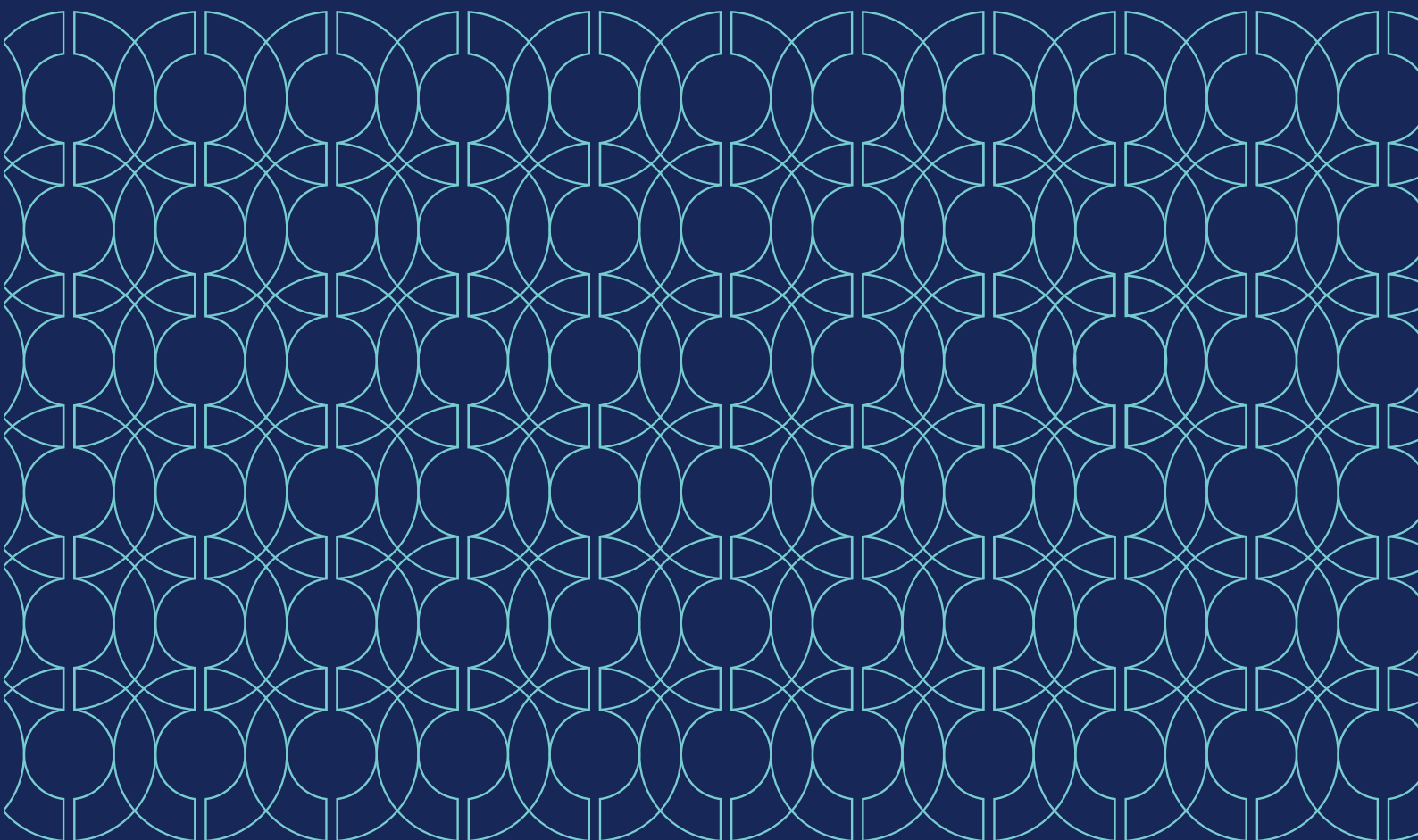


**Schroders**

**Schroder Sustainable Bond Fund (formerly  
Schroder Absolute Return Bond Fund)**

**Interim Report and Accounts**

**30 June 2022**



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

# Fund Information

## Investment objective and policy

The Schroder Sustainable Bond Fund (formerly Schroder Absolute Return Bond Fund) (the 'Fund') aims to provide income and capital growth in excess of the ICE BofA Sterling 3-Month Government Bill index plus 2.5% (after fees have been deducted) over any three to five year period, by investing directly in fixed and floating rate securities issued by governments, government agencies and companies worldwide which meet the Investment Manager's sustainability criteria.

The Fund is actively managed and invests at least 80% of its assets directly, in fixed and floating rate securities denominated in sterling (or in other currencies and hedged back into sterling) issued by governments, government agencies, supra-national and corporate issuers worldwide, (including emerging markets and less developed markets), which meet the Investment Manager's sustainability criteria (please see the Fund Characteristics section of the prospectus for more detail).

The Fund maintains a positive absolute sustainability score based on the Investment Manager's rating system. More details on the investment process used to achieve this can be found in the Fund Characteristics section.

The Fund does not directly invest in certain activities, industries or groups of issuers above certain limits listed under "Sustainability Information" on the Fund's webpage, accessed via [www.schroders.com/en/uk/private-investor/gfc](http://www.schroders.com/en/uk/private-investor/gfc).

The Fund invests in companies that have good governance practices, as determined by the Investment Manager's rating criteria (please see the Fund Characteristics section for more details).

The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website [www.schroders.com/en/uk/private-investor/strategic-capabilities/sustainability/disclosures](http://www.schroders.com/en/uk/private-investor/strategic-capabilities/sustainability/disclosures).

The Fund may invest up to 50% of its assets in below investment grade securities as measured by Standard & Poor's or an equivalent credit rating agency, or in unrated securities.

The Fund may invest up to 40% of its assets in asset-backed securities, specifically whole business corporate loans, and covered bonds.

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

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for more information please refer to section 6 of Appendix I of the Prospectus). The Fund may use leverage and take short positions.

*With effect from 21 February 2022 the Fund's Investment objective and policy changed, previously it was:*

The Fund aims to provide an absolute return of the ICE BofA Sterling 3-Month Government Bill Index plus 1% (after fees have been deducted) over rolling 12-month periods by investing directly or indirectly in fixed and floating rate securities issued by governments, government agencies and companies worldwide. Absolute returns means the Fund seeks a positive return over rolling 12-month periods in all market conditions, but this cannot be guaranteed and your capital is at risk.

The Fund is actively managed and invests at least 80% of its assets directly, or indirectly through derivatives, in fixed and floating rate securities denominated in sterling (or in other currencies and hedged back into sterling) issued by governments, government agencies, supra-national and corporate issuers worldwide. As the Fund is index-unconstrained it is managed without reference to an index.

The Fund may invest up to 50% of its assets in below investment grade securities as measured by Standard & Poor's or an equivalent credit rating agency, or in unrated securities.

The Fund may invest up to 100% of its assets in asset-backed securities and mortgage-backed securities.

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

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for more information please refer to section 6 of Appendix I of the Prospectus). The Fund may use leverage and take short positions.

## Fund characteristics

The Fund's performance should be assessed against its target benchmark of the ICE BofA Sterling 3-Month Government Bill Index plus 2.5% and compared against the Investment Association Sterling Strategic Bond sector average return. The target benchmark has been selected because the target return of the Fund is to deliver or exceed the return of that benchmark as stated in the investment objective. The comparator benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

## Significant events

Effective from 21 February 2022, Schroder Absolute Return Bond Fund changed its name to Schroder Sustainable Bond Fund and changed its investment objective and policy.

## Total purchases and sales

	For the period to 30.6.22 £000's	For the year to 31.12.21 £000's
Total purchases	134,078	57,289
Total sales	91,167	59,937

# Fund Performance

	Number of units in issue 30.6.22	Net asset value per unit 30.6.22	Net asset value per unit 31.12.21
A Accumulation units	6,948,697	98.61p	101.08p
A Income units	1,178,371	37.89p	39.18p
L Accumulation units	6,281,837	52.47p	53.70p
L Income units	3,435,930	46.24p	47.74p
Q1 Accumulation units	1,500	98.09p	50.00p <sup>1</sup>
Q1 Income units	1,500	97.43p	50.00p <sup>2</sup>
X Accumulation units	114,302,958	49.63p	50.00p <sup>3</sup>
X Income (Monthly) units	17,077,778	47.06p	48.49p
X Income units	21,753,583	45.89p	47.29p
Z Accumulation units	22,024,475	54.11p	55.41p
Z Income units	4,563,555	44.89p	46.37p

1 Q1 Accumulation units launched on 1 March 2022.

2 Q1 Income units launched on 1 March 2022.

3 X Accumulation units launched on 19 April 2022.

**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 31 December 2021 to 30 June 2022, the price of Z Accumulation units on a dealing price basis fell 3.03%. In the same period, the benchmark<sup>1</sup> generated a total return of 1.25%<sup>2</sup>.**

Bond markets took a volatile turn over the period with yields and spreads rising markedly, resulting in significant negative returns. Inflationary pressures became increasingly elevated, prompting hawkish shifts from central banks and rising interest rates. Reopening of economies presaged a sharp snap-back in demand, leading to inflationary pressures which were exacerbated by an energy price squeeze. The Federal Reserve (Fed) raised rates aggressively, with a first 0.75% hike since 1994 in June. The Bank of England implemented several hikes and the European Central Bank signalled hikes for early in Q3. The 10-year US Treasury yield rose from 1.51% to 2.97%, with larger moves in short-dated yields, the 2-year yield increasing from 0.73% to 2.93%. The UK 10-year yield increased from 0.97% to 2.24% and the 2-year yield from 0.68% to 1.88%. The German 10-year yield rose from -0.18% to 1.37%, and the 2-year yield from -0.64% to 0.68%. Corporate bonds saw negative total returns (local currency) and underperformed government bonds.

The Fund was lower over the period and underperformed the benchmark. Our long duration positions, particularly in the UK and the US, detracted, while our short inflation stance in Europe generated losses and we closed the position. Our overweight to credit detracted. Our core strategy reflected our increasing confidence that the market will start to focus on the impact of slowing growth rather than inflation and central bank tightening. We increased our duration overweight, notably in the US. We increased UK duration, concentrated in the front end of the gilt curve, as we think that the number of rates hikes priced into the gilt market will not be realised given the deteriorating growth outlook.

A key question is how quickly the deterioration in growth can lead to a moderation (or even reversal) in the strong inflation narrative and a slower pace of monetary tightening. Near-term, the broadening and stickiness of inflation prints is a concern even with signs that goods inflation could reverse. We are watching for indicators that the squeeze on consumers' real incomes and subsequent fall in demand is leading to a sharp deceleration in price increases and even price declines. The containment of inflation risks is the main priority of central banks. The lagged impact of tighter monetary policy means central banks will struggle to orchestrate a soft landing, and possibly cause a recession. This is just becoming apparent in data and global housing markets, especially the US, are looking vulnerable to a correction given higher interest rate costs and a significant deterioration in affordability and buyer appetite. As the market's focus turns towards recessionary risks this should be positive for global duration.

We increased our allocation to supranationals over the quarter. We believe when it comes to sustainable fixed income investment, supranationals are an underappreciated part of the market. For example, we hold a sizeable position in bonds issued by Inter-American Development Bank (IADB), the largest source of development financing for Latin America and the Caribbean. IADB has been increasingly mainstreaming climate change in order to support low-carbon and climate-resilient development and meet the 30% climate finance target. Their approach is fully aligned with the UN Sustainable Development Goals (UN SDGs). At the same time, EU bond issuance lately has focused on fighting climate change, improving and protecting biodiversity and promoting gender equality.

Overall, our currency strategy has become increasingly countercyclical, reflecting our greater conviction that the souring of sentiment and increased recessionary concerns would begin to play out. While the US economy had previously been more resilient to growth headwinds - primarily due to surprisingly robust levels of domestic consumption - we are now seeing signs that US consumer demand waning. Even though we are predicting a weaker US economy, the generalised global slowdown should be impactful for the dollar and we have become more constructive.

The Fund was repurposed and its name was changed from "Absolute Return Bond" to "Sustainable Bond Fund" on 21 February 2022. The Fund's benchmark and investment objective have also subsequently changed to have a more sustainable focus.

**Co-Fund Managers:**  
**Paul Grainger**



2015: Schroders  
2014: Co-founded financial technology firm yoyoDATA  
2006: Wellington Management  
2003: F&C Asset Management, Senior Portfolio Manager  
1999: Gartmore, Senior Portfolio Manager  
1995: Joined the BZW graduate training programme where he rotated through Fixed Income Sales & Trading into Asset Management at Barclays Global Investors  
BA (Hons), University of Exeter  
Member of the United Kingdom Society of investment professionals and a CFA Charterholder

**James Ringer**



2016: Schroders, Portfolio Manager  
2014: Schroders, Portfolio Analyst  
2013: Schroders, Graduate Trainee, Economics desk  
BA (Hons) Business Economics, University of Exeter  
CFA Charterholder

**Global Fixed Income & Currency Team**

The Fund is managed by the Global Fixed Income & Currency Team according to a robust team based investment process. Paul Grainger is the Head of Global Fixed Income & Currency Team. The team consists of 17 investment professionals with an average experience of 13 years responsible for a suite of benchmarked and absolute return products. The Global Fixed Income & Currency Team draws on the full resources of Schroders fixed income platform, benefiting from a worldwide research network consisting of over 100 researchers, analysts and economists across asset classes.

<sup>1</sup> The Fund's benchmark changed on 21 February 2022 from ICE BofA Sterling 3 Month Government Bill index plus 1% to ICE BofA Sterling 3 Month Government Bill index plus 2.5%. The full track record of the previous benchmark has been kept and chainlinked to the new one.

<sup>2</sup> Source: B-One.

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

# Risk Profile

## Risk and reward indicator



The risk category is based upon the Fund’s risk target and there is no guarantee that the Fund will achieve it. 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.

The risk and reward indicator changed from 3 to 4 with effect from 25 May 2022.

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 30 June 2022 were signed on 18 August 2022 on behalf of the Manager by:

**S. Reedy**  
Directors

**P. Chislett**

# Portfolio Statement

	Holding at 30.6.22	Market Value £000's	% of net assets
<b>Corporate Bonds 40.84% (82.43%)</b>			
<b>Australia 0.00% (1.08%)</b>			
<b>Austria 0.08% (0.42%)</b>			
ams-OSRAM 6% 31/07/2025	100,000	81	0.08
		<b>81</b>	<b>0.08</b>
<b>Belgium 0.39% (0.14%)</b>			
KBC Group FRN 0.125% 10/09/2026	500,000	391	0.39
		<b>391</b>	<b>0.39</b>
<b>Bermuda 0.00% (0.35%)</b>			
<b>British Virgin Islands 0.00% (0.30%)</b>			
<b>Canada 0.00% (5.53%)</b>			
<b>Cayman Islands 0.00% (0.26%)</b>			
Sharps SP I LLC, Series 2006-HE3N 6.4% 25/06/2036^	1,337,560	0	0.00
		<b>0</b>	<b>0.00</b>
<b>Denmark 0.52% (0.00%)</b>			
Orsted 4.875% 12/01/2032	490,000	529	0.52
		<b>529</b>	<b>0.52</b>
<b>France 8.51% (2.84%)</b>			
Banque Federative du Credit Mutuel 0.125% 05/02/2024	500,000	419	0.41
BNP Paribas 1% 27/06/2024	200,000	168	0.17
Capgemini 1% 18/10/2024	200,000	168	0.17
Caisse d'Amortisse- ment de la Dette Sociale 0.125% 15/12/2025	6,000,000	5,532	5.48
Loxam 2.875% 15/04/2026	161,000	117	0.12
Aeroports de Paris 2.125% 02/10/2026	200,000	170	0.17
Iliad Holding 5.125% 15/10/2026	100,000	77	0.08
Societe Generale 0.75% 25/01/2027	200,000	152	0.15
Faurecia 2.75% 15/02/2027	171,000	115	0.11
BPCE 0.5% 24/02/2027	700,000	530	0.53
Holding d'Infrastruc- tures de Transport 1.625% 27/11/2027	200,000	154	0.15
Credit Agricole 0.375% 20/04/2028	300,000	216	0.21
BNP Paribas FRN 0.5% 01/09/2028	200,000	147	0.15
APRR 1.875% 03/01/2029	100,000	82	0.08
AXA 3.875% Perpetual	215,000	180	0.18
Orange FRN 1.75% Perpetual	300,000	206	0.20

	Holding at 30.6.22	Market Value £000's	% of net assets
Orange FRN 5% Perpetual	176,000	152	0.15
		<b>8,585</b>	<b>8.51</b>
<b>Germany 7.59% (4.96%)</b>			
E.ON 0.875% 08/01/2025	47,000	39	0.04
Kreditanstalt fuer Wiederaufbau 1.125% 04/07/2025	5,902,000	5,681	5.63
E.ON 1% 07/10/2025	100,000	83	0.08
Deutsche Bank FRN 1% 19/11/2025	200,000	162	0.16
Deutsche Bank 4.5% 19/05/2026	100,000	86	0.09
Volkswagen Bank 2.5% 31/07/2026	100,000	83	0.08
Fresenius SE & 0.375% 28/09/2026	352,000	271	0.27
Cheplapharm Arzneimittel 3.5% 11/02/2027	100,000	73	0.07
Commerzbank 4% 30/03/2027	114,000	95	0.09
Commerzbank 0.375% 01/09/2027	352,000	267	0.27
Gruenenthal 4.125% 15/05/2028	129,000	95	0.09
Fresenius SE & 2.875% 24/05/2030	116,000	93	0.09
Vonovia 2.375% 25/03/2032	200,000	141	0.14
Deutsche Boerse 1.5% 04/04/2032	100,000	77	0.08
Fresenius SE & 1.125% 28/01/2033	7,000	4	0.00
Merck FRN 1.625% 25/06/2079	200,000	161	0.16
Allianz FRN 3.375% Perpetual	300,000	252	0.25
		<b>7,663</b>	<b>7.59</b>
<b>Ireland 0.30% (0.85%)</b>			
AIB Group FRN 0% 04/07/2026	111,000	95	0.10
Abbott Ireland Financing DAC 1.5% 27/09/2026	245,000	205	0.20
		<b>300</b>	<b>0.30</b>
<b>Italy 1.65% (1.12%)</b>			
Intesa Sanpaolo 5.017% 26/06/2024	200,000	156	0.15
Terna - Rete Elettrica Nazionale 1% 10/04/2026	260,000	213	0.21
UniCredit FRN 1.25% 16/06/2026	200,000	161	0.16
Atlantia 1.875% 12/02/2028	100,000	67	0.07
Paganini Bidco FRN 4.25% 30/10/2028	129,000	100	0.10



# Portfolio Statement (continued)

	Holding at 30.6.22	Market Value £000's	% of net assets
Nexi 2.125% 30/04/2029	123,000	74	0.07
Enel 5.75% 22/06/2037	420,000	461	0.46
Assicurazioni Generali FRN 5.5% 27/10/2047	200,000	173	0.17
Enel FRN 1.375% Perpetual	234,000	152	0.15
Enel FRN 3.5% Perpetual	135,000	108	0.11
		<b>1,665</b>	<b>1.65</b>
<b>Japan 0.19% (0.26%)</b>			
Takeda Pharmaceutical 0.75% 09/07/2027	245,000	191	0.19
		<b>191</b>	<b>0.19</b>
<b>Jersey 0.11% (0.00%)</b>			
AA Bond 2.75% 31/07/2043	110,000	108	0.11
		<b>108</b>	<b>0.11</b>
<b>Liberia 0.00% (0.03%)</b>			
<b>Luxembourg 1.76% (1.19%)</b>			
Garfunkelux Holdco 3 6.75% 01/11/2025	100,000	76	0.08
DH Europe Finance II 0.2% 18/03/2026	323,000	256	0.25
Albion Financing 1 5.25% 15/10/2026	130,000	93	0.09
Medtronic Global Holdings 1.125% 07/03/2027	412,000	333	0.33
Altice Financing 3% 15/01/2028	100,000	64	0.06
Cidron Aida Finco Sarl 5% 01/04/2028	100,000	71	0.07
Richemont International Holding 0.75% 26/05/2028	412,000	320	0.32
Becton Dickinson Euro Finance 0.334% 13/08/2028	357,000	257	0.26
Logicor Financing Sarl 0.875% 14/01/2031	273,000	164	0.16
Traton Finance Luxembourg 1.25% 24/03/2033	100,000	62	0.06
Eurofins Scientific FRN 3.25% Perpetual	100,000	76	0.08
		<b>1,772</b>	<b>1.76</b>
<b>Netherlands 5.75% (5.46%)</b>			
BMW Finance 2.625% 17/01/2024	199,000	174	0.17
Enel Finance International 5.625% 14/08/2024	1,040,000	1,081	1.07
Siemens Financier- ingsmaatschappij 1% 20/02/2025	1,200,000	1,137	1.13
E.ON International Finance 1% 13/04/2025	258,000	214	0.21

	Holding at 30.6.22	Market Value £000's	% of net assets
Mercedes-Benz International Finance 1% 11/11/2025	270,000	223	0.22
Deutsche Telekom International Finance 1.375% 01/12/2025	350,000	294	0.29
LeasePlan 0.25% 23/02/2026	229,000	176	0.17
ZF Europe Finance 2% 23/02/2026	100,000	71	0.07
Siemens Financiering- smaatschappij 0.375% 05/06/2026	100,000	80	0.08
Vonovia Finance 0.625% 09/07/2026	200,000	152	0.15
LeasePlan 0.25% 07/09/2026	131,000	99	0.10
ING Groep FRN 1.25% 16/02/2027	300,000	240	0.24
United Group 4% 15/11/2027	100,000	65	0.06
Heimstaden Bostad Treasury 1% 13/04/2028	233,000	152	0.15
WP/AP Telecom Holdings IV 3.75% 15/01/2029	100,000	70	0.07
EDP Finance 1.875% 21/09/2029	100,000	78	0.08
ING Groep FRN 0.875% 29/11/2030	100,000	70	0.07
E.ON International Finance 6.375% 07/06/2032	419,000	490	0.49
Prosus 2.031% 03/08/2032	200,000	119	0.12
Telefonica Europe FRN 2.88% 31/12/2164	100,000	66	0.07
Volkswagen International Finance FRN 3.748% 31/12/2164	100,000	73	0.07
ELM BV for Firmenich International 3.75% Perpetual	100,000	79	0.08
Iberdrola International FRN 1.874% Perpetual	300,000	225	0.22
Iberdrola International FRN 2.25% Perpetual	100,000	67	0.07
Volkswagen International Finance FRN 3.375% Perpetual	200,000	159	0.16
Volkswagen International Finance FRN 3.875% Perpetual	200,000	143	0.14
		<b>5,797</b>	<b>5.75</b>
<b>Norway 0.07% (0.00%)</b>			
Adevinta 3% 15/11/2027	104,000	75	0.07
		<b>75</b>	<b>0.07</b>

# Portfolio Statement (continued)

	Holding at 30.6.22	Market Value £000's	% of net assets
<b>Panama 0.00% (0.02%)</b>			
<b>Portugal 0.24% (0.00%)</b>			
EDP - Energias de Portugal 1.625% 15/04/2027	300,000	244	0.24
		<b>244</b>	<b>0.24</b>
<b>Spain 1.92% (0.84%)</b>			
Banco de Sabadell 0.875% 05/03/2023	200,000	172	0.17
Banco Santander 1.375% 05/01/2026	200,000	162	0.16
Banco de Sabadell 5.625% 06/05/2026	100,000	84	0.08
Santander Consumer Finance 0.5% 14/01/2027	300,000	230	0.23
Banco de Sabadell FRN 1.125% 11/03/2027	100,000	79	0.08
CaixaBank FRN 0.625% 21/01/2028	300,000	230	0.23
Banco de Credito Social Cooperativo FRN 1.75% 09/03/2028	100,000	69	0.07
Grifols Escrow Issuer 3.875% 15/10/2028	100,000	71	0.07
Telefonica Emisiones 1.788% 12/03/2029	300,000	241	0.24
Telefonica Emisiones 5.445% 08/10/2029	500,000	536	0.53
Unicaja Banco FRN 3.125% 19/07/2032	100,000	68	0.06
		<b>1,942</b>	<b>1.92</b>
<b>Supranational 0.00% (0.45%)</b>			
<b>Sweden 0.21% (0.72%)</b>			
Verisure Holding 3.875% 15/07/2026	190,000	143	0.14
Intrum 3% 15/09/2027	100,000	66	0.07
		<b>209</b>	<b>0.21</b>
<b>Switzerland 0.31% (0.61%)</b>			
UBS Group FRN 0.25% 03/11/2026	400,000	313	0.31
		<b>313</b>	<b>0.31</b>
<b>United Arab Emirates 0.00% (1.08%)</b>			
<b>United Kingdom 7.27% (33.54%)</b>			
Lloyds Bank Corporate Markets 1.75% 11/07/2024	1,163,000	1,120	1.11
British Telecommunications 1% 21/11/2024	124,000	103	0.10
TalkTalk Telecom Group 3.875% 20/02/2025	123,000	100	0.10
Virgin Money UK FRN 3.125% 22/06/2025	1,161,000	1,127	1.12
Stagecoach Group 4% 29/09/2025	1,186,000	1,156	1.15
NatWest Markets 0.125% 12/11/2025	296,000	233	0.23

	Holding at 30.6.22	Market Value £000's	% of net assets
INEOS Quattro Finance 2 2.5% 15/01/2026	162,000	117	0.12
Lloyds Banking Group 3.5% 01/04/2026	248,000	215	0.21
Sherwood Financing 4.5% 15/11/2026	140,000	101	0.10
Barclays FRN 2.885% 31/01/2027	100,000	84	0.08
HSBC Holdings FRN 3.019% 15/06/2027	100,000	85	0.08
BCP V Modular Services Finance II 4.75% 30/11/2028	100,000	68	0.07
Coca-Cola Europacific Partners 0.2% 02/12/2028	311,000	222	0.22
British Telecommunications 5.75% 07/12/2028	484,000	521	0.52
Barclays FRN 0.577% 09/08/2029	249,000	174	0.17
British Telecommunications 1.125% 12/09/2029	183,000	137	0.14
Yorkshire Water Finance 1.75% 27/10/2032	615,000	506	0.50
Severn Trent Utilities Finance 2.625% 22/02/2033	580,000	516	0.51
United Utilities Water Finance 2% 03/07/2033	603,000	506	0.50
Vodafone Group FRN 2.625% 27/08/2080	100,000	74	0.07
SSE FRN 3.125% Perpetual	222,000	166	0.17
		<b>7,331</b>	<b>7.27</b>

<b>United States of America 3.97% (20.38%)</b>			
JPMorgan Chase 0.625% 25/01/2024	200,000	169	0.17
Coca-Cola 0.5% 08/03/2024	219,000	186	0.18
Thermo Fisher Scientific 0.125% 01/03/2025	340,000	278	0.27
Goldman Sachs Group 3.375% 27/03/2025	100,000	87	0.09
Verizon Communications 3.25% 17/02/2026	266,000	237	0.23
Morgan Stanley FRN 2.103% 08/05/2026	163,000	137	0.14
AT&T 1.8% 05/09/2026	221,000	185	0.18
Bank of America FRN 1.949% 27/10/2026	111,000	93	0.09
American Tower REIT 0.45% 15/01/2027	212,000	159	0.16
American Tower REIT 0.4% 15/02/2027	213,000	158	0.16
Fidelity National Information Services 1.5% 21/05/2027	223,000	177	0.17

# Portfolio Statement (continued)

	Holding at 30.6.22	Market Value £000's	% of net assets
Metropolitan Life Global Funding I 0.55% 16/06/2027	230,000	178	0.18
Morgan Stanley FRN 0.406% 29/10/2027	275,000	210	0.21
AbbVie 0.75% 18/11/2027	300,000	230	0.23
JPMorgan Chase FRN 0.389% 24/02/2028	200,000	152	0.15
Organon 2.875% 30/04/2028	190,000	137	0.14
PepsiCo 0.5% 06/05/2028	200,000	153	0.15
Bank of America FRN 0.583% 24/08/2028	263,000	198	0.20
Goldman Sachs Group 1.25% 07/02/2029	167,000	123	0.12
Netflix 3.625% 15/06/2030	211,000	157	0.15
Bank of America FRN 2.824% 27/04/2033	111,000	88	0.09
AT&T 5.2% 18/11/2033	490,000	518	0.51
	<b>4,010</b>	<b>3.97</b>	
<b>Corporate Bonds total</b>	<b>41,206</b>	<b>40.84</b>	
<b>Supranationals 21.10% (7.53%)</b>			
Asian Development Bank 1.13% 10/06/2025	5,886,000	5,671	5.62
Council of Europe Development Bank 3% 16/06/2025	939,000	769	0.76
African Development Bank 1.13% 18/06/2025	5,886,000	5,668	5.62
European Investment Bank 0.88% 15/05/2026	5,876,000	5,548	5.50
Inter-American Development Bank 2.5% 22/07/2027	1,032,000	1,030	1.02
European Investment Bank 1% 14/04/2032	1,421,000	1,105	1.10
European Union 1% 06/07/2032	1,600,000	1,244	1.23
European Union 1.25% 04/02/2043	359,000	249	0.25
	<b>21,284</b>	<b>21.10</b>	
<b>Supranationals total</b>	<b>21,284</b>	<b>21.10</b>	
<b>Government Bonds 35.14% (3.14%)</b>			
<b>Brazil 0.00% (0.33%)</b>			
<b>Canada 6.57% (0.54%)</b>			
Province of Ontario Canada 1.125% 15/05/2026	5,885,000	5,558	5.51
Canada Government Bond 2.25% 01/12/2029	1,789,000	1,074	1.06
	<b>6,632</b>	<b>6.57</b>	

	Holding at 30.6.22	Market Value £000's	% of net assets
<b>Finland 5.48% (0.00%)</b>			
Kuntarahoitus 1.125% 19/06/2025	5,748,000	5,526	5.48
		<b>5,526</b>	<b>5.48</b>
<b>Germany 7.74% (0.00%)</b>			
State of North Rhine- Westphalia Germany 0.625% 16/12/2024	5,900,000	5,627	5.57
Bundesrepublik Deutschland 0.5% 15/02/2025	1,900,000	1,624	1.61
Bundesrepublik Deutschland 0% 15/05/2036	812,582	563	0.56
		<b>7,814</b>	<b>7.74</b>
<b>Mexico 0.00% (1.44%)</b>			
<b>South Korea 1.63% (0.00%)</b>			
Korea Treasury 1.125% 10/09/2025	2,808,930,000	1,646	1.63
		<b>1,646</b>	<b>1.63</b>
<b>United Kingdom 13.72% (0.00%)</b>			
UK Treasury Bill 0% 30/08/2022	4,033,707	4,026	3.99
UK Treasury Bill 0% 12/12/2022	7,500,000	7,448	7.38
UK Treasury 0.875% 31/07/2033	2,769,000	2,368	2.35
		<b>13,842</b>	<b>13.72</b>
<b>United States of America 0.00% (0.83%)</b>			
<b>Government Bonds total</b>		<b>35,460</b>	<b>35.14</b>
<b>Forward Foreign Currency Contracts 0.19% (0.35%)</b>			
Buy CAD 339,000			
Sell GBP 216,544 21/07/2022		0	0.00
Buy EUR 480,000			
Sell GBP 412,173 21/07/2022		1	0.00
Buy EUR 15,530,572			
Sell GBP 13,361,096 21/07/2022		(9)	(0.01)
Buy EUR 882,353			
Sell JPY 124,100,600 21/07/2022		7	0.01
Buy JPY 124,074,900			
Sell EUR 867,198 21/07/2022		6	0.01
Buy KRW 388,931,100			
Sell USD 309,883 21/07/2022		(9)	(0.01)
Buy SEK 37,637,900			
Sell USD 3,713,964 21/07/2022		(50)	(0.05)
Buy USD 6,804,669			
Sell GBP 5,582,557 21/07/2022		35	0.03
Buy USD 1,843,387			
Sell GBP 1,529,900 21/07/2022		(8)	(0.01)
Buy USD 2,468,302			
Sell KRW 3,097,941,740 21/07/2022		70	0.07
Buy USD 4,346,644			
Sell NZD 6,938,789 21/07/2022		29	0.03
Buy USD 5,020,644			
Sell SEK 50,467,150 21/07/2022		101	0.10
Sell CAD 1,593,162			
Buy GBP 1,017,669 21/07/2022		(1)	0.00
Sell EUR 41,452,414			
Buy GBP 35,660,191 21/07/2022		22	0.02

# Portfolio Statement (continued)

	Holding at 30.6.22	Market Value £000's	% of net assets
Sell EUR 1,570,000			
Buy GBP 1,347,479 21/07/2022		(2)	0.00
Sell SEK 18,964,800			
Buy GBP 1,534,706 21/07/2022		15	0.01
Sell USD 1,856,800			
Buy GBP 1,543,133 21/07/2022		10	0.01
Sell USD 3,857,651			
Buy GBP 3,163,112 21/07/2022		(22)	(0.02)
<b>Forward Foreign Currency Contracts total</b>		<b>195</b>	<b>0.19</b>
<b>Options 0.05% (0.04%)</b>			
<b>Purchased Options 0.75% (0.12%)</b>			
Euro-Bund Call 151 22/07/2022	22	2	0.00
Foreign Exchange CHF/GBP Put 1.245 14/07/2022	1,844,000	131	0.13
Foreign Exchange EUR/USD Call 1.08 29/07/2022	4,878,000	6	0.01
Foreign Exchange EUR/ USD Call 1.1 29/07/2022	4,878,000	2	0.00
Foreign Exchange USD/CAD Call 1.279 01/08/2022	1,998,000	23	0.02
Foreign Exchange USD/ EUR Put 1 03/11/2022	5,810,000	35	0.04
Foreign Exchange USD/GBP Put 1.275 27/07/2022	3,632,000	182	0.18
Foreign Exchange USD/GBP Put 1.315 27/07/2022	3,632,000	300	0.30
US Treasury 10 Year Note Call 121 26/08/2022	125	75	0.07
US Treasury 10 Year Note Put 115 22/07/2022	22	2	0.00
<b>Purchased Options total</b>		<b>758</b>	<b>0.75</b>
<b>Written Options (0.70)% ((0.08)%)</b>			
Foreign Exchange CHF/GBP Put 1.245 14/07/2022	(1,844,000)	(131)	(0.13)
Foreign Exchange EUR/USD Call 1.08 29/07/2022	(4,878,000)	(6)	(0.01)
Foreign Exchange EUR/ USD Call 1.1 29/07/2022	(4,878,000)	(1)	0.00
Foreign Exchange USD/CAD Call 1.279 01/08/2022	(1,998,000)	(23)	(0.02)
Foreign Exchange USD/GBP Put 1.275 27/07/2022	(3,632,000)	(182)	(0.18)
Foreign Exchange USD/GBP Put 1.315 27/07/2022	(3,632,000)	(300)	(0.30)
US Treasury 10 Year Note Put 113.5 22/07/2022	(22)	(1)	0.00

	Holding at 30.6.22	Market Value £000's	% of net assets
US Treasury 10 Year Note Put 116 26/08/2022	(125)	(60)	(0.06)
<b>Written Options total</b>		<b>(704)</b>	<b>(0.70)</b>
<b>Options total</b>		<b>54</b>	<b>0.05</b>
<b>Futures 0.63% (0.02%)</b>			
Euro-Bobl September 2022	(52)	46	0.05
Euro-BTP September 2022	(8)	(42)	(0.04)
Euro-Bund September 2022	(61)	216	0.21
Euro-Buxl 30 Year Bond September 2022	5	(40)	(0.04)
Euro-OAT September 2022	(22)	16	0.02
Euro-Schatz September 2022	(19)	3	0.00
Japan 10 Year Bond Mini September 2022	(39)	(5)	(0.01)
Long Gilt September 2022	(122)	349	0.35
US 10 Year Note September 2022	107	82	0.08
US 10 Year Ultra Bond September 2022	4	9	0.01
<b>Futures total</b>		<b>634</b>	<b>0.63</b>
<b>Swaps 0.27% ((1.66)%)</b>			
Credit Default Swap Morgan Stanley Buy ITRAXX.EUROPE. MAIN.36-V1 20/12/2026	18,848,000	69	0.07
Credit Default Swap Morgan Stanley Buy CDX.NA.HY.38-V2 20/06/2027	1,672,098	38	0.04
Credit Default Swap Morgan Stanley Buy ITRAXX.EUROPE. CROSSOVER.37-V1 20/06/2027	15,530,000	400	0.40
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 1.77% 15/09/2022	111,530,000	40	0.04
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 2.273% 03/11/2022	96,047,000	4	0.00
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 2.27% 09/03/2024	8,918,500	(60)	(0.06)
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 2.38% 11/05/2024	2,440,500	(13)	(0.01)

# Portfolio Statement (continued)

	Holding at 30.6.22	Market Value £000's	% of net assets
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 2.484% 18/05/2024	2,440,500	(10)	(0.01)
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 1.391% 07/06/2032	1,847,000	(160)	(0.16)
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 1.471% 07/06/2032	1,162,000	(93)	(0.09)

	Holding at 30.6.22	Market Value £000's	% of net assets
Interest Rate Swap Morgan Stanley Pay fixed 1.221% Receive floating EURIBOR 6 month 07/04/2042	355,000	53	0.05
<b>Swaps total</b>		<b>268</b>	<b>0.27</b>
<b>Collective Investment Scheme 0.00% (3.87%)</b>			
<b>Chinese Fixed Interest Funds 0.00% (3.87%)</b>			
<b>Convertible Bond 0.00% (0.13%)</b>			
<b>Spain 0.00% (0.13%)</b>			
<b>Portfolio of investments</b>		<b>99,101</b>	<b>98.22</b>
<b>Net other assets</b>		<b>1,798</b>	<b>1.78</b>
<b>Net assets attributable to unitholders</b>		<b>100,899</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2021.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

^ Unlisted, suspended or delisted security.

## Statement of Total Return (unaudited)

For the six month ended 30 June 2022

	30.6.22		30.6.21	
	£000's	£000's	£000's	£000's
<b>Income</b>				
Net capital (losses)/gains		(2,709)		522
Revenue	757		340	
Expenses	(116)		(176)	
Net revenue before taxation	<b>641</b>		<b>164</b>	
Taxation	(1)		(3)	
Net revenue after taxation		<b>640</b>		<b>161</b>
<b>Total return before distributions</b>		<b>(2,069)</b>		<b>683</b>
Distributions		(577)		(321)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(2,646)</b>		<b>362</b>

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

For the six months ended 30 June 2022

	30.6.22		30.6.21	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		62,016 <sup>^</sup>		66,260
Amounts receivable on issue of units	59,927		3,144	
Amounts payable on cancellation of units	(18,880)		(5,332)	
		<b>41,047</b>		<b>(2,188)</b>
Dilution adjustment		55		2
Change in net assets attributable to unitholders from investment activities		(2,646)		362
Retained distribution on Accumulation units		427		208
<b>Closing net assets attributable to unitholders</b>		<b>100,899</b>		<b>64,644<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 30 June 2022

	30.6.22	31.12.21
	£000's	£000's
<b>Assets</b>		
Investments	100,329	60,979
<b>Current assets</b>		
Debtors	1,738	336
Cash and bank balances	5,117	3,309
<b>Total assets</b>	<b>107,184</b>	<b>64,624</b>
<b>Liabilities</b>		
Investment liabilities	(1,228)	(1,534)
<b>Creditors</b>		
Bank overdrafts	(1,980)	(908)
Distributions payable	(151)	(88)
Other creditors	(2,926)	(78)
<b>Total liabilities</b>	<b>(6,285)</b>	<b>(2,608)</b>
<b>Net assets attributable to unitholders</b>	<b>100,899</b>	<b>62,016</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 31 December 2021 and are described in those annual accounts.

# Securities Financing Transactions

The Fund has not engaged in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, these include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions, margin lending transactions and Total Return Swaps). Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the accounting period ended 30 June 2022.



# 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

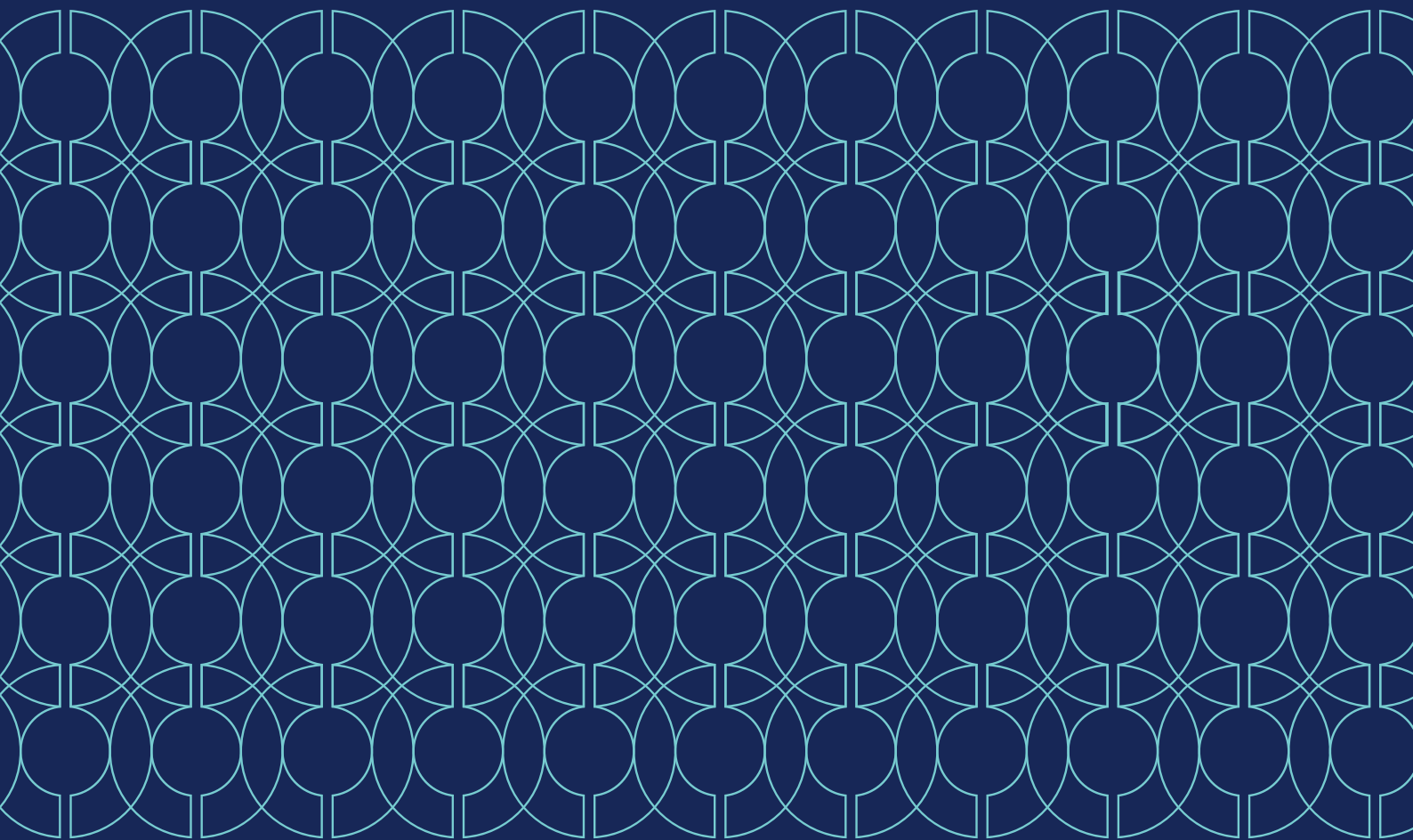
The Fund is an authorised unit trust and is constituted pursuant to the Collective Investment Schemes sourcebook and is structured as a Trust. The Fund is a UCITS scheme for the purpose of the categorisation of the Collective Investment Schemes sourcebook.

## 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).



EST. 1804

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

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