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

# Fund Information

## Investment objective and policy

The Schroder European Fund (the 'Fund') aims to provide capital growth in excess of the FTSE World Series Europe ex UK (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of European companies, excluding the UK.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of large and mid sized European companies, excluding the UK. These are companies that, at the time of purchase, are considered to be in the top 90% by market capitalisation of the European equities market.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries (including the UK), regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to section 6 of Appendix I of the Prospectus).

## Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the FTSE World Series Europe ex UK (Gross Total Return) index, and compared against the Investment Association Europe ex UK sector average return. The Investment Manager invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

## Total purchases and sales

	For the period to 15.7.22 £000's	For the year to 15.1.22 £000's
Total purchases	261,580	783,620
Total sales	289,555	1,054,606

# Fund Performance

	Number of units in issue 15.7.22	Net asset value per unit 15.7.22	Net asset value per unit 15.1.22
A Accumulation units	13,008,653	113.19p	132.80p
A Income units	703,472	104.69p	122.83p
GBP Hedged A Accumulation units	24,013	89.10p	105.60p
GBP Hedged A Income units	20,000	84.33p	99.94p
GBP Hedged Z Accumulation units	776,800	95.52p	112.78p
GBP Hedged Z Income units	2,292,909	85.31p	100.69p
I Accumulation units	8,795,489	2,342.02p	2,735.75p
I Income units	5,558,606	1,440.15p	1,682.15p
L Accumulation units	89,181,100	89.14p	104.15p
L Income units	121,443,211	78.90p	92.19p
Q Accumulation EUR units	578,537	114.06c	135.56c
S Income units	7,949,669	77.77p	90.73p
Y Accumulation units	361,213,363	79.93p	93.15p
Z Accumulation units	106,320,767	128.53p	150.24p
Z Income units	6,256,212	113.29p	132.41p

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

# Review of Investment Activities

**From 15 January 2022 to 15 July 2022, the price of I Accumulation units on a dealing price basis fell 15.43%. In the same period, the FTSE<sup>1</sup> World Series Europe ex UK Index generated a total negative return of 12.35%<sup>2</sup> in sterling terms.**

European shares fell during the period amid rising inflationary pressures, expectations of interest rate hikes, supply chain disruptions, and Russia's invasion of Ukraine. The Fund underperformed the index in this period.

The main individual detractor was utilities group Fortum. It owns several power plants in Russia and is seeking to sell these in the wake of Russia's invasion of Ukraine. Fortum also owns a stake in German firm Uniper, which has had to be bailed out by the German government due to the high costs incurred after Russia reduced gas supplies to Europe. Following the bailout, Fortum's stake in Uniper will fall to 56% from 80%.

French bank SocGen was another detractor. The group underperformed amid worries over its Russia exposure. However, in May SocGen closed the sale of its Rosbank unit, exiting the Russian market. The deal had very minimal impact on capital. Yields in Europe continue to move higher, which is supportive for financials. Banks can reprice loans at higher rates, leading to improved net interest margins.

On the positive side, life sciences firm Qiagen added value. Covid-19 testing is winding down in many regions but Qiagen's molecular diagnostics business continues to benefit from structural growth as it offers better and cheaper tests. Crop sciences and healthcare group Bayer also supported relative performance. Pricing remains strong for Bayer's glyphosate weedkiller roundup, amid shortages of generic versions due to the lockdowns in China. There is also good pricing momentum in the seeds business, with high demand for wheat, corn and cotton seeds.

A number of our defensive value stocks performed well in the period. These included telecoms group Koninklijke KPN, which has also paid an attractive dividend. We have exited Koninklijke KPN and other more defensive stocks such as eyecare firm Alcon, and are reallocating into more cyclical and quality areas of the market, which have underperformed. New positions include fertiliser group OCI as well as Pernod Ricard, owner of a wide range of spirits brands, and skincare specialist Beiersdorf. Our Blend strategy draws the best ideas from both value and growth parts of the market. We continue to maintain this diversified approach, with limited tilts to any particular investment style.

**Fund Manager:  
Martin Skanberg**



Martin joined Schroders in 2004 as an Industrials analyst, before taking on portfolio management responsibilities in 2006 and is now a fund manager for the Schroder European Fund and Schroder ISF EURO Equity

Investment career commenced in 1994 when he joined SEB Asset Management as an investment analyst for Nordic Industrials and Basic Materials. In 1999 he became Head of European Research

Also previously worked at American Express Asset Management as a senior investment analyst responsible for Industrials and Telecommunications

Masters in Financial Economics

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2 Source: Refinitiv Eikon Datastream.

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# Risk Profile

## Risk and reward indicator



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

# Statement of the Manager's Responsibilities

The Financial Conduct Authority's Collective Investment Schemes sourcebook requires the Manager to prepare accounts for each annual and half yearly accounting period, in accordance with United Kingdom Generally Accepted Accounting Practice, which give a true and fair view of the financial position of the Fund and of its net revenue and the net capital losses on the property of the Fund for the period. In preparing the accounts the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association (now the Investment Association) in May 2014;
- follow generally accepted accounting principles and applicable accounting standards;
- prepare the accounts on the basis that the Fund will continue in operation unless it is inappropriate to do so;
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements;
- make judgements and estimates that are prudent and reasonable.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the Collective Investment Schemes sourcebook, and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The Manager's report and accounts for the period ended 15 July 2022 were signed on 8 September 2022 on behalf of the Manager by:

**S. Reedy**  
Directors

**J. Rainbow**

# Portfolio Statement

	Holding at 15.7.22	Market Value £000's	% of net assets
<b>Equities 98.24% (99.12%)</b>			
<b>Austria 2.03% (2.34%)</b>			
Verbund	203,729	18,680	2.03
		<b>18,680</b>	<b>2.03</b>
<b>Belgium 6.05% (7.93%)</b>			
Ageas	798,224	27,531	3.00
Azelis Group	633,479	11,304	1.23
Umicore	599,832	16,734	1.82
		<b>55,569</b>	<b>6.05</b>
<b>Denmark 1.99% (2.72%)</b>			
Novozymes B	372,673	18,287	1.99
		<b>18,287</b>	<b>1.99</b>
<b>Finland 7.62% (9.71%)</b>			
Fortum	1,757,509	17,482	1.90
Neste	820,342	30,917	3.37
Outokumpu	5,871,792	18,868	2.05
Sampo A	80,517	2,744	0.30
		<b>70,011</b>	<b>7.62</b>
<b>France 12.77% (11.35%)</b>			
Carrefour	1,237,495	17,273	1.88
Danone	777,925	35,525	3.87
Pernod Ricard	84,493	12,986	1.41
Societe Generale	1,755,376	29,120	3.17
Ubisoft Entertainment	666,979	22,454	2.44
		<b>117,358</b>	<b>12.77</b>
<b>Germany 20.98% (21.76%)</b>			
Bayer	908,915	42,983	4.68
Beiersdorf	327,685	27,320	2.97
Fresenius	563,526	13,277	1.45
GEA Group	718,507	20,412	2.22
KION Group	219,888	7,836	0.85
MTU Aero Engines	158,634	24,665	2.69
Porsche Automobil Holding Preference	521,095	29,900	3.26
Software	630,402	13,909	1.51
Wacker Chemie	110,393	12,436	1.35
		<b>192,738</b>	<b>20.98</b>
<b>Ireland 1.94% (1.66%)</b>			
Bank of Ireland Group	3,783,089	17,852	1.94
		<b>17,852</b>	<b>1.94</b>
<b>Italy 1.61% (0.00%)</b>			
Intesa Sanpaolo	10,614,308	14,779	1.61
		<b>14,779</b>	<b>1.61</b>
<b>Netherlands 12.20% (13.03%)</b>			
ASM International	106,195	20,793	2.27
BE Semiconductor Industries	544,481	22,526	2.45
CNH Industrial	2,014,406	18,753	2.04
Koninklijke KPN	1,655,747	4,754	0.52
OCI	360,387	9,018	0.98
QIAGEN	920,326	36,227	3.94
		<b>112,071</b>	<b>12.20</b>
<b>Norway 4.12% (1.03%)</b>			
Aker BP	857,168	22,950	2.50
Mowi	809,835	14,930	1.62
		<b>37,880</b>	<b>4.12</b>

	Holding at 15.7.22	Market Value £000's	% of net assets
<b>Sweden 15.53% (15.56%)</b>			
AAK	1,288,902	17,325	1.89
BillerudKorsnas	1,722,721	15,839	1.72
Elekta B	2,118,579	12,076	1.31
Munters Group	2,088,946	9,889	1.08
Mycronic	762,727	8,221	0.90
SKF B	1,940,973	25,239	2.75
Svenska Handelsbanken A	2,915,554	19,874	2.16
Tele2 B	2,473,411	23,308	2.54
Viaplay Group B	561,700	10,885	1.18
		<b>142,656</b>	<b>15.53</b>
<b>Switzerland 11.40% (12.03%)</b>			
Cie Financiere Richemont	412,947	34,887	3.80
Holcim	644,700	22,798	2.48
Novartis	660,337	47,027	5.12
		<b>104,712</b>	<b>11.40</b>
<b>Equities total 902,593 98.24</b>			
<b>Forward Foreign Currency Contracts 0.00% (0.01%)</b>			
Buy CHF 55			
Sell GBP 47 29/07/2022		0	0.00
Buy CHF 17,355			
Sell GBP 15,007 29/07/2022		0	0.00
Buy DKK 19,603			
Sell GBP 2,233 29/07/2022		0	0.00
Buy DKK 21,747			
Sell GBP 2,522 29/07/2022		0	0.00
Buy EUR 57,860			
Sell GBP 48,956 29/07/2022		0	0.00
Buy EUR 161,632			
Sell GBP 139,213 29/07/2022		(2)	0.00
Buy NOK 130,441			
Sell GBP 10,858 29/07/2022		0	0.00
Buy NOK 107,053			
Sell GBP 8,823 29/07/2022		0	0.00
Buy SEK 215,122			
Sell GBP 17,168 29/07/2022		0	0.00
Buy SEK 180,405			
Sell GBP 14,539 29/07/2022		0	0.00
Sell CHF 63			
Buy GBP 54 29/07/2022		0	0.00
Sell CHF 389,135			
Buy GBP 330,373 29/07/2022		(5)	0.00
Sell DKK 512,885			
Buy GBP 59,419 29/07/2022		1	0.00
Sell EUR 2,267,597			
Buy GBP 1,953,059 29/07/2022		26	0.00
Sell EUR 48,666			
Buy GBP 41,234 29/07/2022		0	0.00
Sell NOK 155,075			
Buy GBP 12,931 29/07/2022		0	0.00
Sell NOK 1,475,525			
Buy GBP 121,245 29/07/2022		(1)	0.00
Sell SEK 5,416,235			
Buy GBP 435,647 29/07/2022		1	0.00



# Portfolio Statement (continued)

	Holding at 15.7.22	Market Value £000's	% of net assets
Sell SEK 384,964			
Buy GBP 30,650 29/07/2022		0	0.00
<b>Forward Foreign Currency Contracts total</b>		<b>20</b>	<b>0.00</b>

	Holding at 15.7.22	Market Value £000's	% of net assets
<b>Portfolio of investments</b>		<b>902,613</b>	<b>98.24</b>
<b>Net other assets</b>		<b>16,130</b>	<b>1.76</b>
<b>Net assets attributable to unitholders</b>		<b>918,743</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 15 January 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

## Statement of Total Return (unaudited)

For the six months ended 15 July 2022

	15.7.22		15.7.21	
	£000's	£000's	£000's	£000's
<b>Income</b>				
Net capital (losses)/gains		(179,354)		90,712
Revenue	26,770		23,850	
Expenses	(3,484)		(4,335)	
Net revenue before taxation	<b>23,286</b>		<b>19,515</b>	
Taxation	(1,539)		(1,442)	
Net revenue after taxation		<b>21,747</b>		<b>18,073</b>
<b>Total return before distributions</b>		<b>(157,607)</b>		<b>108,785</b>
Distributions		(509)		(1,540)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(158,116)</b>		<b>107,245</b>

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

For the six months ended 15 July 2022

	15.7.22		15.7.21	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		1,119,753 <sup>^</sup>		1,264,239
Amounts receivable on issue of units	21,699		76,657	
Amounts payable on cancellation of units	(64,592)		(213,049)	
		<b>(42,893)</b>		<b>(136,392)</b>
Dilution adjustment		(1)		146
Change in net assets attributable to unitholders from investment activities		(158,116)		107,245
<b>Closing net assets attributable to unitholders</b>		<b>918,743</b>		<b>1,235,238<sup>^</sup></b>

<sup>^</sup> The opening net assets attributable to unitholders for the current period do not equal the closing net assets attributable to unitholders for the comparative period as they are not consecutive periods.

## Balance Sheet (unaudited)

As at 15 July 2022

	15.7.22	15.1.22
	£000's	£000's
<b>Assets</b>		
Investments	902,621	1,109,969
<b>Current assets</b>		
Debtors	7,136	10,203
Cash and bank balances	10,202	16,793
<b>Total assets</b>	<b>919,959</b>	<b>1,136,965</b>
<b>Liabilities</b>		
Investment liabilities	(8)	(1)
<b>Creditors</b>		
Distributions payable	-	(2,525)
Other creditors	(1,208)	(14,686)
<b>Total liabilities</b>	<b>(1,216)</b>	<b>(17,212)</b>
<b>Net assets attributable to unitholders</b>	<b>918,743</b>	<b>1,119,753</b>

# Notes to the Accounts (unaudited)

## Accounting policies

### Basis of preparation

The accounts have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014 and in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 (The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)).

The accounting policies applied are consistent with those of the annual accounts for the year ended 15 January 2022 and are described in those annual accounts.

# General Information

## Manager

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

## Investment Adviser

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

## Trustee

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

## Registrar

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

## Administration Details

Schroders Investor Services  
PO BOX 1402  
Sunderland  
SR43 4AF

## Independent Auditors

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

## Authorisation

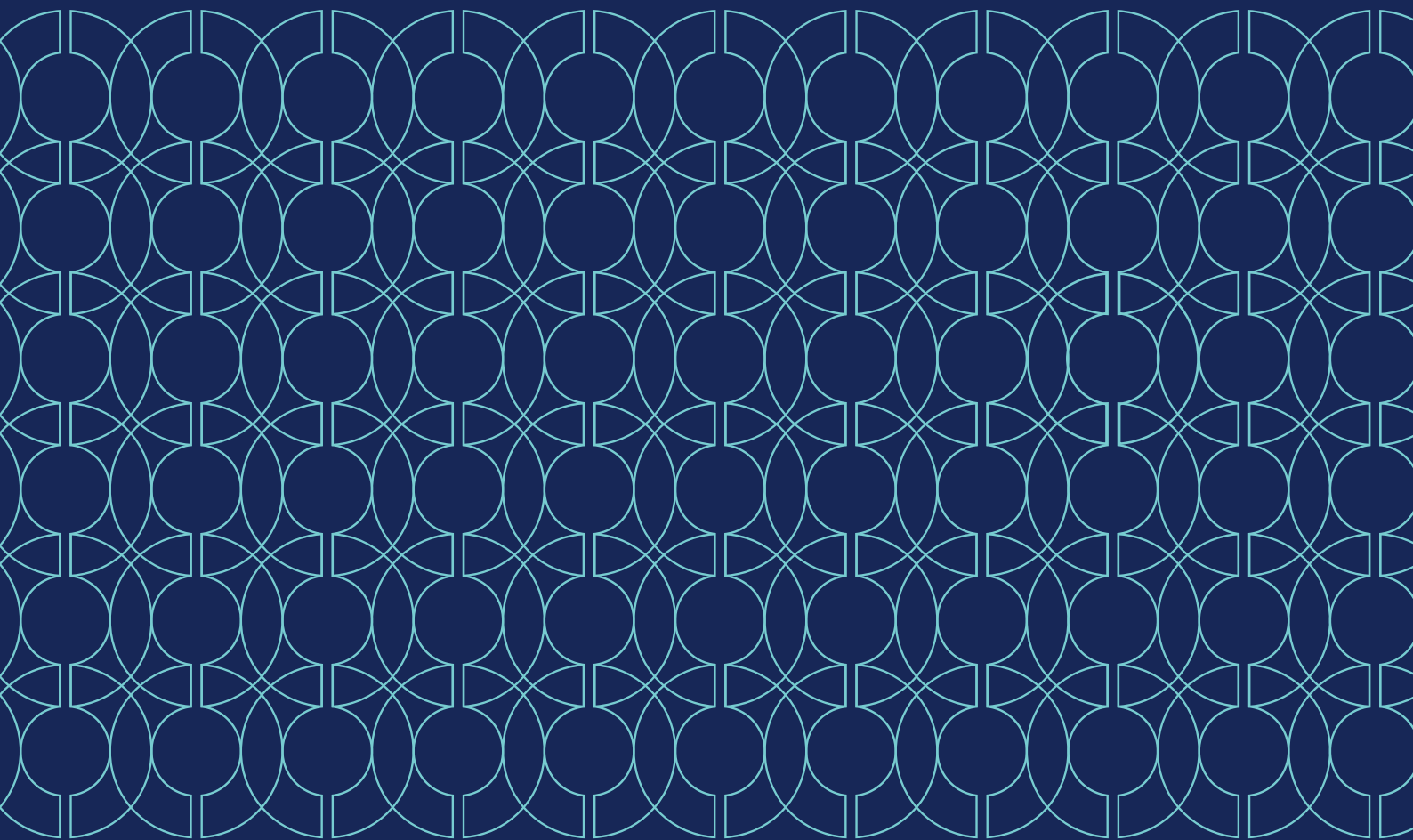
The Fund is an authorised unit trust and is constituted pursuant to the Collective Investment Schemes sourcebook and is structured as a Trust. The Fund is a UCITS scheme for the purpose of the categorisation of the Collective Investment Schemes sourcebook.

## Value Assessment

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

## Other information

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



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For further literature please contact Schroder Investor Services on 0800 182 2399 or [schrodersinvestor@HSBC.com](mailto:schrodersinvestor@HSBC.com) for Retail Clients, or 0345 030 7277 or [schrodersinstitutional@HSBC.com](mailto:schrodersinstitutional@HSBC.com) for Institutional Clients, or visit our website at [www.schroders.com](http://www.schroders.com).

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