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

# Fund Information

## Investment objective and policy

The Schroder UK Equity Fund (the 'Fund') aims to provide capital growth and income in excess of the FTSE All Share (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of UK companies.

The Fund is actively managed and invests at least 80% of its assets in equity or equity related securities of UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK.

The Fund's approach is grounded in the belief that sentiment drives share prices in the short term, such that companies with strong long-term prospects often become undervalued by the market. The Investment Manager looks to invest in the undervalued companies that have scope for positive change thereby realising the valuation anomaly over the medium to long term.

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

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

## Fund characteristics

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

## Total purchases and sales

	For the period to 20.12.21 £000's	For the year to 20.6.21 £000's
Total purchases	54,601	341,790
Total sales	63,126	373,215

# Fund Performance

	Number of units in issue 20.12.21	Net asset value per unit 20.12.21	Net asset value per unit 20.6.21
A Accumulation units	4,828,138	2,446.25p	2,480.23p
A Income units	849,864	782.72p	799.25p
I Accumulation units	467,023	90.50p	91.37p
S Accumulation units	2,008,576	64.82p	65.37p
S Income units	18,318,528	50.99p	52.08p
Z Accumulation units	200,821,804	88.48p	89.37p
Z Income units	39,860,264	67.52p	68.95p

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 18 June 2021 to 20 December 2021, the price of A Accumulation units on a dealing price basis fell 2.47%. In the same period, the FTSE<sup>1</sup> All Share Index generated a total return of 3.86%<sup>2</sup>.**

UK equities were volatile amid concerns around the Omicron Covid-19 variant and increasingly hawkish commentary from central banks including the US Federal Reserve in response to inflationary pressures. Despite these developments and deteriorating fundamentals the market continued to rise, helped by the tremendous appetite for risk assets (especially equities) - TINA, or 'there is no alternative', is a buy-any-dip mentality that continued to grip investors over the period.

Our top contributors included business information group RELX which published a good set of interim results followed by a strong trading update. Specialist manufacturer of insulation systems for the construction industry Kingspan was another top performer. The company remains in the sweet spot of construction trends with regard to the regulatory drive for carbon neutral buildings and structural growth in areas such as data centres and warehousing. UK-based aerospace and defence equipment supplier Meggitt performed exceptionally well on the back of bid interest.

On the negative side, Smith & Nephew detracted on no company-specific news flow but more over concerns on US Covid-19 case growth continuing and its possible impact on US hospital capacity. Burberry fell with the wider luxury goods sector due to concerns related to China's new "common prosperity" drive and its implications for Chinese consumer luxury spend. These concerns eased towards the end of the period. Cineworld was impacted by ongoing questions over the box office recovery as well as the group's capital structure.

We exited our holding in Meggitt and initiated a new position in enterprise software group Sage, which is well advanced in transitioning to subscription revenue by focusing on its higher quality cloud-based software as a service business.

As long as we have benign inflation and negative or very low real interest rates, the market can continue to grind higher, extending the late-cycle, secular bull run further into the future. We remain focused on quality, industry leading franchises (where pricing power protects real returns and dividends) and avoiding highly leveraged, low return businesses.

**Co-Fund Manager:**  
**Bill Casey**



Bill joined from Janus Henderson where he spent six years as an Equity portfolio manager and research analyst for both long only and long-short funds

Research responsibilities included coverage of European large and mid cap stocks. Bill was also the co-manager of the European Best Ideas Fund alongside John Bennett and laterally Nick Kissack

Previously an Equity Analyst at Bank of America Merrill Lynch and Bradshaw Asset Management

Investment career commenced in 2003

BSc Management (Finance) from Dublin Institute of Technology

CFA Charterholder

**Co-Fund Manager:**  
**Nick Kissack**



Nick joined from Janus Henderson where he spent four years as an Equity portfolio manager and research analyst for both long only and long-short funds

Previously portfolio manager at the Universities Superannuation Scheme with responsibility for both research analysis and portfolio management for the pan European equities portfolio

Nick has worked as both a generalist (Clareville, Henderson) and a sector specialist (Consumer Staples & Discretionary at USS)

Investment career commenced in 2004 at Clareville Capital Partners as a portfolio manager for the long-short Pegasus Fund

Degree in Economics and Finance from the University of York  
CFA Charterholder

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<sup>2</sup> Source: Refinitiv Eikon Datastream.

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

# Risk Profile

## Risk and reward indicator



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

# Statement of the Manager's Responsibilities

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

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

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

The Manager's report and accounts for the period ended 20 December 2021 were signed on 11 February 2022 on behalf of the Manager by:

**P. Chislett**  
Directors

**S. Reedy**

# Portfolio Statement

	Holding at 20.12.21	Market Value £000's	% of net assets
<b>Equities 98.72% (98.11%)</b>			
<b>Basic Materials 0.00% (7.99%)</b>			
<b>Consumer Discretionary 28.23% (25.21%)</b>			
Burberry Group	819,435	14,225	4.18
Cineworld Group	1,687,601	528	0.15
Entain	453,874	7,251	2.13
Flutter			
Entertainment	74,511	8,204	2.41
Howden Joinery Group	734,841	6,390	1.88
Informa	1,998,339	9,500	2.79
InterContinental Hotels Group	181,597	8,056	2.37
Next	152,989	11,899	3.49
RELX	906,304	21,271	6.25
Whitbread	314,808	8,774	2.58
		<b>96,098</b>	<b>28.23</b>
<b>Consumer Staples 13.10% (12.02%)</b>			
Imperial Brands	444,798	7,044	2.07
Kerry Group A	155,685	14,910	4.38
Unilever	568,413	22,631	6.65
		<b>44,585</b>	<b>13.10</b>
<b>Financials 20.86% (18.89%)</b>			
Ashmore Group	2,344,319	6,719	1.97
Close Brothers Group	602,188	8,003	2.35
Hiscox	879,140	7,402	2.17
HomeServe	846,866	7,270	2.14
Legal & General Group	4,766,358	13,522	3.97
Prudential	1,283,236	15,617	4.59
St James's Place	782,337	12,475	3.67
		<b>71,008</b>	<b>20.86</b>

	Holding at 20.12.21	Market Value £000's	% of net assets
<b>Health Care 13.07% (13.03%)</b>			
Gerresheimer	142,323	10,069	2.96
GlaxoSmithKline	1,081,651	17,216	5.05
Smith & Nephew	1,421,326	17,219	5.06
		<b>44,504</b>	<b>13.07</b>
<b>Industrials 11.05% (12.55%)</b>			
Breedon Group*	10,905,701	10,153	2.98
DS Smith	1,739,072	6,473	1.90
Ferguson	39,292	4,994	1.47
Kingspan Group	110,843	9,263	2.72
Smurfit Kappa Group	175,083	6,741	1.98
		<b>37,624</b>	<b>11.05</b>
<b>Real Estate 3.94% (3.95%)</b>			
UNITE Group	1,298,718	13,429	3.94
		<b>13,429</b>	<b>3.94</b>
<b>Technology 8.47% (4.47%)</b>			
Ascential	858,730	3,337	0.98
Capgemini	64,163	11,177	3.28
Sage Group	1,739,553	14,320	4.21
		<b>28,834</b>	<b>8.47</b>
<b>Equities total</b>		<b>336,082</b>	<b>98.72</b>
<b>Collective Investment Schemes 1.04% (0.96%)</b>			
<b>Global Equity Funds 1.04% (0.96%)</b>			
Sherborne Investors Guernsey C <sup>s</sup>	5,900,000	3,540	1.04
		<b>3,540</b>	<b>1.04</b>
<b>Collective Investment Schemes total</b>		<b>3,540</b>	<b>1.04</b>
<b>Portfolio of investments</b>		<b>339,622</b>	<b>99.76</b>
<b>Net other assets</b>		<b>813</b>	<b>0.24</b>
<b>Net assets attributable to unitholders</b>		<b>340,435</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 20 June 2021.

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

# Security traded on another regulated market.

§ Closed ended Fund.

## Statement of Total Return (unaudited)

For the six months ended 20 December 2021

	20.12.21		20.12.20	
	£000's	£000's	£000's	£000's
<b>Income</b>				
Net capital (losses)/gains		(6,969)		25,546
Revenue	5,375		5,211	
Expenses	(2,030)		(1,855)	
Net revenue before taxation	<b>3,345</b>		<b>3,356</b>	
Taxation	-		(58)	
Net revenue after taxation		<b>3,345</b>		<b>3,298</b>
<b>Total return before distributions</b>		<b>(3,624)</b>		<b>28,844</b>
Distributions		(3,351)		(3,298)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(6,975)</b>		<b>25,546</b>

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

For the six months ended 20 December 2021

	20.12.21		20.12.20	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		358,437 <sup>^</sup>		327,611
Amounts receivable on issue of units	373		553	
Amounts payable on cancellation of units	(14,212)		(16,181)	
		<b>(13,839)</b>		<b>(15,628)</b>
Change in net assets attributable to unitholders from investment activities		(6,975)		25,546
Retained distribution on Accumulation units		2,812		2,753
<b>Closing net assets attributable to unitholders</b>		<b>340,435</b>		<b>340,282<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 20 December 2021

	20.12.21	20.6.21
	£000's	£000's
<b>Assets</b>		
Investments	339,622	355,103
<b>Current assets</b>		
Debtors	1,658	389
Cash and bank balances	375	4,490
<b>Total assets</b>	<b>341,655</b>	<b>359,982</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distributions payable	(466)	(437)
Other creditors	(754)	(1,108)
<b>Total liabilities</b>	<b>(1,220)</b>	<b>(1,545)</b>
<b>Net assets attributable to unitholders</b>	<b>340,435</b>	<b>358,437</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 20 June 2021 and are described in those annual accounts.

# General Information

## Manager

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

## Investment Adviser

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

## Trustee

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

## Registrar

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

## Administration Details

Schroders Investor Services  
PO BOX 1402  
Sunderland  
SR43 4AF

## Independent Auditors

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

## Authorisation

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

## Initial management charge

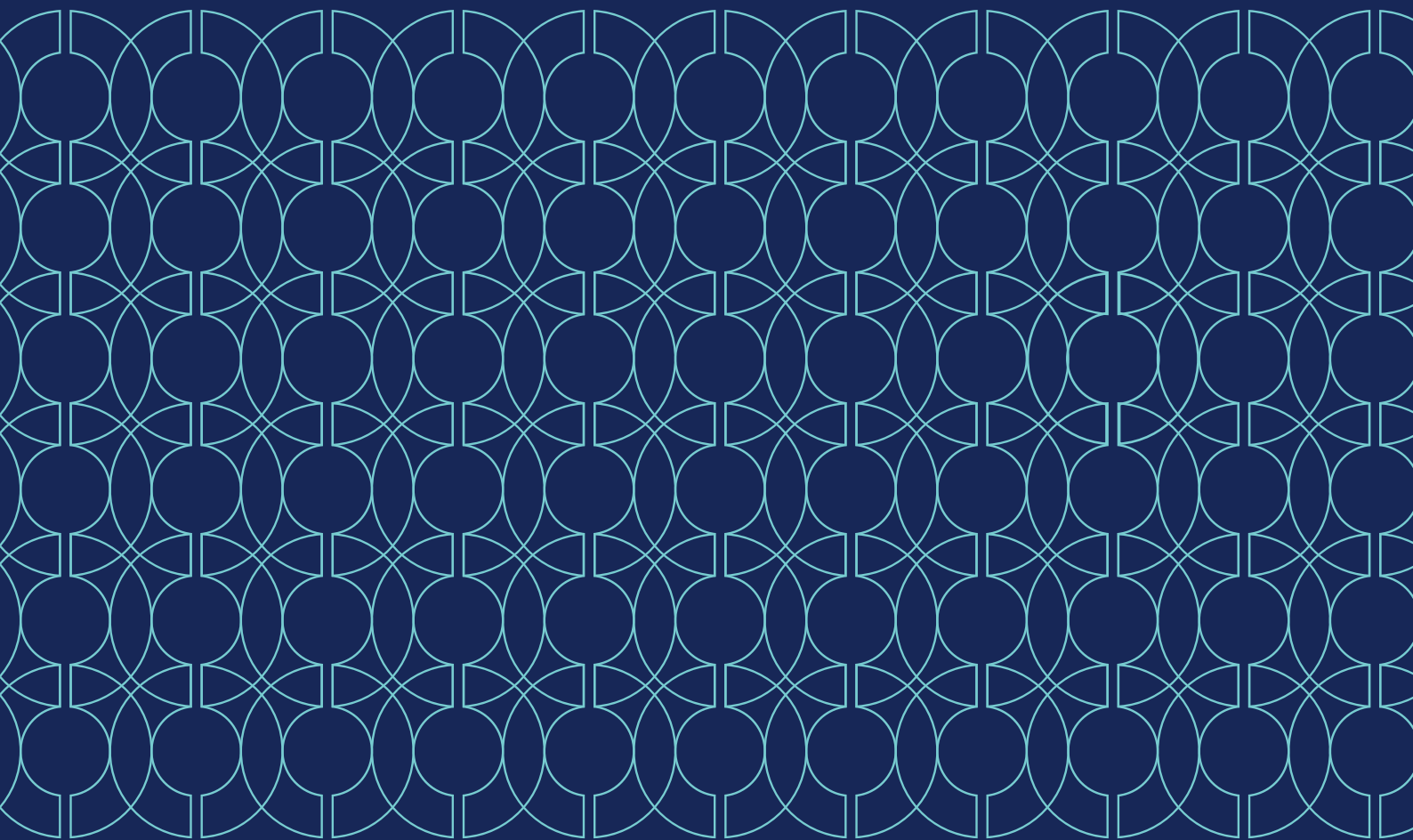
The issue price of I Accumulation units reflects an initial management charge of 9.09% of the dealing price. This is retained by the Manager.  
There is no initial management charge on A Income units, A Accumulation units, S Income units, S Accumulation units, Z Income units and Z Accumulation units.

## 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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