumulation	0.80	1.25
Share Class A - Income	0.80	1.25
Share Class B - Income	N/A	1.00
Share Class C - Income	0.50	0.50
Share Class P - Accumulation	0.75	0.75
Share Class P - Income	0.75	0.75
Share Class X - Accumulation	-	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables (unaudited) on pages 103 to 109.

The distributions per share class are given in the Distribution Tables on pages 120 to 121.

Reconciliation of the shares movement in the year:

	01/03/21				28/02/22
	Opening shares			Shares	Closing shares
	in issue	Creations	Cancellations	converted	in issue
Share Class A - Accumulation	1,857,476	3,500	(131,030)	-	1,729,946
Share Class A - Income	21,156,010	306,999	(2,656,050)	348,476	19,155,435
Share Class B - Income	342,416	1,200	(13,027)	(330,589)	-
Share Class C - Income	146,315	6,600	(18,200)	-	134,715
Share Class P - Accumulation	3,199,500	294,600	(313,000)	-	3,181,100
Share Class P - Income	2,969,400	652,500	(368,000)	-	3,253,900
Share Class X - Accumulation	2,620,065	3,800	(718,580)	-	1,905,285

13. Capital commitments and contingent liabilities

On 28th February 2022, the sub-fund had no capital commitments (28/02/21: £nil) and no contingent liabilities (28/02/21: £nil).

for the year ended 28th February 2022

14. Securities on loan

There were no securities on loan or collateral held at both current and prior year end.

The gross earnings and fees paid for the year are £nil (28/02/21: £6,685) and £nil (28/02/21: £1,669).

15. Risk management policies, derivatives and other financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 93. The risks inherent in the sub-fund's investment portfolio are as follows:

(a) Currency risk

The sub-fund's financial assets and liabilities are all denominated in Sterling, however the sub-fund receives a small portion of revenue in foreign currency. As a result, movements in exchange rates may affect the revenue of the portfolio.

As at 28th February 2022, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been an increase or decrease of approximately £5,007 (28/02/21: £4,639).

As at 28th February 2022 the sub-fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure 28/02/22	Currency exposure 28/02/21
	£000	£000
Euro	84	108
US dollar	417	356
Total	501	464

The sub-fund manages the currency risk on the initial purchase of investments denominated in foreign currencies. The sub-fund does not hedge or otherwise seek to avoid movement risk on the subsequent gains/losses on the settling value.

(b) Interest rate risk profile of financial assets and liabilities

The majority of the sub-fund receives revenue from holdings in equities. The cashflow from these investments may fluctuate depending upon the particular decisions made by each company. Given that the sub-fund's objective is to provide an above average income together with capital growth, these cashflows are actively managed.

The sub-fund's net cash overdraft of £295,933 (28/02/21: holding £419,466) is held in a floating rate deposit account whose interest rates are based on SONIA or its international equivalent.

The sub-fund holds net cash at futures brokers of £210,101 (28/02/21: cash £108,786), whose rates are based on SONIA or its international equivalent.

The interest rate exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The sub-fund did not have any long term financial liabilities.

(c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the sub-fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the sub-fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. All derivative contracts were traded on an eligible derivatives exchange.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the sub-fund's exposure by the use of derivatives rather than through the sale and purchase by the sub-fund of transferable securities.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

15. Risk management policies, derivatives and other financial instruments (continued)

(c) Derivatives and other financial instruments (continued)

Due to the use of derivatives, the percentage movements in the value of the sub-fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

Efficient portfolio management techniques	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Gross revenues arising from efficient portfolio management techniques	-	7
Direct operational costs and fees incurred	-	(2)
Net revenue generated for the sub-fund during the accounting year	-	5

Counterparties to financial derivative instruments and efficient portfolio management techniques

	28/02/22 £000	28/02/21 £000
Merrill Lynch - Futures contracts	(28)	(53)
Total uncollateralised counterparty exposure	(28)	(53)

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

Collateral	28/02/22 £000	28/02/21 £000
Broker cash balances to increase counterparty exposure:		
GBP Cash - Merrill Lynch	210	109

Collateral as at 28th February 2022

No collateral received in the current or prior year.

(d) Liquidity risk

All of the sub-fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

(e) Market price risk and fair value of financial assets and liabilities

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price risk, currency risk and interest rate movements. It represents the potential loss the sub-fund may suffer through holding market positions in financial instruments in the face of market movements.

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

Local, regional or global events, for example, war, acts of terrorism, the spread of infectious diseases, government policy or the health of the underlying economy could have a significant impact on the sub-fund and the market price of its investments.

The sub-fund invests principally in equities. The value of equities is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual equity or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of investments spread across all market sectors in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules limiting the size of investment in any particular holding.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

15. Risk management policies, derivatives and other financial instruments (continued)

(e) Market price risk and fair value of financial assets and liabilities (continued)

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 28th February 2022, if the price of investments held by the sub-fund increased or decreased by 5%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 5%; which for this sub-fund would equate to £17,047,363 (28/02/21: £18,115,503).

The outbreak of COVID-19 (Coronavirus) in early 2020 adversely impacted Global economies, creating increased volatility in financial markets. At the beginning of the Coronavirus outbreak the UK experienced significant volatility in market prices, however market liquidity remains relatively strong and so does the ability to trade in size across most asset classes.

(f) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk.

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

16. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/03/21 to 28/02/22	29/02/20 to 28/02/21	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	£000	£000	£000	£000
Collective Investment Schemes	79,950	108,560	79,958	109,084
Equities	142,604	194,960	199,077	280,395
Trades in the year before transaction costs	222,554	303,520	279,035	389,479
Commissions				
Collective Investment Schemes~	0	0	(1)	0
Equities	33	35	(38)	(43)
Total commissions	33	35	(39)	(43)
Taxes and other expenses				
Collective Investment Schemes~	4	3	0	0
Equities	664	896	(2)	(3)
Total taxes and other expenses	668	899	(2)	(3)
Total costs	701	934	(41)	(46)
Total net trades in the year after transaction costs	223,255	304,454	278,994	389,433

~The value of transaction costs is below £500 and is therefore rounded down to £0.

Total transaction cost expressed as a percentage of asset class trades

	Purchases		Sales	
	01/03/21 to 28/02/22	29/02/20 to 28/02/21	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	%	%	%	%
Commissions				
Collective Investment Schemes	0.00	0.00	0.00	0.00
Equities	0.02	0.02	0.02	0.02
Taxes and other expenses				
Collective Investment Schemes	0.00	0.00	0.00	0.00
Equities	0.47	0.46	0.00	0.00

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

16. Portfolio transaction costs (continued)

Total transaction cost expressed as a percentage of average net asset value

	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	%	%
Commissions	0.02	0.02
Taxes and other expenses	0.18	0.22
Total costs	0.20	0.24

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of equities, futures and options contracts, broker commissions and transfer taxes and other expenses may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts, or the associated broker commissions and transfer taxes, is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to non-equity investment instruments.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.05% (28/02/21: 0.04%).

17. Fair value

Valuation technique	28/02/22		28/02/21	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	339,950	(28)	362,092	(53)
Level 2	1,025	-	266	-
Level 3*	-	-	5	-
Total fair value	340,975	(28)	362,363	(53)

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

*Current and prior year figures include Finabl and NMC Health. These securities are suspended/delisted with £nil market value (28/02/21: £5,146).

18. Post balance sheet events

Since the balance sheet date and up to the date of this report, the sub-fund has sold all its holdings in Polymetal International which was identified as being a company with links to Russia. Total sales in the period were as follows:

	Value as of 28th February 2022 £000	Sales Proceeds £000	Loss from Sale £000
Polymetal International	857	148	709

UK Equity Income Fund

Distribution Tables

for the year ended 28th February 2022

Distribution in pence per share

Group 1 Interim Shares purchased prior to 1st March 2021

Final Shares purchased prior to 1st September 2021

Group 2 Interim Shares purchased on or between 1st March 2021 and 31st August 2021

Final Shares purchased on or between 1st September 2021 and 28th February 2022

Share Class A - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 30/04/2022	Distributions paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Interim	123.0865	-	123.0865	76.2204
Final	73.3203	-	73.3203	51.0201
Group 2	(p)	(p)	(p)	(p)
Interim	70.0031	53.0834	123.0865	76.2204
Final	38.3927	34.9276	73.3203	51.0201

Share Class A - Income

	Net revenue	Equalisation	Distributions paid/payable to 30/04/2022	Distributions paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Interim	17.1263	-	17.1263	10.9068
Final	9.9477	-	9.9477	7.1810
Group 2	(p)	(p)	(p)	(p)
Interim	9.0340	8.0923	17.1263	10.9068
Final	6.5022	3.4455	9.9477	7.1810

Share Class B - Income

	Net revenue	Equalisation	Distributions paid/payable to 30/04/2022	Distributions paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Interim	-	-	-	11.5180
Final	-	-	-	7.5593
Group 2	(p)	(p)	(p)	(p)
Interim	-	-	-	11.5180
Final	-	-	-	7.5593

Share Class C - Income

	Net revenue	Equalisation	Distributions paid/payable to 30/04/2022	Distributions paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Interim	19.7603	-	19.7603	12.5517
Final	11.4995	-	11.4995	8.2577
Group 2	(p)	(p)	(p)	(p)
Interim	15.4143	4.3460	19.7603	12.5517
Final	5.7188	5.7807	11.4995	8.2577

Distribution Tables**(continued)**

for the year ended 28th February 2022

Share Class P - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 30/04/2022	Distributions paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Interim	2.7523	-	2.7523	1.6857
Final	1.6406	-	1.6406	1.1383
Group 2	(p)	(p)	(p)	(p)
Interim	1.9717	0.7806	2.7523	1.6857
Final	1.3025	0.3381	1.6406	1.1383

Share Class P - Income

	Net revenue	Equalisation	Distributions paid/payable to 30/04/2022	Distributions paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Interim	2.3050	-	2.3050	1.4564
Final	1.3397	-	1.3397	0.9644
Group 2	(p)	(p)	(p)	(p)
Interim	1.5916	0.7134	2.3050	1.4564
Final	0.9760	0.3637	1.3397	0.9644

Share Class X - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 30/04/2022	Distributions paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Interim	155.8000	-	155.8000	94.9233
Final	93.2030	-	93.2030	64.2069
Group 2	(p)	(p)	(p)	(p)
Interim	123.5315	32.2685	155.8000	94.9233
Final	53.7291	39.4739	93.2030	64.2069

Share Class B Income was closed on 21st June 2021.

Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Interim - 100.00% of the dividend, is received as non-taxable income.

Interim - 0.00% of the dividend is received as an annual payment (non-foreign element) received after the deduction of tax.

Interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of tax.

Final - 100.00% of the dividend, is received as non-taxable income.

Final - 0.00% of the dividend is received as an annual payment (non-foreign element) received after the deduction of tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of tax.

UK Growth Fund

Investment Markets Overview

for the year ended 28th February 2022

Investment Objective

To provide capital growth through investment in a broad portfolio of shares of UK companies.

The benchmark index for the Fund is the FTSE All-Share Index (the “Index”). The Investment Adviser seeks to outperform the Index by 1.25%* per annum on a rolling 3 year basis, before deduction of fees.

Investment Policy

At least 80% of the Fund will be invested in a portfolio of companies which are part of the Index. This will involve investing in shares and may also include preference shares**. The majority of these companies are those which are incorporated, or domiciled, or have a significant part of their business in the UK.

The Investment Adviser may only take limited positions away from the Index. This means there are limitations on the extent to which the Fund’s investment in various sectors*** may differ to the Index. These limited positions can be more than is held in the Index (overweight) or less than is held in the Index (underweight).

These limitations help to deliver a level of portfolio diversification and risk management. The limitations also help to achieve an appropriate balance between the extent to which the Fund’s composition can diverge from the Index and providing the Investment Adviser with flexibility to seek outperformance relative to the Index. As a result, the Fund’s performance may differ from the Index.

The Fund may also invest in collective investment schemes, including those managed by the ACD and its associates, hold cash and cash like investments.

Derivatives and stock lending may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

*Note: there are Share Classes in the Fund where fees exceed the Fund’s outperformance target relative to the Index. For those Share Classes, the Fund may underperform the Index after deduction of fees even if its outperformance target is achieved.

**A preference share usually issues a fixed dividend payment which takes priority over payments of ordinary shares.

***A sector is a business area, industry or economy which shares the same characteristics. Company shares are typically grouped into different sectors depending on the company’s business.

The FTSE All-Share Index has been selected as an appropriate benchmark as it provides a representation of the returns of securities in the UK equity market.

Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund’s volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn’t tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund’s ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 6* because it has experienced high levels of volatility over the past 5 years.	Typically lower rewards, lower risks						
	Typically higher rewards, higher risks						
	←						→
*As disclosed in the key investor information document dated 20th January 2022.	1	2	3	4	5	6	7

Investment Markets Overview

(continued)

for the year ended 28th February 2022

Investment Review

Performance	01/03/21 to 28/02/22 %	29/02/20 to 28/02/21 %	01/03/19 to 28/02/20 %	01/03/18 to 28/02/19 %	01/03/17 to 28/02/18 %
UK Growth Fund A Accumulation	10.07	2.55	(6.30)	(0.38)	4.71
FTSE All-Share Index + 1.25%†	17.49	4.79	(0.20)	2.98	5.70

Source: Lipper for UK Growth Fund. Basis: Net revenue reinvested and net of expenses.

Source: Financial Express for FTSE All-Share Index + 1.25% (GBP). Basis: Total return net of tax.

†Please note that the ACD increased the outperformance target for the UK Growth Fund during September 2019. The returns shown in the performance table above reflect past performance of the Fund and that of the Fund's current benchmark index and outperformance target.

The Index plus outperformance target and the Fund performance figures are shown on annual basis. In practice the Investment Adviser's outperformance target applies over rolling 3 year periods, as explained in the 'Investment Objective'. In addition the Index plus outperformance target is calculated without deduction of charges whereas the performance of the Fund is calculated after deduction of charges.

Please note that the Fund and benchmark values are struck at different points in the day, with the benchmark struck at the close of business. This timing difference may have the effect of showing the Fund performing significantly above or below the benchmark.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The Fund achieved positive performance but lagged the benchmark index in the 12 months to 28th February 2022.

We employ a disciplined, systematic investment approach to gain exposure to a range of factors, such as value (targeting undervalued companies), quality (favouring profitable and well-governed companies) and momentum (evaluating recent trends in stock and industry-level performance).

Value and governance delivered similar positive contributions to active returns over the period. Overall, both factors performed well in the latter part of the period as a new reflation trade, the Omicron trade, briefly took hold with investors seemingly positioning for the beginning of the end of the pandemic. In the closing stages, the Russian invasion of Ukraine and related escalation of geopolitical tensions started to drive stock returns, helping to put a stop to value's strong start to 2022. Profitability struggled during the year. Having recovered from a poor Q3, the factor sold off in January and February leaving it the largest detractor from excess returns. After a relatively muted first 11 months, momentum also sold off sharply in February while low volatility was slightly positive over the year.

From a stock level perspective, over the period, the fund benefitted the most from an overweight in GlaxoSmithKline which currently scores well on most factors. Conversely, our underweight in National Grid, a utilities company with mixed factor scores, was the largest detractor from relative returns.

UK equities achieved a positive performance in the period. Lowly-valued, economically sensitive areas performed well in the first few months of 2021 as the global economic outlook improved. However, equities struggled in June amid a rise in Covid-19 infections and falling inflation expectations. UK share prices continued to advance over the summer but fell back in November following the discovery of Omicron, a new variant of Covid-19. However, encouraging news around Omicron during December saw a number of economically sensitive areas of the market largely recoup the sharp losses they had sustained in the initial sell-off in late November. Shares prices were broadly unchanged in January and February despite Russia's invasion of neighbouring Ukraine.

Schroder Investment Management Limited
March 2022

UK Growth Fund

Portfolio Statement

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
BASIC MATERIALS (8.69%, 28/02/21 15.40%)			
Chemicals			
Johnson Matthey	124,706	2,175	0.11
RHI Magnesita	30,692	706	0.04
Victrix	123,390	2,331	0.12
		5,212	0.27
Industrial Metals & Mining			
Anglo American	983,907	36,906	1.90
Antofagasta	94,915	1,363	0.07
Ferrexpo	2,558,352	3,843	0.20
Glencore	4,707,019	20,638	1.06
Rio Tinto	1,426,770	80,884	4.16
		143,634	7.39
Precious Metals & Mining			
Centamin	15,411,300	14,666	0.76
Polymetal International	864,992	5,304	0.27
		19,970	1.03
TOTAL BASIC MATERIALS		168,816	8.69
CONSUMER DISCRETIONARY (14.53%, 28/02/21 13.97%)			
Household Goods & Home Construction			
Barratt Developments	1,299,591	7,353	0.38
Bellway	62,730	1,726	0.09
Crest Nicholson	49,350	143	0.01
Persimmon	1,204,079	27,610	1.42
Redrow	400,508	2,204	0.11
Vistry	37,535	359	0.02
		39,395	2.03
Leisure Goods			
Games Workshop	192,021	13,768	0.71
		13,768	0.71
Media			
ITV	12,158,088	13,404	0.69
RELX	2,893,357	64,638	3.32
WPP	2,475,757	26,206	1.35
		104,248	5.36
Personal Goods			
Burberry	205,265	3,934	0.20
Watches of Switzerland	917,809	11,069	0.57
		15,003	0.77
Retailers			
B&M European Value Retail	5,684,113	32,911	1.69
Currys	1,801,694	1,668	0.09
Dunelm	669,621	7,834	0.40
Frasers	26,673	170	0.01
Halfords	59,450	161	0.01
Howden Joinery	1,472,047	11,744	0.60
JD Sports Fashion	4,281,635	6,330	0.33

UK Growth Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
Kingfisher	3,724,734	11,029	0.57
Marks & Spencer	3,865,881	6,655	0.34
Next	311,678	21,057	1.08
Pets at Home	4,146	15	0.00
Vivo Energy	1,348,757	1,813	0.09
		101,387	5.21
Travel & Leisure			
888	870,680	2,011	0.10
Domino's Pizza	1,013,841	3,662	0.19
Entain	5,934	96	0.01
Firstgroup	1,865,133	1,845	0.10
TUI	446,845	1,065	0.05
		8,679	0.45
TOTAL CONSUMER DISCRETIONARY		282,480	14.53
CONSUMER STAPLES (13.84%, 28/02/21 12.29%)			
Beverages			
Britvic	331,068	2,784	0.14
Coca-Cola HBC	662,568	13,715	0.70
Diageo	1,514,522	55,530	2.86
		72,029	3.70
Food Producers			
Tate & Lyle	1,828,527	13,732	0.71
		13,732	0.71
Personal Care, Drug & Grocery Stores			
Greggs	243,265	6,208	0.32
J Sainsbury	12,411,677	33,686	1.73
Reckitt Benckiser	257,841	16,239	0.84
Unilever	1,422,402	53,098	2.73
		109,231	5.62
Tobacco			
British American Tobacco	995,134	32,755	1.68
Imperial Brands	2,491,772	41,313	2.13
		74,068	3.81
TOTAL CONSUMER STAPLES		269,060	13.84

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
ENERGY (9.80%, 28/02/21 6.12%)			
Oil, Gas & Coal			
BP	14,131,855	49,765	2.56
Cairn Energy	180,963	395	0.02
Shell	6,720,795	135,357	6.97
Tullow Oil	9,449,966	4,893	0.25
		190,410	9.80
TOTAL ENERGY		190,410	9.80
FINANCIALS (15.09%, 28/02/21 20.17%)			
Banks			
Barclays	7,951,456	14,433	0.74
Close Brothers	189,904	2,188	0.11
HSBC	11,395,180	58,959	3.04
Investec	585,818	2,382	0.12
Lloyds Banking†	33,669,148	16,031	0.83
		93,993	4.84
Closed End Investments			
Edinburgh Investment Trust	269,836	1,662	0.09
Edinburgh Worldwide Investment Trust	676,242	1,461	0.07
		3,123	0.16
Investment Banking & Brokerage			
3i	240,198	3,075	0.16
abrdn	4,841,067	9,813	0.50
AJ Bell	1,045,190	3,196	0.16
Ashmore	1,377,209	3,446	0.18
Hargreaves Lansdown	1,040,940	11,487	0.59
IG	1,502,349	11,500	0.59
Intermediate Capital	80,061	1,350	0.07
Jupiter Fund Management	803,442	1,608	0.08
M&G	9,141,645	18,951	0.98
Man	4,116,369	7,708	0.40
Plus500	1,305,499	18,283	0.94
		90,417	4.65
Life Insurance			
Aviva	731,495	3,097	0.16
Prudential	4,824,466	55,433	2.85
		58,530	3.01
Non-Equity Investment Instruments			
Schroder Sterling Liquidity Fund X IncØ	5,547,188	5,547	0.28
		5,547	0.28

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
Non-Life Insurance			
Admiral	1,057,057	31,236	1.61
Beazley	378,399	1,733	0.09
Direct Line Insurance	2,897,062	8,517	0.44
HomeServe	45,649	303	0.01
		41,789	2.15
TOTAL FINANCIALS		293,399	15.09
HEALTH CARE (12.56%, 28/02/21 10.69%)			
Health Care Providers			
Mediclinic International	571,915	1,892	0.10
NMC Health*	103,070	-	-
		1,892	0.10
Medical Equipment & Services			
ConvaTec	9,249,068	15,807	0.81
Smith & Nephew	577,378	7,445	0.38
		23,252	1.19
Pharmaceuticals & Biotechnology			
AstraZeneca	1,237,455	110,604	5.69
Dechra Pharmaceuticals	49,375	1,961	0.10
Genus	26,780	832	0.04
GlaxoSmithKline	6,019,077	93,440	4.81
Hikma Pharmaceuticals	606,682	12,158	0.63
		218,995	11.27
TOTAL HEALTH CARE		244,139	12.56
INDUSTRIALS (15.42%, 28/02/21 13.80%)			
Aerospace & Defence			
Babcock International	879,533	2,700	0.14
BAE Systems	432,715	3,092	0.16
Meggitt	485,465	3,624	0.19
Ultra Electronics	134,947	4,191	0.21
		13,607	0.70
Construction & Materials			
CRH	364,126	11,922	0.61
		11,922	0.61
Electronic & Electrical Equipment			
IMI	1,770,957	26,051	1.34
Rotork	3,420,512	10,255	0.53
Spectris	100,779	3,030	0.15
		39,336	2.02

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
General Industrials			
Bunzl	442,551	12,515	0.65
Melrose Industries	2,181,014	3,143	0.16
Mondi	627,277	10,830	0.56
Smiths	311,175	4,679	0.24
Smurfit Kappa	202,653	7,593	0.39
		38,760	2.00
Industrial Engineering			
Spirax-Sarco Engineering	140,302	16,247	0.84
Weir	443,665	6,910	0.35
		23,157	1.19
Industrial Support Services			
Clipper Logistics	62,596	553	0.03
Experian	700,696	19,935	1.03
Ferguson	353,104	40,130	2.06
Finabl*	81,849	-	-
Grafton	467,437	4,889	0.25
Inchcape	947,818	6,962	0.36
Intertek	724,573	37,504	1.93
IWG	4,114,181	11,347	0.58
Network International	226,662	487	0.03
Pagegroup	824,446	4,646	0.24
Rentokil Initial	663,057	3,287	0.17
		129,740	6.68
Industrial Transportation			
Ashtead	641,401	29,953	1.54
Royal Mail	535,098	2,020	0.11
		31,973	1.65
Retailers			
Travis Perkins	797,919	11,135	0.57
		11,135	0.57
TOTAL INDUSTRIALS		299,630	15.42
REAL ESTATE (3.48%, 28/02/21 1.82%)			
Real Estate Investment & Services			
Rightmove	2,992,503	19,158	0.99
Savills	27,998	361	0.02
		19,519	1.01

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
Real Estate Investment Trusts			
BMO Commercial Property Trust	69,240	73	0.00
British Land	3,652,672	19,016	0.98
Hammerson	2,706,031	976	0.05
Land Securities	3,617,038	27,996	1.44
		48,061	2.47
TOTAL REAL ESTATE		67,580	3.48
TECHNOLOGY (2.51%, 28/02/21 2.94%)			
Software & Computer Services			
Auto Trader	5,273,842	34,164	1.76
Kainos	143,854	2,099	0.11
Micro Focus International	405,252	1,540	0.08
Moneysupermarket.com	2,605,755	5,310	0.27
Sage	496,734	3,397	0.17
Softcat	157,992	2,357	0.12
		48,867	2.51
TOTAL TECHNOLOGY		48,867	2.51
TELECOMMUNICATIONS (4.20%, 28/02/21 2.62%)			
Telecommunications Equipment			
Spirent Communications	725,231	1,697	0.09
		1,697	0.09
Telecommunications Service Providers			
Airtel Africa	670,629	966	0.05
BT	10,631,268	20,104	1.03
Vodafone	44,829,055	58,887	3.03
		79,957	4.11
TOTAL TELECOMMUNICATIONS		81,654	4.20
UTILITIES (1.99%, 28/02/21 1.55%)			
Electricity			
Drax	15,485	102	0.00
SSE	762,952	12,753	0.66
		12,855	0.66
Gas, Water & Multiutilities			
Centrica	29,141,007	22,485	1.16
National Grid	187,122	2,059	0.11
United Utilities	119,879	1,262	0.06
		25,806	1.33
TOTAL UTILITIES		38,661	1.99

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
DERIVATIVES (-0.01%, 28/02/21 -0.01%)			
Futures Contracts			
FTSE 100 Index Futures March 2022	194	(162)	(0.01)
		(162)	(0.01)
TOTAL DERIVATIVES		(162)	(0.01)
Portfolio of investments[^]		1,984,534	102.10
Net other liabilities		(40,784)	(2.10)
Total net assets		1,943,750	100.00

All investments held are listed, unless otherwise stated.

The futures contracts were traded on another regulated market.

[^]Including investment liabilities.^{*}Suspended securities.[†]This investment is a related party (see note 11).[◇]Asset managed by the Investment Adviser.

UK Growth Fund

Material Portfolio Changes

for the year ended 28th February 2022

	Cost £000		Proceeds £000
Major purchases		Major sales	
Schroder Sterling Liquidity Fund X Inc◇	332,340	Schroder Sterling Liquidity Fund X Inc◇	329,205
Prudential	54,278	BHP	99,314
AstraZeneca	45,273	AstraZeneca	47,176
Vodafone	33,450	Evrax	38,717
BP	30,069	Legal & General	37,344
Shell	26,126	Aviva	30,364
Diageo	24,693	Shell	30,295
Ashtead	23,893	Unilever	30,090
BHP	23,496	GlaxoSmithKline	27,573
J Sainsbury	21,412	Rio Tinto	25,841

◇ Asset managed by the Investment Adviser.

UK Growth Fund

Comparative Table

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class A - Accumulation			
Change in net assets per share			
Opening net asset value per share	172.66	172.13	184.04
Return before operating charges*	21.39	2.88	(9.12)
Operating charges	(1.97)	(2.35)	(2.79)
Return after operating charges*	19.42	0.53	(11.91)
Distributions	(6.18)	(2.87)	(5.71)
Retained distributions on accumulation shares	6.18	2.87	5.71
Closing net asset value per share	192.08	172.66	172.13
*after direct transaction cost of:~	0.39	0.29	0.56
Performance			
Return after charges^	11.25%	0.31%	(6.47)%
Other information			
Closing net asset value (£000)	782,370	651,380	687,494
Closing number of shares	407,305,777	377,260,808	399,411,808
Operating charges#†	1.03%	1.47%	1.46%
Direct transaction costs~	0.21%	0.18%	0.29%
Prices**			
Highest share price	201.90	181.80	200.10
Lowest share price	172.50	128.40	172.40

#Operating charges are representative of the ongoing charges figure.

†During the period, the ACD's periodic charge changed from 1.35% to 0.80% and the registration fee was also changed from 0.10% to 0.05%. As such, 0.88% is a more representative figure for the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

^ The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges can be different to the performance return stated in the Investment Market Review on page 123 which is sourced from Lipper and based on daily published prices.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class B - Accumulation			
Change in net assets per share			
Opening net asset value per share	187.03	185.80	197.96
Return before operating charges*	19.48	3.17	(9.87)
Operating charges	(0.91)	(1.94)	(2.29)
Return after operating charges*	18.57	1.23	(12.16)
Distributions	-	(3.71)	(6.87)
Retained distributions on accumulation shares	-	3.71	6.87
Return to shareholder as a result of class closure	(205.60)	-	-
Closing net asset value per share	-	187.03	185.80
*after direct transaction cost of:~	0.17	0.32	0.61
Performance			
Return after charges	-	0.66%	(6.14)%
Other information			
Closing net asset value (£000)	-	77,296	81,429
Closing number of shares	-	41,328,944	43,826,644
Operating charges#	-	1.12%	1.11%
Direct transaction costs~	0.21%	0.18%	0.29%
Prices**			
Highest share price	209.40	196.90	215.90
Lowest share price	186.90	138.70	186.10

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class B Accumulation was closed on 21st June 2021.

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class C - Income			
Change in net assets per share			
Opening net asset value per share	118.25	119.78	132.61
Return before operating charges*	14.79	2.12	(6.68)
Operating charges	(0.76)	(0.69)	(0.84)
Return after operating charges*	14.03	1.43	(7.52)
Distributions	(4.84)	(2.96)	(5.31)
Closing net asset value per share	127.44	118.25	119.78
*after direct transaction cost of:~	0.27	0.21	0.41
Performance			
Return after charges	11.86%	1.19%	(5.67)%
Other information			
Closing net asset value (£000)	2,993	2,829	3,494
Closing number of shares	2,348,400	2,392,900	2,916,800
Operating charges#	0.58%	0.62%	0.61%
Direct transaction costs~	0.21%	0.18%	0.29%
Prices**			
Highest share price	139.00	127.60	145.30
Lowest share price	118.20	89.25	125.30

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class P - Accumulation			
Change in net assets per share			
Opening net asset value per share	99.33	98.53	104.83
Return before operating charges*	10.39	1.69	(5.25)
Operating charges	(0.42)	(0.89)	(1.05)
Return after operating charges*	9.97	0.80	(6.30)
Distributions	-	(2.10)	(3.81)
Retained distributions on accumulation shares	-	2.10	3.81
Return to shareholder as a result of class closure	(109.30)	-	-
Closing net asset value per share	-	99.33	98.53
*after direct transaction cost of:~	0.09	0.17	0.32
Performance			
Return after charges	-	0.81%	(6.01)%
Other information			
Closing net asset value (£000)	-	18,733	17,221
Closing number of shares	-	18,858,900	17,477,800
Operating charges#	-	0.97%	0.96%
Direct transaction costs~	0.21%	0.18%	0.29%
Prices**			
Highest share price	111.30	104.60	114.50
Lowest share price	99.26	73.55	98.69

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class P Accumulation was closed on 21st June 2021.

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class X - Income			
Change in net assets per share			
Opening net asset value per share	117.74	119.22	132.08
Return before operating charges*	14.74	2.17	(6.73)
Operating charges	(0.10)	(0.13)	(0.15)
Return after operating charges*	14.64	2.04	(6.88)
Distributions	(5.49)	(3.52)	(5.98)
Closing net asset value per share	126.89	117.74	119.22
*after direct transaction cost of:~	0.27	0.21	0.41
Performance			
Return after charges	12.43%	1.71%	(5.21)%
Other information			
Closing net asset value (£000)	1,158,387	1,275,739	1,310,443
Closing number of shares	912,899,096	1,083,502,096	1,099,162,896
Operating charges#	0.08%	0.12%	0.11%
Direct transaction costs~	0.21%	0.18%	0.29%
Prices**			
Highest share price	139.00	127.60	145.30
Lowest share price	117.80	88.87	125.40

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Prices for Share Class X Income are not published externally, as this is an internal share class.

UK Growth Fund

Statement of Total Return

for the year ended 28th February 2022

	Notes	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Income			
Net capital gains/(losses)	2	158,206	(26,805)
Revenue	3	92,704	64,458
Expenses	4	(9,351)	(11,498)
Interest payable and similar charges		(9)	(5)
Net revenue before taxation		83,344	52,955
Taxation	5	(651)	(421)
Net revenue after taxation		82,693	52,534
Total return before distributions		240,899	25,729
Distributions	6	(82,812)	(52,534)
Change in net assets attributable to shareholders from investment activities		158,087	(26,805)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28th February 2022

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Opening net assets attributable to shareholders	2,025,977	2,100,081
Amounts receivable on creation of shares	33,700	84,544
Less: Amounts payable on cancellation of shares	(299,450)	(145,127)
	(265,750)	(60,583)
Dilution adjustment	279	515
Change in net assets attributable to shareholders from investment activities	158,087	(26,805)
Retained distributions on accumulation shares	25,157	12,769
Closing net assets attributable to shareholders	1,943,750	2,025,977

Notes to the Financial Statements are on pages 139 to 146.

UK Growth Fund

Balance Sheet

as at 28th February 2022

	Notes	28/02/22 £000	28/02/21 £000
Assets			
Fixed assets			
Investments		1,984,696	2,053,798
Current assets			
Debtors	8	9,603	19,374
Cash and bank balances	9	1,897	3,577
Total assets		1,996,196	2,076,749
Liabilities			
Investment liabilities		(162)	(288)
Creditors			
Distribution payable		(50,195)	(38,185)
Other creditors	10	(2,089)	(12,299)
Total liabilities		(52,446)	(50,772)
Net assets attributable to shareholders		1,943,750	2,025,977

Notes to the Financial Statements are on pages 139 to 146.

Notes to the Financial Statements

for the year ended 28th February 2022

1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 13 to 15.

2. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Non-derivative securities	154,302	(24,235)
Futures contracts	3,688	(2,385)
Currency gains/(losses)	248	(73)
Transaction charges	(32)	(112)
Net capital gains/(losses)	158,206	(26,805)

3. Revenue

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
UK dividends	82,372	59,062
Overseas dividends	8,990	4,665
Property income distributions	1,331	658
Distributions from Regulated Collective Investment Schemes:		
Offshore distributions	10	45
HM Revenue and Customs interest	1	-
Stock lending revenue	-	28
Total revenue	92,704	64,458

4. Expenses

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	7,681	9,291
Registration fees	1,403	1,966
	9,084	11,257
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	231	212
Safe custody fees	22	17
	253	229
Other expenses:		
Audit fee	14	12
Total expenses	9,351	11,498

Expenses include irrecoverable VAT.

The Deloitte LLP (previously PricewaterhouseCoopers LLP) audit fee for the year, inclusive of VAT is £12,000 (28/02/21: £12,660).

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

5. Taxation**(a) Analysis of charge in year:**

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Irrecoverable overseas tax	651	421
Total taxation (note 5b)	651	421

(b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2021: 20%). The differences are explained below:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Net revenue before taxation	83,344	52,955
Corporation tax of 20% (2021: 20%)	16,669	10,591
Effects of:		
Non-taxable UK dividends*	(16,475)	(11,812)
Overseas non-taxable revenue*	(1,846)	(933)
Irrecoverable overseas tax	651	421
Movement in excess management expenses	1,652	2,154
Total tax charge for year (note 5a)	651	421

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £104,369,535 (28/02/2021: £102,717,611) relating to surplus management expenses. No deferred tax asset has been recognised in either year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

6. Distributions

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Final	75,352	50,954
Add: Revenue deducted on cancellation of shares	8,946	2,396
Deduct: Revenue received on creation of shares	(1,486)	(816)
Net distribution for the year	82,812	52,534

Details of the distribution per share are set out in the Distribution Tables on pages 147 to 148.

Notes to the Financial Statements**(continued)**

for the year ended 28th February 2022

7. Movement between net revenue and net distributions

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Net revenue after taxation	82,693	52,534
Movement in net income as a result of conversions	119	-
Net distribution for the year	<u>82,812</u>	<u>52,534</u>

8. Debtors

	28/02/22 £000	28/02/21 £000
Sales awaiting settlement	-	10,438
Amounts receivable for issue of shares	185	36
Accrued revenue	8,365	8,115
Overseas tax recoverable	857	648
Income tax receivable	196	137
Total debtors	<u>9,603</u>	<u>19,374</u>

9. Cash and bank balances

	28/02/22 £000	28/02/21 £000
Cash and bank balances	376	2,687
Amounts held at futures clearing houses and brokers	1,521	890
Total cash and bank balances	<u>1,897</u>	<u>3,577</u>

10. Other creditors

	28/02/22 £000	28/02/21 £000
Purchases awaiting settlement	-	9,114
Amounts payable for cancellation of shares	1,463	2,279
Accrued expenses	626	906
Total other creditors	<u>2,089</u>	<u>12,299</u>

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

11. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the sub-fund. Lloyds Banking Group plc, as the parent company of the ACD is the ultimate controlling party of the sub-fund. As such any member company of Lloyds Banking Group plc is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees are disclosed in note 4, with £572,830 (28/02/21: £851,515) due at the year end.

The sub-fund entered into related party transactions of Lloyds Banking Group plc investments during the year. This included purchases of 2,707,804 shares (28/02/21: 14,360,059 shares) with a cost of £1,200,101 (28/02/21: £5,025,809) and sales of 28,983,595 shares (28/02/21: 24,922,443 shares) with sales proceeds of £13,116,053 (28/02/21: £8,339,896).

The sub-fund has a related party holding of 33,669,148 shares (28/02/21: 61,498,731 shares) and value of £16,031,565 (28/02/21: £23,984,505) held at the year end within the Lloyds Banking Group plc.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group plc investments. The total revenue received amounts to £623,640 (28/02/21: £nil).

Shares held by associates of the ACD

On 28th February, shares held as a percentage of the sub-fund's value were:

	28/02/22	28/02/21
	%	%
ACD and associates of the ACD	60.60	63.63

12. Share classes

On 28th February the share classes in issue and the associated ACD's periodic charge on each share class, is as follows:

	28/02/22	28/02/21
	%	%
Share Class A - Accumulation:	0.80	1.35
Share Class B - Accumulation:	N/A	1.00
Share Class C - Income:	0.50	0.50
Share Class P - Accumulation:	N/A	0.85
Share Class X - Income:	-	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables (unaudited) on pages 132 to 136.

The distributions per share class are given in the Distribution Tables on pages 147 to 148.

Reconciliation of the shares movement in the year:

	01/03/21			28/02/22
	Opening shares		Shares	Closing shares
	in issue	Creations	converted	in issue
Share Class A - Accumulation	377,260,808	1,462,500	55,340,469	407,305,777
Share Class B - Accumulation	41,328,944	1,000	(40,419,283)	-
Share Class C - Income	2,392,900	67,500	-	2,348,400
Share Class P - Accumulation	18,858,900	1,409,600	(19,946,809)	-
Share Class X - Income	1,083,502,096	23,835,000	-	912,899,096

13. Capital commitments and contingent liabilities

On 28th February 2022, the sub-fund had no capital commitments (28/02/21: £nil) and no contingent liabilities (28/02/21: £nil).

14. Securities on loan

There were no securities on loan or collateral held at both current and prior year end.

The gross earnings and fees paid for the year are £nil (28/02/21: £36,737) and £nil (28/02/21: £9,156).

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

15. Risk management policies, derivatives and other financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 122. The risks inherent in the sub-fund's investment portfolio are as follows:

(a) Currency risk

The sub-fund's financial assets and liabilities are all denominated in Sterling, however the sub-fund receives a small portion of revenue in foreign currency. As a result, movements in exchange rates may affect the revenue of the portfolio.

As at 28th February 2022, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been an increase or decrease of approximately £23,832 (28/02/21: £24,950).

As at 28th February 2022 the sub-fund had the following net currency exposure (excluding Sterling):

	Currency exposure 28/02/22 £000	Currency exposure 28/02/21 £000
Currency		
Euro	374	651
US dollar	2,009	1,844
Total	2,383	2,495

The sub-fund manages the currency risk on the initial purchase of investments denominated in foreign currencies. The sub-fund does not hedge or otherwise seek to avoid movement risk on the subsequent gains/losses on the settling value.

(b) Interest rate risk profile of financial assets and liabilities

The sub-fund receives revenue from holdings in equities. The cashflow from these investments may fluctuate depending upon the particular decisions made by each company. Given that the sub-fund's objective is to seek capital growth, these cashflows are considered to be of secondary importance and are not actively managed.

The sub-fund's net cash holding of £375,290 (28/02/21: holding £2,687,044) is held in a floating rate deposit account whose interest rates are based on SONIA or its international equivalent.

The sub-fund holds net cash at futures brokers of £1,521,454 (28/02/21: cash £890,168), whose rates are based on SONIA or its international equivalent.

The interest rate exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The sub-fund did not have any long term financial liabilities.

(c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the sub-fund for the purpose of Efficient Portfolio Management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the sub-fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. All derivative contracts were traded on an eligible derivatives exchange.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the sub-fund's exposure by the use of derivatives rather than through the sale and purchase by the sub-fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the sub-fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Efficient portfolio management techniques		
Gross revenues arising from efficient portfolio management techniques	-	37
Direct operational costs and fees incurred	-	(7)
Indirect operational costs and fees incurred	-	(2)
Net revenue generated for the sub-fund during the accounting year	-	28

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

15. Risk management policies, derivatives and other financial instruments (continued)

(c) Derivatives and other financial instruments (continued)

Counterparties to financial derivative instruments and efficient portfolio management techniques

	28/02/22	28/02/21
	£000	£000
Merrill Lynch - Futures contracts~	(162)	(288)
Total uncollateralised counterparty exposure	(162)	(288)

~The prior year balance has been updated to reflect the correct value for counterparties.

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

Collateral	28/02/22	28/02/21
	£000	£000
Broker cash balances to increase counterparty exposure:		
GBP Cash - Merrill Lynch	1,521	890

Collateral as at 28th February 2022

No collateral received in the current or prior year.

(d) Liquidity risk

All of the sub-fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

(e) Market price risk and fair value of financial assets and liabilities

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price risk, currency risk and interest rate movements. It represents the potential loss the sub-fund may suffer through holding market positions in financial instruments in the face of market movements.

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

Local, regional or global events, for example, war, acts of terrorism, the spread of infectious diseases, government policy or the health of the underlying economy could have a significant impact on the sub-fund and the market price of its investments.

The sub-fund invests principally in equities. The value of equities is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual equity or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of investments spread across all market sectors in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules limiting the size of investment in any particular holding.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 28th February 2022, if the price of investments held by the sub-fund increased or decreased by 5%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 5%; which for this sub-fund would equate to £99,226,689 (28/02/21: £102,675,520).

The outbreak of COVID-19 (Coronavirus) in early 2020 adversely impacted Global economies, creating increased volatility in financial markets. At the beginning of the Coronavirus outbreak the UK experienced significant volatility in market prices, however market liquidity remains relatively strong and so does the ability to trade in size across most asset classes.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

15. Risk management policies, derivatives and other financial instruments (continued)*(f) Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk.

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

16. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/03/21 to 28/02/22	29/02/20 to 28/02/21	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	£000	£000	£000	£000
Collective Investment Schemes	335,966	234,430	335,707	237,328
Equities	850,027	858,854	1,076,505	935,392
Trades in the year before transaction costs	1,185,993	1,093,284	1,412,212	1,172,720
Commissions				
Collective Investment Schemes~	2	0	(3)	(2)
Equities	251	137	(271)	(134)
Total commissions	253	137	(274)	(136)
Taxes and other expenses				
Collective Investment Schemes~	18	1	0	0
Equities	4,007	3,787	(3)	(3)
Total taxes and other expenses	4,025	3,788	(3)	(3)
Total costs	4,278	3,925	(277)	(139)
Total net trades in the year after transaction costs*	1,190,271	1,097,209	1,411,935	1,172,581

~The value of transaction costs is below £500 and is therefore rounded down to £0.

*Prior year figures have been updated in line with current year disclosure.

Total transaction cost expressed as a percentage of asset class trades

	Purchases		Sales	
	01/03/21 to 28/02/22	29/02/20 to 28/02/21	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	%	%	%	%
Commissions				
Collective Investment Schemes	0.00	0.00	0.00	0.00
Equities	0.03	0.02	0.03	0.01
Taxes and other expenses				
Collective Investment Schemes	0.01	0.00	0.00	0.00
Equities	0.47	0.44	0.00	0.00

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

16. Portfolio transaction costs (continued)

Total transaction cost expressed as a percentage of average net asset value

	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	%	%
Commissions	0.02	0.01
Taxes and other expenses	0.19	0.19
Total costs	0.21	0.20

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of equities, futures and options contracts, broker commissions and transfer taxes and other expenses may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts, or the associated broker commissions and transfer taxes, is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to non-equity investment instruments.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.05% (28/02/21: 0.04%).

17. Fair value

Valuation technique	28/02/22		28/02/21	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	1,979,149	(162)	2,051,349	(288)
Level 2	5,547	-	2,412	-
Level 3*	-	-	37	-
Total fair value	1,984,696	(162)	2,053,798	(288)

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

*Current year figure includes Finabl and NMC Health, prior year figure includes NMC Health. These securities are suspended/delisted with £nil market value.

18. Post balance sheet events

Since the balance sheet date and up to the date of this report, the sub-fund has sold all its holdings in Polymetal International which was identified as being a company with links to Russia. Total sales in the period were as follows:

	Value as of 28th February 2022 £000	Sales Proceeds £000	Loss from Sale £000
Polymetal International	6,903	1,204	5,699

UK Growth Fund

Distribution Tables

for the year ended 28th February 2022

Distribution in pence per share

Group 1 Final Shares purchased prior to 1st March 2021

Group 2 Final Shares purchased on or between 1st March 2021 and 28th February 2022

Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	6.1764	-	6.1764	2.8728
Group 2	(p)	(p)	(p)	(p)
Final	3.2201	2.9563	6.1764	2.8728

Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	-	-	-	3.7130
Group 2	(p)	(p)	(p)	(p)
Final	-	-	-	3.7130

Share Class C - Income

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	4.8356	-	4.8356	2.9631
Group 2	(p)	(p)	(p)	(p)
Final	2.5378	2.2978	4.8356	2.9631

Share Class P - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	-	-	-	2.1009
Group 2	(p)	(p)	(p)	(p)
Final	-	-	-	2.1009

Share Class X - Income

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	5.4860	-	5.4860	3.5177
Group 2	(p)	(p)	(p)	(p)
Final	3.5326	1.9534	5.4860	3.5177

Share Classes B Accumulation and P Accumulation were closed on 21st June 2021.

Distribution Tables

(continued)

for the year ended 28th February 2022

Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend, is received as non-taxable income.

Final - 0.00% of the dividend is received as an annual payment (non-foreign element) received after the deduction of tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of tax.

UK Select Growth Fund

Investment Markets Overview

for the year ended 28th February 2022

Investment Objective

To provide capital growth through investment in a select portfolio, typically 30 to 50 holdings, of UK shares.

The benchmark index for the Fund is the FTSE All-Share Index (the "Index").

The Fund is actively managed by the Investment Adviser who chooses investments with the aim of outperforming the Index by 3% per annum on a rolling 3 year basis, before deduction of fees.

Investment Policy

At least 80% of the Fund will invest in a select portfolio of UK shares. The majority of these companies are those which are incorporated, or domiciled, or have a significant part of their business in the UK.

In choosing individual UK shares the Investment Adviser focuses on the company's growth prospects, market valuation and risks.

The ACD limits the extent to which the Fund's composition can differ relative to the market for UK shares (as represented by the Index). These limits help to deliver a level of portfolio diversification and risk management. The limits also help to achieve an appropriate balance between the extent to which the Fund's composition can diverge from the Index and providing the Investment Adviser with flexibility to seek outperformance relative to the Index. As a result, the Fund's performance may differ substantially from the Index.

The Fund may also invest in collective investment schemes, including those managed by the ACD and its associates, cash and cash like investments.

Derivatives and stock lending may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

The FTSE All-Share Index has been selected as an appropriate benchmark as it provides a representation of the returns of securities in the UK equity market.

Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 6* because it has experienced high levels of volatility over the past 5 years. *As disclosed in the key investor information document dated 20th January 2022.	Typically lower rewards, lower risks						
	Typically higher rewards, higher risks						
	←						→
	1	2	3	4	5	6	7

Investment Review

Performance	01/03/21 to 28/02/22 %	29/02/20 to 28/02/21 %	01/03/19 to 28/02/20 %	01/03/18 to 28/02/19 %	01/03/17 to 28/02/18 %
UK Select Growth Fund A Accumulation	0.72	15.67	(1.58)	2.35	3.80
FTSE All-Share Index + 3%†	19.53	6.59	1.52	4.76	7.53

Source: Lipper for UK Select Growth Fund. Basis: Net revenue reinvested and net of expenses.

Source: Financial Express for FTSE All-Share Index + 3% (GBP). Basis: Total return net of tax.

†Please note that the ACD increased the outperformance target for the UK Select Growth Fund during September 2019. The returns shown in the performance table above reflect past performance of the Fund and that of the Fund's current benchmark index and outperformance target.

The Index plus outperformance target and the Fund performance figures are shown on an annual basis. In practice the Investment Adviser's outperformance target applies over rolling 3 year periods, as explained in the 'Investment Objective'. In addition the Index plus outperformance target is calculated without deduction of charges whereas the performance of the Fund is calculated after deduction of charges.

Please note that the Fund and benchmark values are struck at different points in the day, with the benchmark struck at the close of business. This timing difference may have the effect of showing the Fund performing significantly above or below the benchmark.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

for the year ended 28th February 2022

Investment Review (continued)

The Fund underperformed the FTSE All Share Index in the 12 months to 28th February 2022.

Ashmore was the single largest detractor with the group reporting a drop in assets due to the fallout of surging inflation and tightening monetary policy. Not owning Shell was a large contributor to underperformance in a period which saw the company simplify its share structure. Defence supplier Meggitt led the contributors to performance. We sold our holding, initiated in April, following the interest of overseas buyers. Building materials specialist Kingspan contributed as its interim results underlined strong demand from construction partners.

In terms of portfolio activity, we exited supermarket Tesco, housebuilder Persimmon and precision metrology group Renishaw. We also sold our positions in Australian miner BHP, Cineworld, EasyJet and Howden Joinery. New positions include Premier Inn owner Whitbread and software firm Sage Group. Other additions included Betfair and Paddy Power owner Flutter Entertainment, sports betting group Entain and information and analytics provider Ascential.

The key themes influencing equity markets over the coming year are likely to be the continuing fallout from Russia's invasion of Ukraine, the economic impact as countries continue to recover from the disruption caused by Covid-19 and how central banks respond to rising inflation. We remain focused on buying quality, industry-leading franchises where pricing power protects real returns and dividends and avoiding highly leveraged and low returning businesses.

UK equities achieved a positive performance in the period. Lowly-valued, economically sensitive areas performed well in the first few months of 2021 as the global economic outlook improved. However, equities struggled in June amid a rise in Covid-19 infections and falling inflation expectations. UK share prices continued to advance over the summer but fell back in November following the discovery of Omicron, a new variant of Covid-19. However, encouraging news around Omicron during December saw a number of economically sensitive areas of the market largely recoup the sharp losses they had sustained in the initial sell-off in late November. Shares prices were broadly unchanged in January and February despite Russia's invasion of neighbouring Ukraine.

Schroder Investment Management Limited
March 2022

UK Select Growth Fund

Portfolio Statement

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
BASIC MATERIALS (0.20%, 28/02/21 10.05%)			
Industrial Metals & Mining			
Rio Tinto	925	53	0.20
		53	0.20
TOTAL BASIC MATERIALS		53	0.20
CONSUMER DISCRETIONARY (30.65%, 28/02/21 27.45%)			
Media			
Informa	223,382	1,326	4.99
RELX	74,875	1,673	6.30
		2,999	11.29
Personal Goods			
Burberry	67,175	1,287	4.84
		1,287	4.84
Retailers			
Next	12,077	816	3.07
		816	3.07
Travel & Leisure			
Entain	37,144	602	2.26
Flutter Entertainment	6,098	619	2.33
InterContinental Hotels	17,396	895	3.37
Whitbread	32,273	928	3.49
		3,044	11.45
TOTAL CONSUMER DISCRETIONARY		8,146	30.65
CONSUMER STAPLES (12.57%, 28/02/21 12.90%)			
Food Producers			
Kerry	8,376	746	2.80
		746	2.80
Personal Care, Drug & Grocery Store			
Unilever	51,456	1,921	7.23
		1,921	7.23
Tobacco			
Imperial Brands	40,755	675	2.54
		675	2.54
TOTAL CONSUMER STAPLES		3,342	12.57
FINANCIALS (20.81%, 28/02/21 20.58%)			
Banks			
Close Brothers	53,213	613	2.31
		613	2.31

UK Select Growth Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
Investment Banking & Brokerage			
Ashmore	295,457	739	2.78
St. James's Place	53,421	740	2.78
		1,479	5.56
Life Insurance			
Legal & General	366,267	1,004	3.78
Prudential	114,724	1,318	4.96
		2,322	8.74
Non-Life Insurance			
Hiscox	72,213	653	2.46
HomeServe	69,720	463	1.74
		1,116	4.20
TOTAL FINANCIALS		5,530	20.81
HEALTH CARE (14.63%, 28/02/21 9.94%)			
Medical Equipment & Services			
Gerresheimer	7,493	403	1.52
Smith & Nephew	137,160	1,769	6.65
		2,172	8.17
Pharmaceuticals & Biotechnology			
GlaxoSmithKline	110,634	1,718	6.46
		1,718	6.46
TOTAL HEALTH CARE		3,890	14.63
INDUSTRIALS (9.68%, 28/02/21 12.29%)			
Construction & Materials			
Breedon	918,310	739	2.78
Kingspan	4,720	334	1.26
		1,073	4.04
General Industrials			
DS Smith	142,248	489	1.84
Smurfit Kappa	14,396	539	2.03
		1,028	3.87
Industrial Support Services			
Ferguson	4,141	471	1.77
		471	1.77
TOTAL INDUSTRIALS		2,572	9.68

UK Select Growth Fund

Portfolio Statement

(continued)

as at 28th February 2022

	Holdings	Market Value £000	Total Net Assets %
REAL ESTATE (4.44%, 28/02/21 3.57%)			
Real Estate Investment Trusts			
UNITE	112,186	1,181	4.44
		1,181	4.44
TOTAL REAL ESTATE		1,181	4.44
TECHNOLOGY (6.36%, 28/02/21 1.84%)			
Software & Computer Services			
Ascential	70,294	225	0.85
Capgemini	2,453	388	1.46
Sage	157,467	1,077	4.05
		1,690	6.36
TOTAL TECHNOLOGY		1,690	6.36
Portfolio of investments		26,404	99.34
Net other assets		175	0.66
Total net assets		26,579	100.00

All investments held are listed, unless otherwise stated.

UK Select Growth Fund

Material Portfolio Changes

for the year ended 28th February 2022

	Cost £000		Proceeds £000
Major purchases		Major sales	
Schroder Sterling Liquidity Fund X Inc	1,768	Schroder Sterling Liquidity Fund X Inc	1,768
Sage	1,111	Rio Tinto	1,493
Whitbread	1,071	BHP	897
Smith & Nephew	743	Howden Joinery	852
Unilever	719	Meggitt	826
Flutter Entertainment	642	Tesco	735
HomeServe	626	Renishaw	559
Entain	624	Burberry	557
GlaxoSmithKline	496	Kingspan	553
Ashmore	475	easyJet	493

◇ Asset managed by the Investment Adviser.

UK Select Growth Fund

Comparative Table

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class A - Accumulation			
Change in net assets per share			
Opening net asset value per share	2,175.37	1,925.93	1,958.37
Return before operating charges*	63.27	282.26	2.67
Operating charges	(26.86)	(32.82)	(35.11)
Return after operating charges*	36.41	249.44	(32.44)
Distributions	(52.00)	(21.02)	(24.46)
Retained distributions on accumulation shares	52.00	21.02	24.46
Closing net asset value per share	2,211.78	2,175.37	1,925.93
*after direct transaction cost of:~	4.59	5.93	15.54
Performance			
Return after charges^	1.67%	12.95%	(1.66)%
Other information			
Closing net asset value (£000)	26,571	3,204	3,020
Closing number of shares	1,201,329	147,310	156,810
Operating charges#†	1.14%	1.72%	1.65%
Direct transaction costs~	0.14%	0.31%	0.73%
Prices**			
Highest share price	2,489.00	2,287.00	2,237.00
Lowest share price	2,165.00	1,436.00	1,927.00

#Operating charges are representative of the ongoing charges figure.

†During the period, the ACD's periodic charge changed from 1.50% to 1.00% and the registration fee was also changed from 0.10% to 0.05%. As such, 1.11% is a more representative figure for the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

^ The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges can be different to the performance return stated in the Investment Market Review on page 149 which is sourced from Lipper and based on daily published prices.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

UK Select Growth Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class B - Accumulation			
Change in net assets per share			
Opening net asset value per share	2,282.08	2,015.37	2,044.21
Return before operating charges*	211.94	296.11	2.31
Operating charges	(13.02)	(29.40)	(31.15)
Return after operating charges*	198.92	266.71	(28.84)
Distributions	-	(27.04)	(31.10)
Retained distributions on accumulation shares	-	27.04	31.10
Return to shareholder as a result of class closure	(2,481.00)	-	-
Closing net asset value per share	-	2,282.08	2,015.37
*after direct transaction cost of:~	1.93	6.22	16.24
Performance			
Return after charges	-	13.23%	(1.41)%
Other information			
Closing net asset value (£000)	-	14,293	13,200
Closing number of shares	-	626,311	654,961
Operating charges#	-	1.47%	1.40%
Direct transaction costs~	0.14%	0.31%	0.73%
Prices**			
Highest share price	2,554.00	2,399.00	2,339.00
Lowest share price	2,282.00	1,503.00	2,016.00

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class B Accumulation was closed on 21st June 2021.

UK Select Growth Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class C - Accumulation			
Change in net assets per share			
Opening net asset value per share	2,387.37	2,103.12	2,127.90
Return before operating charges*	221.65	309.72	1.92
Operating charges	(11.02)	(25.47)	(26.70)
Return after operating charges*	210.63	284.25	(24.78)
Distributions	-	(33.49)	(38.17)
Retained distributions on accumulation shares	-	33.49	38.17
Return to shareholder as a result of class closure	(2,598.00)	-	-
Closing net asset value per share	-	2,387.37	2,103.12
*after direct transaction cost of:~	2.02	6.50	16.92
Performance			
Return after charges	-	13.52%	(1.16)%
Other information			
Closing net asset value (£000)	-	8,995	8,572
Closing number of shares	-	376,789	407,589
Operating charges#	-	1.22%	1.15%
Direct transaction costs~	0.14%	0.31%	0.73%
Prices**			
Highest share price	2,673.00	2,508.00	2,440.00
Lowest share price	2,387.00	1,569.00	2,104.00

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class C Accumulation was closed on 21st June 2021.

UK Select Growth Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class P - Accumulation			
Change in net assets per share			
Opening net asset value per share	120.45	106.11	107.36
Return before operating charges*	11.21	15.63	0.10
Operating charges	(0.56)	(1.29)	(1.35)
Return after operating charges*	10.65	14.34	(1.25)
Distributions	-	(1.69)	(1.93)
Retained distributions on accumulation shares	-	1.69	1.93
Return to shareholder as a result of class closure	(131.10)	-	-
Closing net asset value per share	-	120.45	106.11
*after direct transaction cost of:~	0.10	0.33	0.85
Performance			
Return after charges	-	13.51%	(1.16)%
Other information			
Closing net asset value (£000)	-	977	721
Closing number of shares	-	810,800	679,900
Operating charges#	-	1.22%	1.15%
Direct transaction costs~	0.14%	0.31%	0.73%
Prices**			
Highest share price	134.90	126.60	123.10
Lowest share price	120.40	79.16	106.20

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class P Accumulation was closed on 21st June 2021.

UK Select Growth Fund

Comparative Table

(continued)

as at 28th February 2022

	28/02/22 (p)	28/02/21 (p)	28/02/20 (p)
Share Class X - Accumulation			
Change in net assets per share			
Opening net asset value per share	2,886.63	2,517.68	2,522.15
Return before operating charges*	84.99	374.27	(0.17)
Operating charges	(2.79)	(5.32)	(4.30)
Return after operating charges*	82.20	368.95	(4.47)
Distributions	(102.94)	(65.34)	(72.71)
Retained distributions on accumulation shares	102.94	65.34	72.71
Closing net asset value per share	2,968.83	2,886.63	2,517.68
*after direct transaction cost of:~	6.15	7.83	20.16
Performance			
Return after charges	2.85%	14.65%	(0.18)%
Other information			
Closing net asset value (£000)	8	8	7
Closing number of shares	266	266	266
Operating charges#	0.09%	0.21%	0.16%
Direct transaction costs~	0.14%	0.31%	0.73%
Prices**			
Highest share price	3,324.00	3,029.00	2,915.00
Lowest share price	2,886.00	1,879.00	2,518.00

#Operating charges are representative of the ongoing charges figure.

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the SORP.

**The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

UK Select Growth Fund

Statement of Total Return

for the year ended 28th February 2022

		01/03/21 to 28/02/22	29/02/20 to 28/02/21
	Notes	£000	£000
Income			
Net capital (losses)/gains	2	(64)	2,935
Revenue	3	992	692
Expenses	4	(344)	(335)
Interest payable and similar charges		-	-
Net revenue before taxation		648	357
Taxation	5	(1)	(2)
Net revenue after taxation		647	355
Total return before distributions		583	3,290
Distributions	6	(674)	(355)
Change in net assets attributable to shareholders from investment activities		(91)	2,935

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28th February 2022

	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	£000	£000
Opening net assets attributable to shareholders	27,477	25,520
Amounts receivable on creation of shares	117	340
Less: Amounts payable on cancellation of shares	(1,551)	(1,661)
	(1,434)	(1,321)
Dilution adjustment	2	3
Change in net assets attributable to shareholders from investment activities	(91)	2,935
Retained distributions on accumulation shares	625	340
Closing net assets attributable to shareholders	26,579	27,477

Notes to the Financial Statements are on pages 162 to 168.

UK Select Growth Fund

Balance Sheet

as at 28th February 2022

	Notes	28/02/22 £000	28/02/21 £000
Assets			
Fixed assets			
Investments		26,404	27,097
Current assets			
Debtors	8	69	169
Cash and bank balances		140	538
Total assets		26,613	27,804
Liabilities			
Creditors			
Other creditors	9	(34)	(327)
Total liabilities		(34)	(327)
Net assets attributable to shareholders		26,579	27,477

Notes to the Financial Statements are on pages 162 to 168.

Notes to the Financial Statements

for the year ended 28th February 2022

1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 13 to 15.

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Non-derivative securities	(72)	2,953
Currency losses	-	(8)
Transaction charges	6	(15)
Compensation*	2	5
Net capital (losses)/gains	(64)	2,935

*Compensation received from Schroder Investment Management Limited is for the error leading to review of the allocation on the portfolio in current and prior year.

3. Revenue

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
UK dividends	912	634
Stock dividends	13	-
Overseas dividends	60	58
Property income distributions	7	-
Total revenue	992	692

4. Expenses

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	309	297
Registration fees	19	25
	328	322
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	3	3
Safe custody fees	1	-
	4	3
Other expenses:		
Audit fee	12	10
Total expenses	344	335

Expenses include irrecoverable VAT.

The Deloitte LLP (previously PricewaterhouseCoopers LLP) audit fee for the year, inclusive of VAT is £12,000 (28/02/21: £10,740).

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

5. Taxation**(a) Analysis of charge in year:**

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Irrecoverable overseas tax	1	2
Total taxation (note 5b)	1	2

(b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2021: 20%). The differences are explained below:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Net revenue before taxation	648	357
Corporation tax of 20% (2021: 20%)	130	71
Effects of:		
Non-taxable UK dividends*	(183)	(127)
Overseas non-taxable revenue*	(12)	(11)
Irrecoverable overseas tax*	1	2
Movement in excess management expenses	65	67
Total tax charge for year (note 5a)	1	2

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £9,059,442 (28/02/2021: £8,994,494) relating to surplus management expenses. No deferred tax asset has been recognised in either year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

6. Distributions

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Final	625	340
Add: Revenue deducted on cancellation of shares	282	18
Deduct: Revenue received on creation of shares	(233)	(3)
Net distribution for the year	674	355

Details of the distribution per share are set out in the Distribution Tables on pages 169 to 170.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

7. Movement between net revenue and net distributions

	01/03/21 to 28/02/22 £000	29/02/20 to 28/02/21 £000
Net revenue after taxation	647	355
Movement in net income as a result of conversions	27	-
Net distribution for the year	674	355

8. Debtors

	28/02/22 £000	28/02/21 £000
Sales awaiting settlement	-	112
Accrued revenue	64	54
Overseas tax recoverable	5	3
Total debtors	69	169

9. Other creditors

	28/02/22 £000	28/02/21 £000
Purchases awaiting settlement	-	283
Accrued expenses	34	44
Total other creditors	34	327

10. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the sub-fund. Lloyds Banking Group plc, as the parent company of the ACD is the ultimate controlling party of the sub-fund. As such any member company of Lloyds Banking Group plc is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees are disclosed in note 4, with £21,981 (28/02/21: £25,548) due at the year end.

The sub-fund entered into related party transactions of Lloyds Banking Group plc investments during the year. This included purchases of nil shares (28/02/21: nil shares) with a cost of £nil (28/02/21: £nil) and sales of nil shares (28/02/21: 2,904,941 shares) with sales proceeds of £nil (28/02/21: £871,735).

Shares held by associates of the ACD

There were no shares held by the ACD and associates of the ACD in the sub-fund at the current and prior year.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

11. Share classes

On 28th February the share classes in issue and the associated ACD's periodic charge on each share class, is as follows:

	28/02/22	28/02/21
	%	%
Share Class A - Accumulation	1.00	1.50
Share Class B - Accumulation	N/A	1.25
Share Class C - Accumulation	N/A	1.00
Share Class P - Accumulation	N/A	1.00
Share Class X - Accumulation	-	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables (unaudited) on pages 155 to 159.

The distributions per share class are given in the Distribution Tables on pages 169 to 170.

Reconciliation of the shares movement in the year:

	01/03/21			28/02/22
	Opening shares			Closing shares
	in issue	Creations	Cancellations	in issue
Share Class A - Accumulation	147,310	4,400	(58,350)	1,107,969
Share Class B - Accumulation	626,311	-	(12,471)	(613,840)
Share Class C - Accumulation	376,789	610	(5,102)	(372,297)
Share Class P - Accumulation	810,800	176,400	(7,958)	(979,242)
Share Class X - Accumulation	266	-	-	-
				266

12. Capital commitments and contingent liabilities

On 28th February 2022, the sub-fund had no capital commitments (28/02/21: £nil) and no contingent liabilities (28/02/21: £nil).

13. Securities on loan

There were no securities on loan or collateral held at both current and prior year end.

The gross earnings and fees paid for the year are £nil (28/02/21: £397) and £nil (28/02/21: £98).

14. Risk management policies, derivatives and other financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 149. The risks inherent in the sub-fund's investment portfolio are as follows:

(a) Currency risk

A proportion of the sub-fund's financial assets and liabilities are denominated overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The sub-fund manages the currency risk on the initial purchase of investments denominated in foreign currencies. The sub-fund does not hedge or otherwise seek to avoid movement risk on the subsequent gains/losses on the settling value.

As at 28th February 2022, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been an increase or decrease of approximately £18,759 (28/02/21: £25,542).

As at 28th February 2022 the sub-fund had the following net currency exposure (excluding Sterling):

	Currency exposure	Currency exposure
	28/02/22	28/02/21
Currency	£000	£000
Euro	1,876	2,554

(b) Interest rate risk profile of financial assets and liabilities

The sub-fund receives revenue from holdings in equities. The cashflow from these investments may fluctuate depending upon the particular decisions made by each company. Given that the sub-fund's objective is to seek capital growth, these cashflows are considered to be of secondary importance and are not actively managed.

for the year ended 28th February 2022

14. Risk management policies, derivatives and other financial instruments (continued)

The sub-fund's net cash holding of £140,257 (28/02/21: holding £538,265) is held in a floating rate deposit account whose interest rates are based on SONIA or its international equivalent.

The interest rate exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The sub-fund did not have any long term financial liabilities.

(c) *Derivatives and other financial instruments*

Counterparties to financial derivative instruments and efficient portfolio management techniques as at 28th February 2022

No uncollateralised counterparty exposure in the current or prior year.

Collateral as at 28th February 2022

No collateral received in the current or prior year.

(d) *Liquidity risk*

All of the sub-fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

(e) *Market price risk and fair value of financial assets and liabilities*

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price risk, currency risk and interest rate movements. It represents the potential loss the sub-fund may suffer through holding market positions in financial instruments in the face of market movements.

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

Local, regional or global events, for example, war, acts of terrorism, the spread of infectious diseases, government policy or the health of the underlying economy could have a significant impact on the sub-fund and the market price of its investments.

The sub-fund can invest in both equities and collective investment schemes. The value of equities is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual equity or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of investments spread across all market sectors in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules limiting the size of investment in any particular holding.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 28th February 2022, if the price of investments held by the sub-fund increased or decreased by 5%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 5%; which for this sub-fund would equate to £1,320,203 (28/02/21: £1,354,856).

The outbreak of COVID-19 (Coronavirus) in early 2020 adversely impacted Global economies, creating increased volatility in financial markets. At the beginning of the Coronavirus outbreak the UK experienced significant volatility in market prices, however market liquidity remains relatively strong and so does the ability to trade in size across most asset classes.

(f) *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk.

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/03/21 to 28/02/22	29/02/20 to 28/02/21	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	£000	£000	£000	£000
Collective Investment Schemes	1,768	1,203	1,768	1,527
Equities	10,125	14,507	10,798	14,381
Trades in the year before transaction costs	11,893	15,710	12,566	15,908
Commissions				
Equities	3	6	(4)	(6)
Taxes and other expenses				
Equities	50	68	0	0
Total costs	53	74	(4)	(6)
Total net trades in the year after transaction costs	11,946	15,784	12,562	15,902

Total transaction cost expressed as a percentage of asset class trades

	Purchases		Sales	
	01/03/21 to 28/02/22	29/02/20 to 28/02/21	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	%	%	%	%
Commissions				
Equities	0.03	0.04	0.04	0.04
Taxes and other expenses				
Equities	0.50	0.47	0.00	0.00

Total transaction cost expressed as a percentage of average net asset value

	01/03/21 to 28/02/22	29/02/20 to 28/02/21
	%	%
Commissions	0.03	0.05
Taxes and other expenses	0.17	0.27
Total costs	0.20	0.32

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of equities, futures and options contracts, broker commissions and transfer taxes and other expenses may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts, or the associated broker commissions and transfer taxes, is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to non-equity investment instruments.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.06% (28/02/21: 0.06%).

Notes to the Financial Statements

(continued)

for the year ended 28th February 2022

16. Fair value

Valuation technique	28/02/22		28/02/21	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	26,404	-	27,097	-
Level 2	-	-	-	-
Level 3	-	-	-	-
Total fair value	26,404	-	27,097	-

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

UK Select Growth Fund

Distribution Tables

for the year ended 28th February 2022

Distribution in pence per share

Group 1 Final Shares purchased prior to 1st March 2021

Group 2 Final Shares purchased on or between 1st March 2021 and 28th February 2022

Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	52.0021	-	52.0021	21.0189
Group 2	(p)	(p)	(p)	(p)
Final	38.1510	13.8511	52.0021	21.0189

Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	-	-	-	27.0357
Group 2	(p)	(p)	(p)	(p)
Final	-	-	-	27.0357

Share Class C - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	-	-	-	33.4850
Group 2	(p)	(p)	(p)	(p)
Final	-	-	-	33.4850

Share Class P - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	-	-	-	1.6895
Group 2	(p)	(p)	(p)	(p)
Final	-	-	-	1.6895

Share Class X - Accumulation

	Net revenue	Equalisation	Distribution payable to 30/04/2022	Distribution paid to 30/04/2021
Group 1	(p)	(p)	(p)	(p)
Final	102.9420	-	102.9420	65.3386
Group 2	(p)	(p)	(p)	(p)
Final	102.9420	-	102.9420	65.3386

Share Classes B Accumulation, C Accumulation and P Accumulation were closed on 21st June 2021.

for the year ended 28th February 2022

Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend, is received as non-taxable income.

Final - 0.00% of the dividend is received as an annual payment (non-foreign element) received after the deduction of tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of tax.

General Information

About OEICs

The Scottish Widows UK and Income Investment Funds ICVC (the “Company”) is an umbrella Open Ended Investment Company (“OEIC”). An OEIC is a collective investment vehicle with variable capital in which your sub-funds are pooled with a portfolio of investments in accordance with its Prospectus and the Collective Investment Schemes Sourcebook (COLL Sourcebook).

Scottish Widows is committed to being a responsible investor on behalf of our customers, with particular focus on Stewardship, Ethical investment and Environmental, Social and Governance (ESG) issues. Our commitment to responsible investment is explained in more detail through this link: www.scottishwidows.co.uk/about_us/responsibleinvestment

It should be remembered that the value of your shares will be affected by fluctuations in the relevant markets and foreign currency exchange rates (where applicable) and may, therefore, go down as well as up. You should view your investment over the medium to long term.

Please contact us on 0345 300 2244 for more information. We may record and monitor calls to help us improve our service.

All sub-funds are classified as UCITS schemes which comply with Chapter 5 of the COLL Sourcebook.

The base currency of the Company is Sterling, but a class of shares in respect of any sub-fund may be designated in any currency other than Sterling.

Shares

The Company currently offers four share classes; Class A, Class C, Class P and Class X. Each share class has a different ACD fee.

Prices and Dealing Times

The price used for either the purchase or sale of shares is normally the next price calculated after your instructions are received and accepted at our Edinburgh Office. Advisers have no authority to guarantee applications or prices.

Shares may be bought or sold between 9:00am and 5:00pm on Mondays to Fridays inclusive.

Liability

Shareholders are not liable for the debts of the Company.

Prospectus

The Prospectus, which is available from the ACD free of charge, outlines how the Company is managed and gives details of the types of assets in which each sub-fund may invest. The Prospectus and (where applicable) the Instrument of Incorporation have been amended during the year ended 28th February 2022 (as noted on pages 2 and 3). Full terms and conditions are available from the ACD.

Personal Taxation

Unless your shares are held within an ISA, if you sell your shares or switch your shares to a different sub-fund, this is treated as a disposal for Capital Gains Tax purposes. Tax rules can change. The value to an investor of the tax advantages of an ISA will depend on personal circumstances, which may change.

Shareholders are recommended to consult with their professional tax advisers if they are in any doubt about their position.

Queries

If you have any queries about the operation of your sub-fund you should in the first instance contact the ACD. Please supply details of your holding (including surname, initials and account number).



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