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

# Fund Information

## Investment objective and policy

Schroder Gilt & Fixed Interest Fund (the 'Fund') aims to provide income and capital growth in excess of the FTSE Gilts All Stocks index (after fees have been deducted) over a three to five year period by investing in fixed and floating rate securities issued by governments worldwide.

The Fund is actively managed and invests at least 95% of its assets in fixed and floating rate securities denominated in sterling (or in other currencies and hedged back into sterling) issued by governments, government agencies and supra-nationals worldwide. The Fund invests at least 80% of its assets in fixed and floating rate securities issued by the UK government.

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 2 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, being to exceed the FTSE Gilts All Stocks index, and compared against the Investment Association UK Gilts 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.

# Review of Investment Activities

**From 31 August 2023 to 30 August 2024, the price of A Accumulation units on a dealing price basis rose by 7.16%. In the same period the FTSE<sup>1</sup> Gilts All Stocks Index generated a total return of 6.81%<sup>2</sup>**

Over the period, the Fund delivered positive performance and outperformed the benchmark. In terms of attribution, rates strategies were the main driver of relative outperformance, while the Fund's non-government allocation also contributed a small positive overall as spreads tightened.

The Fund's headline duration was kept broadly neutral vs the benchmark throughout the whole period. Instead, we preferred to exploit cross-market opportunities which generally performed well. Initially, this was focused on an overweight Europe versus the US, designed to capture the macro divergence between the two economies. Going into 2024, we established an overweight duration in the UK versus Germany. The rationale here was that the progress of UK inflation had been slow but would 'catch down' to other economies. We had greater conviction in an underweight to Germany. Our view here was that following the ECB's June rate cut - which had been well-telegraphed beforehand - the market was being overly optimistic over the pace of further easing. We later took profits, closing the position.

Elsewhere, we saw value in an underweight position in Canada, held against both Australia and the US at differing points of the year. Later in the period, we tactically initiated short positions in the US versus Australia and Europe before locking in some profit.

In terms of directional rates performance, outright duration in the US was managed tactically. An overweight position going into December worked well however towards the end of the period an underweight position cost performance. A longstanding steepening yield curve bias (overweight shorter maturities with an offsetting underweight to the long end) in the US contributed positively particularly at the start of the period. However, we broadened this strategy out into a number of other markets, including Canada and results here were more disappointing.

**Co-Fund Manager:**

**Julien Houdain**



Julien Houdain is the Head of Credit, London at Schroders, based in the United Kingdom. He joined Schroders in 2019 MRes in Applied Mathematics from University of Paris BSc in Econometrics from University of Paris PhD in Applied Mathematics from Ecole Normale Supérieure

**Co-Fund Manager:**

**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 Unconstrained Fixed Income**

The Fund is managed by the Global Unconstrained Fixed Income Team according to a team-based investment process. Julien Houdain, Head of Global Unconstrained Fixed Income, has responsibility for the team's overall investment strategy. The team is structured to bring together a number of global fixed income specialisms, and is substantially resourced to provide in-depth analysis on all these areas of fixed income. In addition to eight portfolio managers with focused expertise across rates, credit and FX, the team benefits from an on-desk macro strategist function. Our market views are based on deep proprietary research and formed by leveraging insight from those with the greatest expert knowledge, while our dedicated quantitative investment resource provides essential tools that allow us to take the 'emotion' out of investing through systematic modelling and a comprehensive risk management framework.

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

# Risk Profile

## Risk and reward indicator



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

# Statement of the Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual and interim accounting period which give a true and fair view of the financial position of the Fund and of the net revenue and the net capital gains on the property of the Fund for the year.

In preparing the accounts the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on its website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**S. Reedy**

Directors

22 November 2024

**A. O'Donoghue**

# Report of the Trustee

## **Statement of the Trustee's responsibilities in respect of the Scheme and report of the Trustee to the unitholders of the Schroder Gilt & Fixed Interest Fund ('the Fund') for the Year ended 31 August 2024.**

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

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

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

The Trustee must ensure that:

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

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

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

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

**J.P. Morgan Europe Limited**

Trustee

Bournemouth

20 September 2024

# Independent auditor's report to the Unitholders of Schroder Gilt & Fixed Interest Fund

## Opinion

We have audited the financial statements of Schroder Gilt & Fixed Interest Fund (the 'Fund') for the year ended 31 August 2024 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Table for the Fund and the accounting policies set out on page 18.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Fund as at 31 August 2024 and of the net revenue and the net capital gains on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Fund or to cease their operations, and as they have concluded that the Fund's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Manager's conclusions, we considered the inherent risks to the Fund's business model and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate and;
- we have not identified, and concur with the Manager's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Fund will continue in operation.

## Fraud and breaches of laws and regulations – ability to detect

### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors as to the Fund's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Manager, the Trustee, the Administrator and the Investment Adviser; and
- Reading board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Fund is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.



# Independent auditor's report to the Unitholders of Schroder Gilt & Fixed Interest Fund (continued)

Secondly, the Fund is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Fund's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## Other information

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

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

## Manager's responsibilities

As explained more fully in its statement set out on page 6, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Fund's unitholders 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 Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Grant Archer

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

319 St Vincent Street

Glasgow

G2 5AS

22 November 2024

# Comparative Table

Financial year to 31 August	A Accumulation units			A Income units		
	2024 pence per unit	2023 pence per unit	2022 pence per unit	2024 pence per unit	2023 pence per unit	2022 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	172.20	191.86	244.48	44.62	51.49	66.78
Return before operating charges*	12.65	(18.62)	(51.31)	3.24	(4.98)	(13.93)
Operating charges	(1.03)	(1.04)	(1.31)	(0.26)	(0.28)	(0.36)
<b>Return after operating charges*</b>	<b>11.62</b>	<b>(19.66)</b>	<b>(52.62)</b>	<b>2.98</b>	<b>(5.26)</b>	<b>(14.29)</b>
Distributions**	(7.78)	(6.07)	(3.66)	(1.99)	(1.61)	(1.00)
Retained distributions**	7.78	6.07	3.66	-	-	-
<b>Closing net asset value</b>	<b>183.82</b>	<b>172.20</b>	<b>191.86</b>	<b>45.61</b>	<b>44.62</b>	<b>51.49</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	6.75	(10.25)	(21.52)	6.68	(10.22)	(21.40)
<b>Other information</b>						
Closing net asset value (£000's)	46,587	43,999	65,751	3,850	4,442	6,214
Closing number of units	25,343,557	25,551,041	34,269,961	8,440,796	9,953,873	12,067,343
Operating charges (%)	0.58	0.58	0.58	0.58	0.58	0.58
<b>Prices</b>						
Highest dealing price	186.50p	190.90p	250.20p	48.33p	51.23p	68.34p
Lowest dealing price	167.20p	162.90p	191.70p	43.32p	43.71p	51.97p

# Comparative Table

## (continued)

Financial year to 31 August	X Accumulation units <sup>1</sup>			X Income units <sup>2</sup>		
	2024 pence per unit	2023 pence per unit	2022 pence per unit	2024 pence per unit	2023 pence per unit	2022 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	43.67	48.37	50.00	41.99	48.18	50.00
Return before operating charges*	3.22	(4.69)	(1.63)	3.06	(4.66)	(1.63)
Operating charges	(0.01)	(0.01)	–	(0.01)	(0.01)	–
<b>Return after operating charges*</b>	<b>3.21</b>	<b>(4.70)</b>	<b>(1.63)</b>	<b>3.05</b>	<b>(4.67)</b>	<b>(1.63)</b>
Distributions**	(1.97)	(1.54)	(0.19)	(1.88)	(1.52)	(0.19)
Retained distributions**	1.97	1.54	0.19	–	–	–
<b>Closing net asset value</b>	<b>46.88</b>	<b>43.67</b>	<b>48.37</b>	<b>43.16</b>	<b>41.99</b>	<b>48.18</b>
*after direct transaction costs of	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	7.35	(9.72)	(3.26)	7.26	(9.69)	(3.26)
<b>Other information</b>						
Closing net asset value (£000's)	1	1	1	441	429	1
Closing number of units	3,000	3,000	3,000	1,021,916	1,021,916	3,000
Operating charges (%)	0.03	0.03	0.03	0.03	0.03	0.03
<b>Prices</b>						
Highest dealing price	47.39p	48.12p	53.91p	45.57p	47.93p	53.91p
Lowest dealing price	42.44p	41.08p	48.31p	40.80p	40.92p	48.31p

# Comparative Table

## (continued)

Financial year to 31 August	Z Accumulation units			Z Income units		
	2024 pence per unit	2023 pence per unit	2022 pence per unit	2024 pence per unit	2023 pence per unit	2022 pence per unit
<b>Change in net asset value</b>						
Opening net asset value	174.94	194.46	247.27	45.24	52.08	67.40
Return before operating charges*	12.86	(18.89)	(51.96)	3.29	(5.03)	(14.08)
Operating charges	(0.63)	(0.63)	(0.85)	(0.16)	(0.17)	(0.23)
<b>Return after operating charges*</b>	<b>12.23</b>	<b>(19.52)</b>	<b>(52.81)</b>	<b>3.13</b>	<b>(5.20)</b>	<b>(14.31)</b>
Distributions**	(7.91)	(6.16)	(3.70)	(2.02)	(1.64)	(1.01)
Retained distributions**	7.91	6.16	3.70	-	-	-
<b>Closing net asset value</b>	<b>187.17</b>	<b>174.94</b>	<b>194.46</b>	<b>46.35</b>	<b>45.24</b>	<b>52.08</b>
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges (%)	6.99	(10.04)	(21.36)	6.92	(9.98)	(21.23)
<b>Other information</b>						
Closing net asset value (£000's)	53,724	61,016	63,158	1,760	1,609	1,782
Closing number of units	28,702,713	34,878,424	32,477,724	3,796,656	3,556,145	3,420,506
Operating charges (%)	0.35	0.35	0.35	0.35	0.35	0.35
<b>Prices</b>						
Highest dealing price	189.60p	193.50p	253.20p	49.04p	51.82p	69.02p
Lowest dealing price	169.90p	165.10p	194.30p	43.93p	44.22p	52.56p

# Comparative Table (continued)

Financial year to 31 August		Q9 Accumulation units <sup>3</sup>
		2024 pence per unit
<b>Change in net asset value</b>		
Opening net asset value		50.00
Return before operating charges*		1.25
Operating charges		(0.03)
<b>Return after operating charges*</b>		<b>1.22</b>
Distributions**		(0.99)
Retained distributions**		0.99
<b>Closing net asset value</b>		<b>51.22</b>
*after direct transaction costs of		-
<b>Performance</b>		
Return after charges (%)		2.44
<b>Other information</b>		
Closing net asset value (£000's)		2
Closing number of units		3,000
Operating charges (%)		0.13
<b>Prices</b>		
Highest dealing price		51.73p
Lowest dealing price		48.95p

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

1 X Accumulation units launched on 22 June 2022.

2 X Income units launched on 22 June 2022.

3 Q9 Accumulation units launched on 18 March 2024.

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

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

# Portfolio Statement

	Holding at 31.8.24	Market Value £000's	% of net assets
<b>Government Bonds 93.59% (96.63%)</b>			
<b>Bulgaria 0.22% (0.00%)</b>			
Bulgaria Government Bond 4.25% 05/09/2044	282,000	235	0.22
		<b>235</b>	<b>0.22</b>
<b>France 0.00% (0.24%)</b>			
<b>Germany 0.04% (0.00%)</b>			
Bundesrepublik Deutschland 2.5% 04/07/2044	60,226	50	0.04
		<b>50</b>	<b>0.04</b>
<b>Mexico 0.37% (0.00%)</b>			
Mexico Government Bond 3.625% 09/04/2029	469,000	392	0.37
		<b>392</b>	<b>0.37</b>
<b>United Kingdom 92.96% (96.39%)</b>			
UK Treasury 2.75% 07/09/2024	2,086,000	2,085	1.96
UK Treasury 5% 07/03/2025	4,960,000	4,972	4.67
UK Treasury 3.5% 22/10/2025	12,581,000	12,451	11.71
UK Treasury 4.125% 29/01/2027	2,276,000	2,277	2.14
UK Treasury 3.75% 07/03/2027	2,892,000	2,869	2.70
UK Treasury 4.25% 07/12/2027	1,468,000	1,486	1.40
UK Treasury 4.5% 07/06/2028	10,125,000	10,320	9.70
UK Treasury 4.125% 22/07/2029	1,201,000	1,213	1.14
UK Treasury 0.875% 22/10/2029	2,790,000	2,422	2.28
UK Treasury 0.375% 22/10/2030	2,323,000	1,897	1.78
UK Treasury 4.75% 07/12/2030	3,948,000	4,153	3.90
UK Treasury 0.25% 31/07/2031	184,000	145	0.14
UK Treasury 4% 22/10/2031	818,000	823	0.77
UK Treasury 1% 31/01/2032	2,223,840	1,819	1.71
UK Treasury 4.25% 07/06/2032	2,526,000	2,595	2.44
UK Treasury 3.25% 31/01/2033	2,191,000	2,086	1.96
UK Treasury 0.875% 31/07/2033	2,649,413	2,045	1.92

	Holding at 31.8.24	Market Value £000's	% of net assets
UK Treasury 4.625% 31/01/2034	2,048,000	2,150	2.02
UK Treasury 4.25% 31/07/2034	705,498	719	0.68
UK Treasury 4.5% 07/09/2034	2,347,937	2,443	2.30
UK Treasury 1.75% 07/09/2037	2,149,733	1,638	1.54
UK Treasury 3.75% 29/01/2038	1,358,000	1,300	1.22
UK Treasury 4.75% 07/12/2038	1,679,000	1,774	1.67
UK Treasury 1.125% 31/01/2039	1,586,000	1,060	1.00
UK Treasury 4.25% 07/09/2039	1,518,000	1,514	1.42
UK Treasury 4.25% 07/12/2040	1,718,000	1,703	1.60
UK Treasury 1.25% 22/10/2041	2,164,000	1,364	1.28
UK Treasury 4.5% 07/12/2042	1,838,000	1,864	1.75
UK Treasury 4.75% 22/10/2043	1,280,506	1,333	1.25
UK Treasury 3.25% 22/01/2044	366,453	311	0.29
UK Treasury 3.5% 22/01/2045	1,912,000	1,670	1.57
UK Treasury 0.875% 31/01/2046	1,468,000	751	0.71
UK Treasury 4.25% 07/12/2046	1,625,000	1,574	1.48
UK Treasury 1.5% 22/07/2047	1,626,000	940	0.88
UK Treasury 1.75% 22/01/2049	1,886,000	1,131	1.06
UK Treasury 4.25% 07/12/2049	1,357,247	1,308	1.23
UK Treasury 0.625% 22/10/2050	2,072,000	864	0.81
UK Treasury 1.25% 31/07/2051	1,778,000	889	0.84
UK Treasury 3.75% 22/07/2052	1,604,000	1,415	1.33
UK Treasury 1.5% 31/07/2053	2,704,009	1,408	1.32
UK Treasury 3.75% 22/10/2053	1,813,788	1,591	1.50
UK Treasury 4.375% 31/07/2054	1,304,217	1,273	1.20
UK Treasury 1.625% 22/10/2054	1,550,000	826	0.78

# Portfolio Statement (continued)

	Holding at 31.8.24	Market Value £000's	% of net assets
UK Treasury 4.25% 07/12/2055	1,769,900	1,696	1.59
UK Treasury 1.75% 22/07/2057	1,960,000	1,058	1.00
UK Treasury 4% 22/01/2060	1,625,466	1,491	1.40
UK Treasury 0.5% 22/10/2061	1,627,000	506	0.48
UK Treasury 4% 22/10/2063	959,420	877	0.83
UK Treasury 2.5% 22/07/2065	1,081,000	694	0.65
UK Treasury 3.5% 22/07/2068	1,344,184	1,110	1.04
UK Treasury 1.625% 22/10/2071	1,581,000	741	0.70
UK Treasury 1.125% 22/10/2073	615,867	232	0.22
		<b>98,876</b>	<b>92.96</b>
<b>Government Bonds total</b>		<b>99,553</b>	<b>93.59</b>
<b>Corporate Bonds 4.79% (1.95%)</b>			
<b>France 0.64% (0.00%)</b>			
Ayvens 4.875% 06/10/2028	400,000	355	0.33
Suez 6.625% 05/10/2043	300,000	329	0.31
		<b>684</b>	<b>0.64</b>
<b>Germany 0.54% (0.00%)</b>			
Landwirtschaftliche Rentenbank 3.875% 09/02/2029	581,000	576	0.54
		<b>576</b>	<b>0.54</b>
<b>Netherlands 0.17% (0.00%)</b>			
Sartorius Finance 4.25% 14/09/2026	100,000	86	0.08
H&M Finance 4.875% 25/10/2031	107,000	96	0.09
		<b>182</b>	<b>0.17</b>
<b>Switzerland 0.22% (0.37%)</b>			
UBS Group FRN 1.875% 03/11/2029	263,000	232	0.22
		<b>232</b>	<b>0.22</b>
<b>United Kingdom 2.69% (1.36%)</b>			
InterContinental Hotels Group 2.125% 24/08/2026	320,000	302	0.28
Prs Finance 1.75% 24/11/2026	1,048,454	990	0.93
Tesco Corporate Treasury Services 1.875% 02/11/2028	371,000	331	0.31
Mobico Group 4.875% 26/09/2031	540,000	451	0.43

	Holding at 31.8.24	Market Value £000's	% of net assets
Severn Trent Utilities Finance 2.75% 05/12/2031	340,000	289	0.27
National Grid Electricity Distribution South West 5.818% 31/07/2041	216,000	220	0.21
Manchester Airport Group Funding 6.125% 30/09/2041	263,000	278	0.26
		<b>2,861</b>	<b>2.69</b>
<b>United States of America 0.53% (0.22%)</b>			
Chubb INA Holdings 0.875% 15/12/2029	200,000	150	0.14
Verizon Communications 2.5% 08/04/2031	310,000	269	0.26
Veralto 4.15% 19/09/2031	159,000	138	0.13
		<b>557</b>	<b>0.53</b>
<b>Corporate Bonds total</b>		<b>5,092</b>	<b>4.79</b>
<b>Supranationals 0.37% (0.00%)</b>			
Corporacion Andina de Fomento 4.75% 16/04/2029	391,000	393	0.37
		<b>393</b>	<b>0.37</b>
<b>Supranationals total</b>		<b>393</b>	<b>0.37</b>
<b>Forward Foreign Currency Contracts 0.03% (0.00%)</b>			
Buy CAD 216,000 Sell GBP (123,834) 20/09/2024		(2)	0.00
Buy EUR 448,663 Sell GBP (385,288) 20/09/2024		(8)	(0.01)
Buy USD 515,163 Sell GBP (404,917) 20/09/2024		(14)	(0.01)
Sell CAD (258,000) Buy GBP 147,912 20/09/2024		3	0.00
Sell EUR (2,572,220) Buy GBP 2,208,887 20/09/2024		44	0.04
Sell USD (518,334) Buy GBP 407,409 20/09/2024		14	0.01
<b>Forward Foreign Currency Contracts total</b>		<b>37</b>	<b>0.03</b>
<b>Futures (0.03)% (0.01%)</b>			
Euro-Bobl September 2024	(2)	(2)	0.00
Euro-Bund September 2024	27	(12)	(0.01)
Euro-Buxl September 2024	2	(1)	0.00
Euro-Schatz September 2024	(7)	(10)	(0.01)
Long Gilt December 2024	(2)	1	0.00
US 5 Year Note December 2024	(5)	(17)	(0.02)

# Portfolio Statement (continued)

	Holding at 31.8.24	Market Value £000's	% of net assets
US 10 Year Ultra Bond December 2024	(20)	5	0.01
<b>Futures total</b>		<b>(36)</b>	<b>(0.03)</b>
<b>Swaps 0.02% (0.00%)</b>			
Inflation Rate Swap Morgan Stanley Pay fixed 3.85% Receive floating UKRPI 1 month 15/03/2029	699,000	(4)	0.00
Inflation Rate Swap Morgan Stanley Pay floating USCPI 1 month Receive fixed 2.493% 17/05/2029	1,004,500	8	0.01
Inflation Rate Swap Morgan Stanley Pay floating USCPI 1 month Receive fixed 2.43% 14/06/2029	902,000	6	0.00
Inflation Rate Swap Morgan Stanley Pay fixed 4.081% Receive floating UKRPI 1 month 15/06/2029	660,000	(12)	(0.01)
Inflation Rate Swap Morgan Stanley Pay floating UKRPI 1 month Receive fixed 3.637% 15/03/2034	699,000	10	0.01
Inflation Rate Swap Morgan Stanley Pay fixed 2.563% Receive floating USCPI 1 month 17/05/2034	1,004,500	(14)	(0.01)
Inflation Rate Swap Morgan Stanley Pay fixed 2.507% Receive floating USCPI 1 month 14/06/2034	960,000	(10)	(0.01)

	Holding at 31.8.24	Market Value £000's	% of net assets
Inflation Rate Swap Morgan Stanley Pay floating UKRPI 1 month Receive fixed 3.758% 15/06/2034	660,000	18	0.02
Inflation Rate Swap Morgan Stanley Pay floating HICPXT 1 month Receive fixed 2.198% 15/07/2034	831,000	13	0.01
Inflation Rate Swap Morgan Stanley Pay fixed 2.516% Receive floating USCPI 1 month 17/07/2034	984,000	(11)	(0.01)
Inflation Rate Swap Morgan Stanley Pay fixed 2.275% Receive floating USCPI 1 month 07/08/2034	1,949,000	12	0.01
Inflation Rate Swap Morgan Stanley Pay floating HICPXT 1 month Receive fixed 2.018% 15/08/2034	1,656,000	1	0.00
Interest Rate Swap Morgan Stanley Pay floating SONIA 1 day Receive fixed 4.071% 22/01/2044	956,000	35	0.03
Interest Rate Swap Morgan Stanley Pay fixed 4.025% Receive floating SONIA 1 day 31/07/2053	750,000	(31)	(0.03)
<b>Swaps total</b>		<b>21</b>	<b>0.02</b>
<b>Portfolio of investments</b>		<b>105,060</b>	<b>98.77</b>
<b>Net other assets</b>		<b>1,305</b>	<b>1.23</b>
<b>Net assets attributable to unitholders</b>		<b>106,365</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 August 2023.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.



# Statement of Total Return

For the year ended 31 August 2024

		2024	2023
	Notes	£000's	£000's
Income			
Net capital gains/(losses)	2	2,969	(16,911)
Revenue	3	4,815	4,095
Expenses	4	(510)	(572)
Net revenue before taxation		4,305	3,523
Taxation	5	-	-
Net revenue after taxation		4,305	3,523
Total return before distributions		7,274	(13,388)
Distributions	6	(4,805)	(4,083)
Change in net assets attributable to unitholders from investment activities		2,469	(17,471)

# Statement of Change in Net Assets Attributable to Unitholders

For the year ended 31 August 2024

	2024	2023
	£000's	£000's
Opening net assets attributable to unitholders	111,496	136,907
Amounts receivable on issue of units	16,299	9,333
Amounts payable on cancellation of units	(28,245)	(21,023)
	<b>(11,946)</b>	<b>(11,690)</b>
Dilution adjustment	7	4
Change in net assets attributable to unitholders from investment activities	2,469	(17,471)
Retained distribution on Accumulation units	4,339	3,746
<b>Closing net assets attributable to unitholders</b>	<b>106,365</b>	<b>111,496</b>

# Balance Sheet

As at 31 August 2024

		2024	2023
	Notes	£000's	£000's
Assets			
Investments		105,208	109,966
Current assets			
Debtors	8	1,521	4,066
Cash and bank balances	9	615	2,170
Total assets		107,344	116,202
Liabilities			
Investment liabilities		(148)	(38)
Creditors			
Bank overdrafts	10	(129)	(132)
Distributions payable		(133)	(133)
Other creditors	11	(569)	(4,403)
Total liabilities		(979)	(4,706)
Net assets attributable to unitholders		106,365	111,496

# Notes to the Accounts

## For the year ended 31 August 2024

### 1 Accounting policies

#### Basis of preparation

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

The Manager has undertaken a detailed assessment of the Fund's ability to meet its liabilities as they fall due, including liquidity, fluctuations in global capital markets and investor redemption levels. Based on this assessment, the Fund continues to be open for trading and the Manager is satisfied the Fund has adequate financial resources to continue in operation for at least the next 12 months after the financial statements are signed and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

#### Revenue

Interest receivable from bank balances, futures clearing houses and brokers is accounted for on an accruals basis.

Interest receivable from debt securities is accounted for on an effective yield basis.

The dividend equivalent values on contracts for difference received on long positions are recognised when the underlying securities are quoted ex-dividend. These are included in Revenue as Net revenue return from derivative contracts.

#### Interest on debt securities bought or sold

Interest on debt securities bought or sold is excluded from the capital cost of securities, and is dealt with as part of the revenue of the Fund.

#### Expenses

Expenses of the Fund are initially charged against revenue except for costs associated with the purchase and sale of investments which are allocated to the capital of the Fund. All expenses are accounted for on an accruals basis.

#### Taxation

The Fund satisfied the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19 throughout the year. All distributions made are therefore made as interest distributions.

Deferred taxation is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences regarded as permanent. Any liability to deferred taxation is provided for at the average rate of taxation expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

#### Distributions

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

For the purpose of calculating the distribution, the Fund allocates the Schroders annual charge to capital, thereby increasing the amount available for distribution.

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

For the purpose of calculating the distribution, revenue on debt securities is calculated on a coupon basis where this exceeds the amount determined on an effective yield basis. As a consequence, the capital value of the Fund may be eroded.

#### Dilution adjustment

In certain circumstances the Manager may apply a dilution adjustment on subscriptions and redemptions of units. See Prospectus for further details.

#### Valuation

With the exception of forward foreign currency contracts which have been valued at the Fund's valuation point (12:00) on the last working day of the accounting period, all other investments held by the Fund have been valued at market value at 18:00 on the last working day of the accounting period. Market value is defined by the Statement of Recommended Practice as fair value which generally is the bid value of each security and the offer value for short positions.

#### Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate prevailing on the date of the transaction. Assets and liabilities valued in foreign currencies have been translated into sterling at the exchange rates prevailing at the balance sheet date.

### 2 Net capital gains/(losses)

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

	2024	2023
	£000's	£000's
Non-derivative securities	2,446	(15,991)
Derivative contracts	449	(822)
Forward foreign currency contracts	81	(120)
Foreign currency (losses)/gains	(7)	22
<b>Net capital gains/(losses)</b>	<b>2,969</b>	<b>(16,911)</b>

# Notes to the Accounts

## For the year ended 31 August 2024 (continued)

### 3 Revenue

	2024	2023
	£000's	£000's
Interest on debt securities	4,856	4,125
Bank interest	26	43
Net revenue return from derivative contracts	(67)	(73)
<b>Total revenue</b>	<b>4,815</b>	<b>4,095</b>

### 4 Expenses

	2024	2023
	£000's	£000's
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Schroders Annual Charge <sup>1</sup>	500	562
<b>Other expenses:</b>		
Interest payable	10	10
<b>Total expenses</b>	<b>510</b>	<b>572</b>

<sup>1</sup> Audit fees including VAT for the year were £8,377 (2023 – £8,377).

### 5 Taxation

Corporation tax has not been provided for as expenses and interest distributions payable by the Fund exceed the revenue liable to corporation tax.

#### (a) Factors affecting the total tax charge for the year

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for authorised unit trusts of 20% (2023 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2024	2023
	£000's	£000's
<b>Net revenue before taxation</b>	<b>4,305</b>	<b>3,523</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	861	705
<b>Effects of:</b>		
Interest distributions deductible for tax purposes	(861)	(705)
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

### 6 Distributions

The distributions, which are on an effective yield basis, take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	2024	2023
	£000's	£000's
Interim Interest distribution	2,321	1,730
Final Interest distribution	2,290	2,249
	<b>4,611</b>	<b>3,979</b>
Add: Revenue deducted on cancellation of units	373	176
Deduct: Revenue received on issue of units	(179)	(72)
<b>Distributions</b>	<b>4,805</b>	<b>4,083</b>
Net revenue after taxation	4,305	3,523
Expenses taken to capital	500	562
Adjustment for coupon distributions	-	(2)
<b>Distributions</b>	<b>4,805</b>	<b>4,083</b>

Details of the distributions per unit are set out in the Distribution Tables on pages 25 to 26.

# Notes to the Accounts

## For the year ended 31 August 2024 (continued)

### 7 Fair value hierarchy

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

Basis of valuation	2024		2023	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	99,324	(42)	107,513	(34)
Level 2: Observable market data	5,884	(106)	2,453	(4)
Level 3: Unobservable data	–	–	–	–
<b>Total</b>	<b>105,208</b>	<b>(148)</b>	<b>109,966</b>	<b>(38)</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

#### Unobservable data

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

### 8 Debtors

	2024 £000's	2023 £000's
Amounts receivable for issue of units	343	15
Sales awaiting settlement	55	3,210
Amounts receivable on derivative contracts	1	–
Accrued revenue	1,122	841
<b>Total debtors</b>	<b>1,521</b>	<b>4,066</b>

### 9 Cash and bank balances

	2024 £000's	2023 £000's
Cash and bank balances	185	1,881
Amounts held at futures clearing houses and brokers	430	289
<b>Total cash and bank balances</b>	<b>615</b>	<b>2,170</b>

### 10 Bank Overdraft

	2024 £000's	2023 £000's
Amounts overdrawn at futures clearing houses and brokers	129	132
<b>Total bank overdrafts</b>	<b>129</b>	<b>132</b>

# Notes to the Accounts

## For the year ended 31 August 2024 (continued)

### 11 Other creditors

	2024	2023
	£000's	£000's
Amounts payable for cancellation of units	143	116
Purchases awaiting settlement	340	4,245
Amounts payable on derivative contracts	2	–
Accrued expenses	84	42
<b>Total other creditors</b>	<b>569</b>	<b>4,403</b>

### 12 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2023 – Nil).

### 13 Related party transactions

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

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

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

Units held or managed by the Manager as a percentage of the Fund's net asset value at the balance sheet date were 0.00% (2023 – 0.00%).

### 14 Unit classes

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

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

The distributions per unit class are given in the Distribution Tables on pages 25 to 26.

All classes have the same rights on winding up.

### 15 Derivative and other financial instruments

The main risks arising from the Fund's financial instruments are market price, derivative, foreign currency, liquidity, credit and interest rate risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year and the prior year.

#### Market price risk

The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, the Prospectus and in the Collective Investment Schemes sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer. At the year end date, if the prices of investments held by the Fund increased or decreased by 10%, with all other variables remaining constant, then net assets attributable to the unitholders would increase or decrease by approximately £10,505,900 (2023 - £10,992,800).

#### Derivative risk

Where a Fund trades in derivatives to achieve its investment objective, this involves a higher degree of risk and may lead to a higher volatility in the unit prices of the Fund. The Manager employs a risk management process to allow the Manager to measure derivative and forward positions and their contribution to the overall risk profile of the Fund. As part of this risk management process the Manager conducts daily value at risk analysis of the Fund and performs both stress and back testing of the Fund.

#### Foreign currency risk

Where a portion of the net assets of the Fund are denominated in currencies other than sterling the balance sheet and total return can be affected by currency movements. Therefore the Manager may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the Fund's exposure to currency risk is reduced.

Revenue received in other currencies is translated to sterling on or near the date of receipt. The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

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

#### Liquidity risk

The primary source of this risk to the Fund is the liability to unitholders for any cancellation of units. This risk is minimised by holding cash, readily realisable securities and access to overdraft facilities up to the amount prescribed by the Collective Investment Schemes sourcebook.

#### Credit risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

# Notes to the Accounts

## For the year ended 31 August 2024 (continued)

### Interest rate risk

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

The Fund may invest in fixed and floating rate securities. The revenue of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns on the expiry of contracts or sale of securities.

The value of interest bearing securities may be affected by interest rate movements or the expectation of such movements in the future.

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

### Floating rate financial assets and financial liabilities

Sterling denominated bank balances bear interest at rates based on the Sterling Overnight Index Average Rate. Sterling denominated floating rate bonds, foreign currency bank balances and amounts held or overdrawn at futures clearing houses and brokers bear interest at rates based on the Sterling Overnight Index Average Rate or its international equivalent.

### Fair value of financial assets and financial liabilities

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

### Derivatives

During the year the Fund entered into derivative contracts for specific investment purposes in addition to being used for efficient management.

### Global risk exposure

#### Relative VaR approach

The Relative VaR approach is used for the Funds whose risk can be managed in relation to a defined benchmark.

#### Regulatory VaR limit utilisation

	2024			2023		
	Lowest	Highest	Average	Lowest	Highest	Average
	49.01%	51.68%	50.56%	49.11%	53.11%	50.71%

#### VaR Benchmark used

	2024	2023
	FTSE UK Gilts ALL Index	FTSE UK Gilts ALL Index

#### Information on VaR model

Model type	Length of data history	2024			2023		
		Confidence level	Holding period		Confidence level	Holding period	
Parametric VaR	All available history	99.00%	20 days		99.00%	20 days	

# Notes to the Accounts

## For the year ended 31 August 2024 (continued)

### Leverage

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

The level of leverage is an indication of the derivative usage and of any leverage generated by the reinvestment of cash received as collateral when using efficient portfolio management techniques. It does not take into account other physical assets directly held in the portfolio of the Fund. The figure is not representative of the maximum amount that a Fund could lose, as it includes the derivatives used to protect the Net Asset Value of a Fund as well as the derivatives backed by risk free assets and derivatives which do not generate any incremental exposure, leverage or market risk from an economic perspective. The reported leverage figure is therefore not a true representation of the economic leverage<sup>1</sup> in the Fund.

The level of leverage disclosed is based on the total notional value<sup>2</sup> of all derivative instruments held by a Fund and is expressed as a percentage of the Fund's Net Asset Value. For the purpose of this calculation the holdings and offset derivative positions (long and short positions) do not cancel each other out and the figure is a sum of the total holdings.

#### Leverage

2024				2023			
Lowest	Highest	Average	Leverage 31 August	Lowest	Highest	Average	Leverage 31 August
11.57%	56.68%	39.70%	19.64%	4.64%	247.90%	50.59%	11.57%

- Where economic leverage is the sum of derivative commitments (calculated in line with European Securities and Markets Authority 10/788) and excludes derivatives used within hedging arrangements, derivatives whose commitments is covered by risk free assets and derivatives which are not considered to generate any incremental exposure and leverage or market risk.
- Delta adjusted in line with European Securities and Markets Authority 10/788 when appropriate.

## 16 Debt security credit analysis

	2024 £000's	2023 £000's
Investment grade securities	105,038	109,912
<b>Total debt securities</b>	<b>105,038</b>	<b>109,912</b>

## 17 Direct transaction costs

2024	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	136,458	-	-	136,458	-	-
<b>Sales</b>						
Bonds	144,878	-	-	144,878	-	-
Total cost as a percentage of the Fund's average net asset value (%)		-	-			

2023	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	510,523	-	-	510,523	-	-
<b>Sales</b>						
Bonds	520,797	-	-	520,797	-	-
Total cost as a percentage of the Fund's average net asset value (%)		-	-			

#### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.02% (2023 – 0.01%).

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

# Notes to the Accounts

## For the year ended 31 August 2024 (continued)

### 18 Units in issue reconciliation

	Number of units in issue 31.8.23	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue 31.8.24
A Accumulation units	25,551,041	6,876,852	(7,075,684)	(8,652)	25,343,557
A Income units	9,953,873	350,890	(1,733,372)	(130,595)	8,440,796
Q9 Accumulation units	–	3,000	–	–	3,000
X Accumulation units	3,000	–	–	–	3,000
X Income units	1,021,916	–	–	–	1,021,916
Z Accumulation units	34,878,424	2,071,529	(8,255,750)	8,510	28,702,713
Z Income units	3,556,145	876,227	(764,471)	128,755	3,796,656

### 19 Counterparty exposure

The types of non-exchange traded derivatives held at the balance sheet date were forward foreign currency contracts, interest rate swaps and inflation linked swaps. The total position by counterparty at the balance sheet date was as follows:

Counterparty	Forward foreign currency contracts £000's	Credit default swaps £000's	Commodity index swaps £000's	Contract for difference £000's	Interest rate swaps £000's	Total return swaps £000's	Inflation linked swaps £000's	Options contracts £000's	Swaption contracts £000's	Total £000's
<b>Bank of America</b>										
2024	36	–	–	–	–	–	–	–	–	36
2023	–	–	–	–	–	–	–	–	–	–
<b>BNP Paribas</b>										
2024	–	–	–	–	–	–	–	–	–	–
2023	2	–	–	–	–	–	–	–	–	2
<b>Morgan Stanley</b>										
2024	–	–	–	–	4	–	17	–	–	21
2023	–	–	–	–	–	–	–	–	–	–
<b>State Street</b>										
2024	1	–	–	–	–	–	–	–	–	1
2023	–	–	–	–	–	–	–	–	–	–

At the balance sheet date no collateral was held or pledged by the Fund or on behalf of the counterparties in respect of the above.



# Distribution Tables

## Interim distribution for the six months ended 29 February 2024

**Group 1** Units purchased prior to 1 September 2023

**Group 2** Units purchased on or after 1 September 2023

	Net revenue 2024 per unit	Equalisation 2024 per unit	Distribution paid 30.4.24 per unit	Distribution paid 30.4.23 per unit
<b>A Accumulation units</b>				
Group 1	3.8210p	–	3.8210p	2.5973p
Group 2	1.7729p	2.0481p	3.8210p	2.5973p
<b>A Income units</b>				
Group 1	0.9902p	–	0.9902p	0.6970p
Group 2	0.4842p	0.5060p	0.9902p	0.6970p
<b>X Accumulation units</b>				
Group 1	0.9663p	–	0.9663p	0.6583p
Group 2	0.9663p	–	0.9663p	0.6583p
<b>X Income units</b>				
Group 1	0.9331p	–	0.9331p	0.6563p
Group 2	0.9331p	–	0.9331p	0.6563p
<b>Z Accumulation units</b>				
Group 1	3.8839p	–	3.8839p	2.6393p
Group 2	1.2378p	2.6461p	3.8839p	2.6393p
<b>Z Income units</b>				
Group 1	1.0044p	–	1.0044p	0.7069p
Group 2	0.6418p	0.3626p	1.0044p	0.7069p

## Final distribution for the six months ended 31 August 2024

**Group 1** Units purchased prior to 1 March 2024

**Group 2** Units purchased on or after 1 March 2024

	Net revenue 2024 per unit	Equalisation 2024 per unit	Distribution payable 31.10.24 per unit	Distribution paid 31.10.23 per unit
<b>A Accumulation units</b>				
Group 1	3.9541p	–	3.9541p	3.4699p
Group 2	1.8195p	2.1346p	3.9541p	3.4699p
<b>A Income units</b>				
Group 1	1.0028p	–	1.0028p	0.9177p
Group 2	0.5167p	0.4861p	1.0028p	0.9177p
<b>X Accumulation units</b>				
Group 1	1.0010p	–	1.0010p	0.8833p
Group 2	1.0010p	–	1.0010p	0.8833p
<b>X Income units</b>				
Group 1	0.9477p	–	0.9477p	0.8637p
Group 2	0.9477p	–	0.9477p	0.8637p
<b>Z Accumulation units</b>				
Group 1	4.0239p	–	4.0239p	3.5230p
Group 2	2.1607p	1.8632p	4.0239p	3.5230p

# Distribution Tables

## (continued)

	Net revenue 2024 per unit	Equalisation 2024 per unit	Distribution payable 31.10.24 per unit	Distribution paid 31.10.23 per unit
<b>Z Income units</b>				
Group 1	1.0183p	–	1.0183p	0.9298p
Group 2	0.6498p	0.3685p	1.0183p	0.9298p

## Final distribution for the period ended 31 August 2024

**Group 1** Units purchased on 18 March 2024

**Group 2** Units purchased on or after 18 March 2024

	Net revenue 2024 per unit	Equalisation 2024 per unit	Distribution payable 31.10.24 per unit
<b>Q9 Accumulation units</b>			
Group 1	0.9913	–	0.9913
Group 2	0.9913	–	0.9913

## Equalisation

Equalisation applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of Group 2 units and is refunded to the holders of these units as a return of capital.

Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# Remuneration

## UCITS remuneration disclosures for Schroder Unit Trusts Limited ('SUTL') for the year to 31 December 2023

These disclosures form part of the non-audited section of this annual report and accounts and should be read in conjunction with the Schroders plc Remuneration Report on pages 74 to 93 of the 2023 Annual Report & Accounts (available on the Group's website <https://www.schroders.com/ir>) which provides more information on the activities of our Remuneration Committee and our remuneration principles and policies.

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

The Remuneration Committee of Schroders plc has established a remuneration policy to ensure the requirements of the UCITS Directive are met for all UCITS MRTs. The Remuneration Committee and the Board of Schroders plc review remuneration strategy at least annually. The directors of SUTL are responsible for the adoption of the remuneration policy and periodically reviewing its implementation in relation to SUTL. During 2023 the Remuneration Policy was reviewed to ensure compliance with the UCITS/AIFMD remuneration requirements and no significant changes were made.

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

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

The remuneration data that follows reflects amounts paid in respect of performance during 2023.

- The total amount of remuneration paid by SUTL to its staff was nil as SUTL has no employees. SUTL has two independent Non Executive Directors who receive fees in respect of their role on the Board of SUTL<sup>1</sup>. Employees of other Schroders Group entities who serve as Directors of SUTL receive no additional fees in respect of their role on the Board of SUTL.
- The following disclosures relate to UCITS MRTs of SUTL. Most of those UCITS MRTs were employed by and provided services to other Schroders group companies and clients. In the interests of transparency, the aggregate remuneration figures that follow reflect the full remuneration for each SUTL UCITS MRT. The aggregate total remuneration paid to the 160 UCITS MRTs of SUTL in respect of the financial year ended 31 December 2023 is £106.64 million, of which £44.44 million was paid to senior management, £60.22 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the UCITS funds that it manages and £1.98 million was paid to Control Function MRTs.

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

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

# General Information

## Manager

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

## Investment Adviser

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

## Trustee

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

## Registrar

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

## Administration Details

Schroders Investor Services  
PO BOX 1402  
Sunderland  
SR43 4AF

## Independent Auditor

KPMG LLP  
319 St Vincent Street  
Glasgow G2 5AS

## Authorisation

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

## Value Assessment

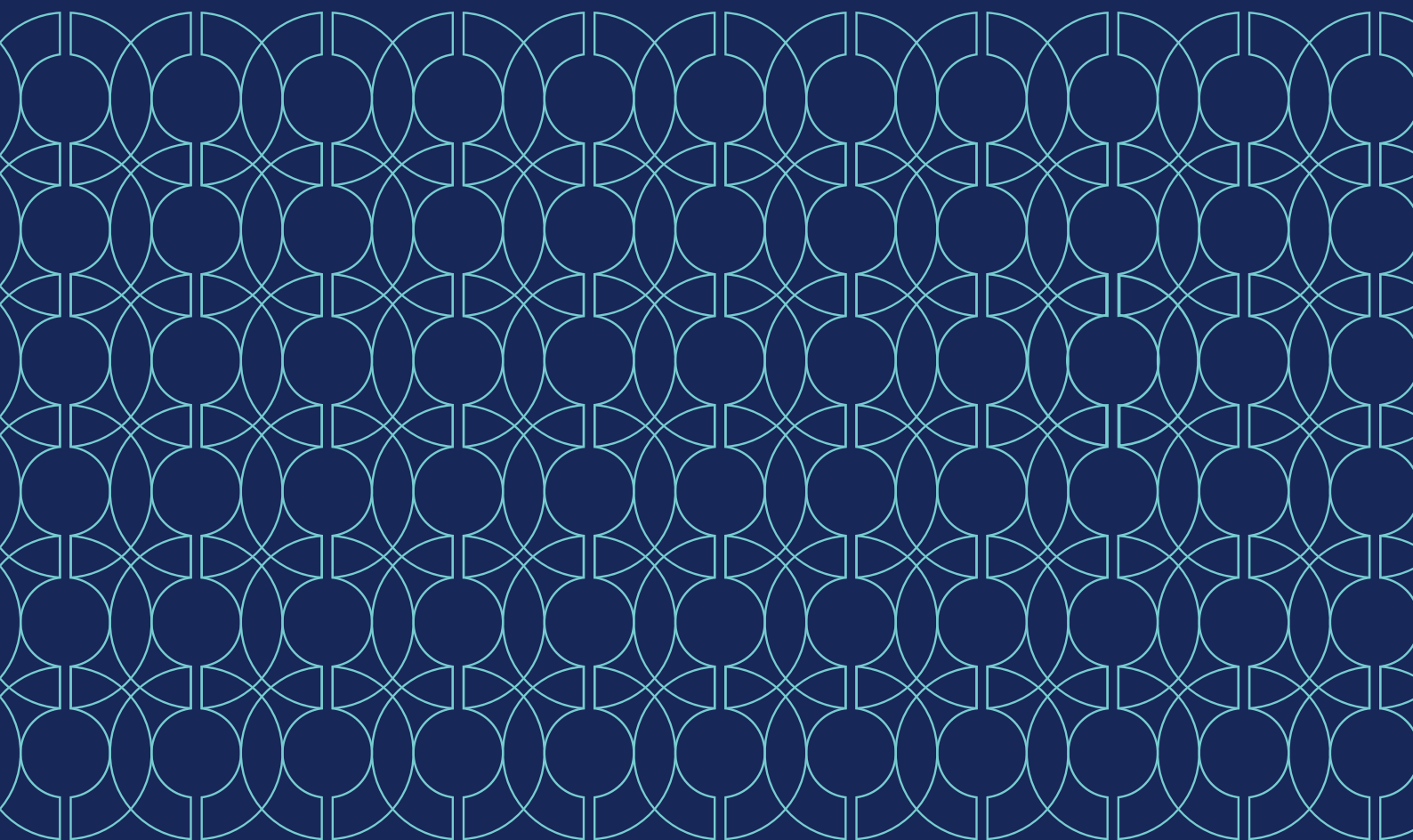
A statement on the Assessment of Value is published on the group website at <https://www.schroders.com/en-gb/uk/intermediary/funds-and-strategies/charges/schroders-assessment-of-value-reports/> within 4 months of the annual 'reference date' 31 December.

## Task Force on Climate-Related Financial Disclosures

A statement on the climate related financial disclosures is published at [www.schroders.com/en/global/individual/corporate-transparency/tcf-entity-and-product-reports/](http://www.schroders.com/en/global/individual/corporate-transparency/tcf-entity-and-product-reports/).

## Other information

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



EST. 1804

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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