Schroder UK Mid Cap Fund plc

Annual Report and Financial Statements
for the year ended 30 September 2024

Schroders

Performance Summary

Total Returns (including dividends reinvested) to 30 September 2024*

Net asset value ("NAV") per share total return*	Share price total return*	Benchmark total return	Dividends per share
17.3%	**17.5%**	**21.4%**	**21.5p**
(Year ended 30 September 2023: 17.6%)	(Year ended 30 September 2023: 17.4%)	(Year ended 30 September 2023: 13.6%)	(Year ended 30 September 2023: 20.5p)

Kepler INCOME & GROWTH RATING

Scan this QR code on your smartphone camera to sign-up to receive regular updates on Schroder UK Mid Cap Fund plc

Investment objective

The Company's investment objective is to invest in mid cap equities with the aim of providing a total return in excess of the FTSE 250 ex Investment Trusts Index.

Investment policy

The Manager applies a high conviction approach, managing a focused portfolio of resilient companies that are all capable of delivering excess risk-adjusted returns with rising cash flows and earnings. Fundamental research forms the basis of each investment decision taken by the Manager. The Company will predominantly invest in companies from the FTSE 250 Index but may hold up to 20% of its portfolio in equities and collective investment vehicles outside the benchmark index which may include equities in companies outside of the UK. The Company may also invest in other collective investment vehicles where desirable, for example to provide exposure to specialist areas within the universe. The Company has the ability to use gearing for investment purposes up to 25% of total assets.

Why invest in the Company?

- **UK mid-caps offer extraordinary value –** The Company provides access to an undervalued part of the UK stock market – one of the most attractively valued equity markets in the world. Valuations among UK mid-caps look unusually low relative to UK large-caps as well as mid-caps from elsewhere in the world, which may bode well for future performance.
- **An incomparable performance history –** Since Schroders became Manager, the Company has been the best performing Company in the Association of Investment Companies UK All Companies sector.[1] Meanwhile, its dividend has grown by a factor of 10x in 20 years under Schroders management.[2]
- **Decades of expertise and a proven approach –** With more than 60 years of combined investing experience, the investment team looks to select a portfolio of 40-50 of the most attractively valued companies with either 'unique' or 'flex' characteristics, resulting in a high quality portfolio capable of delivering dependable long-term growth in a fast-changing world. Further details can be found in the Investment Process and Approach section on pages 10 to 12.

[1]Source: Schroders, Morningstar, 1 May 2003 to 30 September 2024. Net asset value total return compared to the benchmark of the FTSE All-Share ex Investment Trusts ex FTSE 100 TR Index until 2011, and subsequently the FTSE 250 ex Investment Trusts Index.
[2]The dividend history of the Company is available on the AIC website: https://www.theaic.co.uk/.

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 investments to fall as well as rise. Performance data does not take into account any commissions and costs, if any, charged when units or shares of any fund, as applicable, are issued and redeemed. Relevant risks as associated with this Company are shown on page 72 and should be carefully considered before making any investment.

Ongoing charges ratio*
1.05%
(Year ended 30 September 2023: 0.97%)

Share price discount to NAV per share*
12.3%
(Year ended 30 September 2023: 12.0%)

Revenue return per share
20.54p
(Year ended 30 September 2023: 22.68p)

Net Gearing*
9.5%
(Year ended 30 September 2023: 6.8%)

Share price
616.00p
(Year ended 30 September 2023: 544.00p)

Net revenue return after taxation
£7.10m
(Year ended 30 September 2023: £7.84m)

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This is not a sustainable product for the purposes of the Financial Conduct Authority ("FCA") rules. References to the consideration of sustainability factors and ESG integration should not be construed as a representation that the Company seeks to achieve any particular sustainability outcome.

Some of the financial measures are classified as Alternative Performance Measures ("APMs"), as defined by the European Securities and Markets Authority and are indicated with an asterisk (*). Definitions of these performance measures, and other terms used in this report, are given on pages 68 and 69 together with supporting calculations where appropriate.

Mid-caps refer to the constituents of the FTSE 250 ex Investment Trusts Index throughout this document.

Strategic Report

Strategic Report

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We continue to remain optimistic about the outlook for UK mid-caps and the Company's portfolio holdings, which are largely focused upon longer term growth businesses.

Investment and share price performance

The Company's net asset value ("NAV") total return for the year was 17.3%, which was less than the Company's Benchmark (the FTSE 250 ex Investment Trusts Index), which produced a total return of 21.4% over the year. The share price total return over the same period increased by 17.5%. Whilst the absolute performance was attractive, relative return was affected by a rapid shift within the mid-cap sector over the year, moving away from long-term growth-oriented businesses and toward those more sensitive to interest rate fluctuations. These latter businesses typically feature weaker balance sheets and more problematic business models. Our Investment Manager's investment strategy has consistently emphasised the importance of long-term growth firms, whilst also recognising that there are shorter periods when the latter types may outperform. Therefore, despite beating the Benchmark comfortably over the last five years due to the emphasis upon higher quality businesses, the Company has faced a period of shorter-term underperformance during this sharp rotation.

Revenue and dividends

In June 2024, the Board was pleased to announce an increased interim dividend of 6.0 pence per share which represented a 9.1% increase on the interim dividend paid in 2023. We have declared a final dividend of 15.5 pence per share for the year ended 30 September 2024. The proposed final dividend, combined with the interim dividend of 6.0 pence per share already paid during the year, brings total dividends for the year to 21.5 pence per share, a level which is covered by current year earnings, and reflects an increase of 4.8% in dividends declared in respect of the previous financial year. At the current share price of 605.00 pence (as at 26 November 2024) this represents a dividend yield of 3.6%. Since 2004, the total dividends for the year have increased by 12.6% per annum.

A resolution to approve the payment of the final dividend for the year ended 30 September 2024 will be proposed at the forthcoming Annual General Meeting ("AGM"). If the resolution is passed, the dividend will be paid on 28 February 2025 to shareholders on the register on 31 January 2025.

Gearing

At the year end, net gearing was 9.5% (2023: 6.8%) with £25 million of the Company's Revolving Credit Facility deployed of the £30 million available. Having such gearing in place is an attractive feature of the investment trust structure. It is expected that the Investment Manager will continue to use this gearing to enhance shareholder returns by taking advantage of attractive new investment opportunities and participating in capital raisings by portfolio companies.

Discount management

During the year the Company's discount to NAV slightly widened from 12.0% (2023) to 12.3% at year-end as UK equities still remain an out-of-favour asset class. The Board continues to monitor the discount level carefully. In order to facilitate future buy-backs should the Board consider these to be appropriate and in shareholders long-term interests, we propose that the Company's share buyback authorities be renewed at the forthcoming AGM. Any shares so purchased will be cancelled, or held in treasury, for potential reissue at a premium to NAV. During the financial year, the Company did not buy-back any shares.

Board changes

In light of my nine year tenure, I will be retiring from the Board and will not be offering myself for re-election at the upcoming AGM on 24 February 2025. I am pleased to announce that Harry Morley will be succeeding me as Chair of the Company. The Board is confident that Harry, who was appointed as a Director in 2023, has the right attributes and experience to successfully lead the Board. The Board is currently undertaking a recruitment process for an additional non-executive Director and will announce the outcome of this in due course. It has been my honour to Chair your Company for almost four years and I extend my grateful thanks to shareholders for their support and to my colleagues for their diligence and hard work.

Amendment to the Company's Investment Policy

Whilst the Company predominantly invests in companies from the FTSE 250 ex Investment Trust sector, under its Investment Policy, the Company may hold up to 20% of its portfolio in equities and collective investment vehicles outside the benchmark index. Although widely drafted, the Board has made a minor amendment to the Investment Policy in order to clarify, for the benefit of shareholders, that this 20% carve out may from time to time be utilised to allow the Company to hold shares in companies listed outside of the UK. Such overseas holdings could, for example, arise following corporate actions such as mergers or spin outs from existing holdings. This change is not considered to be material and should not be seen as indicating any change to the Company's investment strategy or process. The revised Investment Policy is set out in full on page 16.

Annual General Meeting and Results Webinar

Our Investment Manager will be giving a presentation at an investor webinar on Wednesday, 15 January 2025 at 2.00 p.m. to discuss the Company's results which can be signed up to via the following link: https://www.schroders.events/SCP24.

The Company's AGM will be held at 1.00 p.m. on Monday, 24 February 2025. We encourage shareholders to attend in person and, if unable to, to cast their votes by proxy. The AGM will include a presentation by the Investment Manager on the prospects for the UK market and the Company's investment strategy and will provide an opportunity for shareholders to ask questions of the Board and the Investment Manager. The meeting will be held at the Manager's office at 1 London Wall Place, London, EC2Y 5AU.

Regular news about the Company can be found on the Company's website: http://www.schroders.com/trust-updates/.

Outlook

Both the Board and our Investment Manager remain positive about the outlook for the UK economy, given the combination of low unemployment, rising household disposable income, and increased business investment. The Bank of England's Monetary Policy Committee has recently made its second rate cut in four years, reducing the bank rate by 25 basis points to 4.75% and there should be further cuts over the next 12 months. In addition, inflation, which has been a concern over recent years, should remain at a moderate level going forward boosting disposable incomes and generally helping improve sentiment towards the UK.

It is encouraging to see that this supportive environment is now starting to be reflected in growing interest and future expectations for the UK equity market, as investors start to recognise the value on offer both relative to other regional equity markets but also compared to historical valuations. Within the wider UK market, the mid-cap sector is looking particularly attractive given earnings growth expectations and healthy dividend prospects. These factors help explain the increased merger and acquisition activity within the mid-cap sector from both domestic and international corporate buyers as well as private equity investors.

We continue to remain optimistic about the outlook for the UK mid-cap sector and the Company's portfolio holdings, which are largely focused upon longer term growth businesses. The Investment Manager has a proven ability to find attractive investment opportunities with the prospect of long-term returns for shareholders. The continued focus remains on looking for companies which can deliver high risk-adjusted returns with rising cash flows and earnings and with conservatively financed balance sheets. This should help to continue to deliver attractive and sustainable returns to our shareholders in the future.

Robert Talbut
Chair

27 November 2024

Jean Roche

Andy Brough

"The FTSE 250 ex Investment Trusts Index is populated by multiple "unique" companies with strong growth prospects, generating cash and delivering attractive returns on capital."

The NAV per share total return in the 12 months to 30 September 2024 was +17.3%. This compares to +21.4% from the FTSE Mid 250 ex Investment Trusts Index. The share price total return was +17.5%.

Market Background

UK equities rose and mid-caps outperformed as they were spurred on by a pick-up in overseas inbound bids and the prospect of UK interest rate cuts. Consumer discretionary, financials and domestically focused industrial sub-sectors (construction, support services and transportation) were among the largest contributors to the performance of mid-caps over the year. This was in large part driven by the improved UK economic outlook as interest rate expectations moderated. Having experienced a shallow recession following the rapid rise in rates over 2022/23, the market began to discount recovery as rate cuts began to be priced in. Mortgage rates fell and house price growth had resumed by the end of the year. July's UK election result was a further catalyst for many mid-cap domestically focused equities to further rerate in anticipation of greater policy certainty.

In contrast to a UK economy, which appeared to be improving, the global macro-economic outlook became progressively more mixed. This deterioration weighed on the more non-UK focused industrial sub-sectors of industrial engineering and electronic and electrical equipment, in particular. Sharp period-end de-ratings of these sub-sectors meant that stocks in these categories were most likely to detract for the year overall. The aerospace and defence sub-sector was a positive outlier, however, as increasingly uncertain geopolitics drove a surge in orders.

Portfolio Performance

The portfolio NAV achieved a positive return of +17.3% during the year, though it underperformed the Benchmark by 4.1%. The share price returned +17.5% and the discount marginally widened, from 12.0% at the beginning of the year to 12.3% at the end. Gearing was a positive factor.

An underweight to the real estate sector and to more highly indebted companies in the Benchmark more generally, was the main reason for the portfolio's underperformance. Given a preference for stronger balance sheets, investors in the strategy should not find this surprising.

Stocks held – significant positive and negative contributions versus the Benchmark

Positive contributor	Portfolio weight[1] (%)	Weight relative to index (%)	Relative performance[2] (%)	Impact[3] (%)
Zegona Communications	1.1	+1.1	136.7	+1.1
Just Group	2.2	+1.8	75.7	+1.1
Paragon Banking	2.8	+2.2	45.7	+0.9
Keller Group	1.2	+0.8	101.2	+0.6
Britvic	2.2	+1.1	30.2	+0.5
Negative contributor	**Portfolio weight[1] (%)**	**Weight relative to index (%)**	**Relative performance[2] (%)**	**Impact[3] (%)**
Victrex	2.1	+1.6	-49.0	-0.9
Spectris	3.4	+1.9	-39.1	-0.8
Indivior	1.0	+0.4	-47.5	-0.8
Computacenter	3.6	+2.7	-21.0	-0.6
Vistry	0.3	-0.9	8.5	-0.6

Source: Schroders, Factset, close 30 September 2023 to close 30 September 2024.

[1]Weights are averages.

[2]Performance of the stock in the index relative to the FTSE 250 (ex. ITs) Index return.

[3]Impact is the contribution to performance relative to the FTSE 250 (ex. ITs) Index.

Turning to individual holdings, shares in both specialty chemicals company **Victrex** and scientific and industrial instrumentation company **Spectris** performed poorly. In the case of Victrex, a weak industrial backdrop and lower than expected demand in the higher margin medical division meant that earnings were lower than expected. However, the company is very well invested at this point, so any recovery in end markets should be seen quickly and, in the meantime, we expect to see a strong improvement in cash generated by the business.

Spectris also saw a slowdown in demand in some of its end markets from electric vehicles to pharmaceuticals and disruption from the implementation of a new enterprise resource planning system which should over time be earnings accretive. As well as its ongoing share buyback, the company has made three interesting earnings enhancing acquisitions this year. Two of these complement its existing Spectris Scientific division, by adding a hand-held instrument offer. Both Spectris and Victrex are more than 40% below their five-year share price high, and, given the cyclical aspects of both, it is logical to expect a turning point before too long, in our view.

Specialty pharmaceuticals business **Indivior** also detracted. A competitor is making more ground than expected in the opioid use disorder treatment market, which meant that top line growth was less than expected. In addition, re-enrolments into Medicare/Medicaid have proven to be an obstacle. However, the market remains vast and, unfortunately for those needing the drugs, growing. Indivior's share price is underpinned by rolling buy-backs. We continue to see Indivior as another example of a unique investment opportunity in the UK market.

IT services business **Computacenter** disappointed as profit from certain US contracts moved into the second half of its financial year and expected acquisitions did not materialise. The company maintains a strong balance sheet, supporting an ongoing share buy-back, and good visibility over its H2. It is exposed to structural growth, for example, in data centres and the Cloud, has solid enterprise customers, and management are proven as excellent allocators of capital (the shares have beaten the total return of the S&P 500 over both 10 and 20 years for example), and we have retained the bulk of our holding.

An underweight holding in UK housebuilder **Vistry** was also unhelpful for performance over the period. The position was sold too soon, only halfway into what turned out to be an energetic rally, though some of the proceeds were reinvested into increasing the holding size in house builder Redrow. Vistry has since had a substantial profit warning and 20% downgrade to this year's profit expectations, as such the shares have fallen considerably and the Company was right to sell the holding. Redrow then became the subject of an offer from larger housebuilder Barratt Developments at a 27.2% premium to the undisturbed price.

Our top performer was a new holding, **Zegona Communications**, which outperformed the Benchmark by 137%. The Company participated in fundraising by the Zegona management team, which has previous successes in the telecoms sector. The business model is one of buying telecoms assets, restructuring them, and then selling them. Management has been active as anticipated: during the year, Zegona acquired the Spanish assets of Vodafone. The company is now in negotiations for two potential fibre broadband joint ventures with competitors Telefonica and MasOrange (which could help to free up a possible c.€2 billion of cash), has received an investment grade credit rating and has agreed a positive new fibre wholesale agreement with Telefonica.

Other top performing holdings included bulk annuities insurer **Just Group**. The shares performed well after management revealed the company would "substantially exceed" its previous goal set in 2021 of doubling profits over five years, by achieving this and more in 2024. UK specialist lender **Paragon Banking Group** announced better-than-expected final results and a new £50 million share buy-back to follow on from the £100 million announced in the 2023 financial year.

Shares in another one of our long-term holdings, specialty groundworks contractor **Keller**, outpaced the benchmark return by more than 100%, thanks mostly to strength in the US market. Finally, drinks company **Britvic**, a company in which we had recently increased our stake, was in receipt of a bid during the period from Danish drinks company Carlsberg, at a 35.6% premium to the undisturbed price.

Stocks not held – significant positive and negative contributions versus the Benchmark

Positive contributor	Portfolio weight[1] (%)	Weight relative to index (%)	Relative performance[2] (%)	Impact[3] (%)
Dowlais	0	–0.5	–63.9	+0.4
Close Brothers	0	–0.4	–72.3	+0.4
Wizz Air	0	–0.7	–45.9	+0.3
Dr Martens	0	–0.2	–80.3	+0.3
Aston Martin	0	–0.2	–79.3	+0.3
Negative contributor	**Portfolio weight[1] (%)**	**Weight relative to index (%)**	**Relative performance[2] (%)**	**Impact[3] (%)**
Persimmon	0	–0.5	15.8	–0.6
St James's Place	0	–0.4	13.7	–0.5
Ascential	0	–0.5	143.8	–0.4
Plus500	0	–0.7	73.8	–0.4
British Land Co	0	–1.6	24.4	–0.3

Source: Schroders, Factset, close 30 September 2023 to close 30 September 2024.

[1]Weights are averages.

[2]Performance of the stock in the index relative to the FTSE 250 (ex. ITs) Index return.

[3]Impact is the contribution to performance relative to the FTSE 250 (ex. ITs) Index

Not holding shares in Dowlais, an automotive engineering group, was positive for performance, as they underperformed the benchmark by 63.9% over the period. The company suffered a significant write-down in its powder metallurgy division as well as softer than expected trading.

Not holding UK merchant bank Close Brothers also aided returns over the period, as the shares tumbled following the FCA's announcement of a review into the motor finance market, a factor outside the company's control. Of the UK banks, Close Brothers has the biggest relative exposure to car finance loans and the news led the company to cancel any 2024 dividend "given the significant uncertainty regarding the outcome of the FCA's review of historical motor finance commissions arrangements and any potential financial impact as a result". (Source: Dividends/Close Brothers Group.)

Other stocks which it was right to avoid during the period included Wizz Air, Dr Martens, and Aston Martin, which have all serially disappointed the market.

The Company did not own shares in housebuilder Persimmon. This was the main single stock detractor in this category. More positive sentiment towards the housebuilders, as expectations of rate cuts took hold, most notably in early November 2023, drove the shares up. This assisted its promotion back into the FTSE 100 following the delisting of Dechra (which, as a reminder, was acquired by private equity). Shares in Ascential, which we had sold during the previous year, performed well as a complex break up was executed during the year. Not owning St. James's Place detracted, although our financial sector exposure overall was a strong contributor. Having been relegated from the FTSE 100 in the previous quarter, the wealth manager enjoyed something of a share price recovery. A change of finance director in a time of regulatory change was another factor in our decision not to hold St James's Place. Not holding shares in trading platform provider Plus500 also detracted. Our preferred long-term exposure to financials, however, includes companies such as **Just Group**, retail CFD and derivatives broker **IG** and other specialists including emerging market fund manager **Ashmore** (see below).

Finally, not owning enough highly interest rate sensitive stocks in the real estate sector, such as British Land, also detracted from performance.

Portfolio activity

Attractively priced structural growth opportunities in market niches continue to influence our new additions to the portfolio.

The Company bought back into **Harbour Energy** following its transformational acquisition of BASF's oil and gas portfolio, a deal which also strengthens **Harbour Energy's** balance sheet and lengthens the life of its assets. Encouraged by signs of a bottoming out of the machine tooling cycle, the Company also bought back into specialist engineer **Renishaw**. This has been a top performer for the Company over the years and we last sold out of it on its promotion into the FTSE 100. This is a unique company exposed to a number of secular growth trends such as AI and quantum computing and, crucially, is underpinned by a net cash balance sheet.

The Company initiated new positions in UK listed Spanish telecoms group **Zegona Communications**, and in specialty pharmaceuticals business **Indivior**, as discussed above.

Price comparison website group **Mony Group** (formerly known as Moneysupermarket.com plc) promises to achieve greater efficiencies and was another new portfolio addition. Its SuperSaveClub attracted over 750,000 members in its first nine months offering lead-generation cost savings and scope to further enhance already attractive operating margins at a business generating dependable mid-single digit top line growth.

We initiated a new holding in biotechnology company **PureTech Health** which has $400 million in net cash relative to a market cap of c.$470 million at the time of our initial investment. The U.S. Food and Drug Administration recently approved the company's schizophrenia medication which is a huge step forward for treatment in this area and the first new drug to be approved in more than 50 years. Not only does this trigger a milestone payment for **PureTech**, it also shows the potential of the company's drug development team and process.

We established a position in electricals retailer **Currys**. With an improved balance sheet, we anticipate that a stronger UK consumer, driving better trading, and a recovery in margins in its Scandinavian markets as stock overhangs in that market are cleared, will be further key catalysts. We also anticipate a boost to growth in the sector thanks to a hardware refresh tailwind four years after the pandemic and as consumers' tech appetite is being whetted by new AI-enabled equipment. We also initiated a new position in emerging markets fund manager **Ashmore**, which has £505 million cash and £257 million in seed capital versus a market cap, at our entry price, of £1.2 billion. Another new entrant to the portfolio is specialist insurer, **Lancashire Holdings**, which has delivered superior returns on capital from both insurance and reinsurance.

We initiated a new position in best-in-class facilities management business **Mitie**, which is set to benefit from strong topline growth and a margin improvement programme. We initiated a holding in travel food and beverage group **SSP** given its recovery potential driven by growth in airline travel.

Bid activity has remained buoyant over the 12-month period, with mid-caps continuing to command a significant premium. Bid activity was the driver behind our disposals of our holdings in Virgin Money following a bid approach from Nationwide, and Tyman, which was bid for by US peer Quanex. We exited a relatively new holding in Hargreaves Lansdown as it went back into the FTSE 100 due to bid interest.

We sold Redrow following a bid, reinvesting the proceeds in peer housebuilder **Crest Nicholson**. Although the bid approach for Crest from peer Bellway which temporarily lifted the shares has since fallen away, the supply/demand equation for the sector, alongside self-help potential, underpins our investment thesis. Crest also has a new CEO on board (from peer Persimmon), so we see in this a catalyst for change.

We sold shares in power supply solution provider, XP Power, as the shares rose following a bid approach, subsequently rejected, and in manufacturing components company Essentra, because we saw more upside in other industrial companies.

The announcement of the retirement of the long-tenured CEO of soft drinks business A.G. Barr prompted us to sell the shares, and we used the proceeds to increase our holding in peer **Britvic**, which was then also bid for, as mentioned above.

We sold residual stakes in marine services specialist James Fisher, special interest online media group Future, buy-to-let lending specialist OSB (increasing our position in higher quality peer **Paragon Banking Group**), private equity and credit fund manager Bridgepoint, and defence contractor Senior (using the proceeds to top up our holdings in **Babcock, QinetiQ**, and **Chemring**).

Outlook

On performance: Although it is disappointing to report a year where performance, significantly positive in absolute terms, has fallen behind the Benchmark, a year is a brief period in investment, and over the longer term, the Company's performance is ahead of its Benchmark (over five and ten years). There has been no change in the investment process which has delivered this successful investment performance.

On the backdrop in the UK: Following the shallowest UK recession on record, a decisive +0.7% growth in Q1 2024 followed by +0.5% in Q2 2024, together with an expectation of continued falling inflation and monetary easing, has led the International Monetary Fund, for example, to upgrade its estimate of UK gross domestic product growth to 1.1% for 2024 as a whole. They are one of a number of forecasters who have needed to do this during 2024. This is evidence that the UK economy can grow even at more "normal" (i.e. well above 0%) interest rate levels, and counters some of the more bearish structural arguments against UK equities, in addition to short term UK budget noise.

Whilst the economic backdrop is becoming more helpful, what matters most for investors is how individual companies capture growth opportunities and turn them into profit streams. The FTSE 250 continues to trade on a marginally higher prospective dividend yield to the FTSE 100, for a far superior earnings growth outlook, which demonstrates the highly cash generative and profitable nature of many UK mid-cap stocks, which are therefore undervalued in our view.

We think that this valuation gap will close over time. Heightened levels of incoming M&A at above average premia of 45% plus should help; we note that almost a third of the companies in the Benchmark are trading at levels 50% or more below share price highs reached in the last five years. Some UK management teams are feeling more confident in rebutting offerors' lowly proposals, which is an interesting new development and may indicate that these companies' intrinsic values could be realised without succumbing to a bid.

The Investment Manager would therefore like to remind readers that we are fishing in an attractive pond. In terms of the long-term potential of UK equities, we suggest that investors willing to look beyond the persistent negative media coverage will find that the UK punches above its weight. This can be seen in terms of multi-baggers relative to the US. See our 2023 article on ""**30-baggers**" **why the UK has more than its fair share**", and our podcast on the topic, available on the Company's web pages: https://www.schroders.com/en/global/individual/insights/30-baggers-why-the-uk-has-more-than-its-fair-share/.

We have had the great pleasure of interviewing for our podcast a number of mid-cap CEOs, from >200 "bagger" Cranswick CEO Adam Couch to the CEO of the UK's number one pet care company Pets at Home, and the link to these can be found here: https://www.schroders.com/en-gb/uk/individual/funds-and-strategies/investment-trusts/schroder-uk-mid-cap-fund-plc/.

Capital allocators such as these are why the Benchmark has beaten the S&P 500 return over the 25 years to 30 September 2024 , when measured in local currency. In US dollar terms, it has very nearly matched the popular US index.

The FTSE 250 ex Investment Trusts Index is populated by multiple "unique" companies with strong growth prospects, generating cash and delivering attractive returns on capital. As stock pickers, we are confident that the collective strength of our holdings' balance sheets will continue to provide resilience in all manner of economic environments.

Schroder Investment Management Limited

27 November 2024

Past performance is not a guide to future performance. 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.

This information is not an offer, solicitation or recommendation to buy or sell any financial instrument or to adopt any investment strategy.

For help in understanding any terms used, please visit https://www.schroders.com/en/insights/invest-iq/investiq/education-hub/glossary/

Stock selection and portfolio construction

Investment process

In order to meet the investment objective, the Investment Manager applies a high conviction approach, managing a focused portfolio of high-quality companies that are all capable of delivering excess risk-adjusted returns with rising cash flows and earnings. The investment process is based on a common-sense investment philosophy, fundamental analysis of company accounts and a subjective evaluation of management and prospects.

Fundamental research

As third-party coverage on mid-sized companies is limited in scope, and often in quality, company meetings and visits are a vital part of the research process. The team seek to meet with companies multiple times each year with the aim of understanding and evaluating the strategies being pursued by management as well as the characteristics and competitive dynamics of industries and sectors.

Their relationship with company management and this intensive programme of company contacts ensure that they are fully aware of all relevant issues. The knowledge that their company contacts and visits provide, and the extent of resources that Schroders dedicate to the product, gives the team an advantage over their competitors. Their research works through their accounting and risk checklist:

Quantitative – the numbers

- Proprietary accounting checklist focusing on
  - Accruals
  - Cost capitalisation
  - Hidden leverage
  - Audit tenure/fees
  - Accounting policies compared to industry peers
- Third party risk and accounting screens
- Appropriate management incentives
- Valuation – Price Earnings Growth (PEG) ratios, multiple vs. history and international peers
- Aversion to companies with debt. Invest in companies that are in control of their destiny

Qualitative – behind the numbers

- Does the management team have a demonstrable track record of success?
- Is this too good to be true?
  - Are margins or returns on capital way ahead of the industry?
  - Why does the business deserve to earn these returns?
  - Is this a fad?
- Do all stakeholders benefit?
  - Do customers have an affinity with the business that makes them choose it over competitors?
  - Are employees well-treated, enjoy working at the company and appropriately paid?
  - Is management shareholder friendly? Share dilution? How do they think about growth? Buybacks vs. dividends?

This provides a consistent structure to assess balance sheet strength, management quality, how management's interests and remuneration are aligned with those of shareholders and the strength of the company's market position and pricing power. A key focus is the ability of companies to finance growth internally and the team avoid heavily indebted businesses.

As a result of their fundamental research, they classify the companies and industries in the investment universe, within the following framework:

Characteristics of

Unique stocks

- Market position/pricing power leads to relatively higher returns on capital
- Very strong business franchise
- Scarcity value, only way to get exposure to this niche
- Quality management
- Ability to finance growth internally
- Balance sheet strength
- FTSE 100 stock of future?

Characteristics of

Flex stocks

- Industry undergoing change, for example where capacity reducing
- Company undergoing change, for example change of management /strategy
- Cyclical upturn or re-rating in prospect
- Supply of shares in these companies reducing possibly via buybacks
- Valuation reflective

Characteristics of

Stocks to avoid

- Industry overcapacity
- Experiencing long-term decline
- Not providing investors with successful growth opportunities
- Management team destroying value
- Inadequate profitability or returns on capital
- Significant accounting concerns

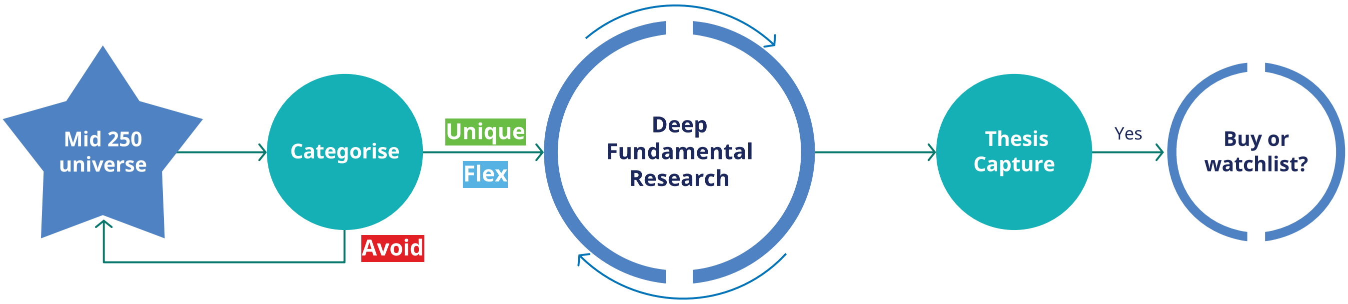
Unique stocks operate in industries where demand for their goods or services exceeds supply, which gives them pricing power and drives organic growth, and strong cash flow. These sectors are typically concentrated so that the demand for shares in the constituent companies exceeds the supply of stock, which appreciates in value as investors ascribe a higher rating to the company and its prospects.

Flex stocks are usually cyclical stocks or franchises in transition, among which the team look for trading opportunities depending on valuation. The balance of supply and demand for these shares shifts over time as companies reduce capacity and shrink the amount of equity on the market by buying back shares.

Stocks to avoid operate in industries where supply exceeds demand, which are typically experiencing long-term decline and which will not provide investors with successful growth opportunities. The supply of shares in these companies will typically exceed demand, leading to downward pressure on share prices.

Using these classifications, the team invests in a portfolio of attractively priced Unique and Flex stocks.

An overview of the investment process can be seen in the diagram below:



- Start with Mid 250 constituents
- Stocks about to enter the index also looked at

- Every Mid 250 stock categorised
- Is this business or industry unique, in flex or one to avoid?
- Constantly checking existing category appropriate as stocks can evolve

- Rigorous business and industry analysis
- Scrutinise financials
- Evaluation of management teams
- Run through accounting and risk checklist
- Understanding of non-financial opportunities and risk
- Determine value and assess potential returns

- Tool to capture 2-3 key drivers of the business
- Adds discipline, consistency and intellectual honesty
- Easy to track

- If price not what we want, wait and monitor
- Is it better than an existing holding?
- Sizing of position reflects conviction

Source: Schroders. For illustrative purposes only, process subject to change.

Portfolio construction

Bottom up stock selection is the primary influence on the portfolio. Individual stock weightings reflect a combination of investment conviction and the team's assessment of the stock's likely volatility that includes environmental, social, and governance ("ESG") risk and opportunity. Individual stock decisions shape sector weightings, resulting in a portfolio of 40-50 of the most attractively valued companies capable of delivering dependable long-term growth in a fast-changing world.

Sell discipline

The team are disciplined in selling companies on their promotion to the FTSE 100. Other reasons for selling are shown below, highlighting red flags that can trigger an exit from the portfolio together with the investment thesis playing out or the share price reaching peak margins or high price to earnings ratio.[1]

[1]The price/earnings to growth ratio (PEG ratio) is a stock's price-to-earnings (P/E) ratio divided by the growth rate of its earnings for a specified time period.

Active management

The team actively engages with company management to help protect and grow clients' capital. The team has exceptional access to the management of mid-sized UK companies because of Schroders' status as a large and independent asset manager, which aids their active ownership approach. Together with Schroders' active ownership specialists the team consistently engage with boards on their policies and propose changes which emphasise shareholder alignment, a long-term view and the investment in the company by management. The team are prepared to vote against management and at times seek to effect management change, where they are unable to achieve sufficient shareholder alignment. Should engagement be unsuccessful on material issues, the team will consider adjusting position sizing or selling their position, though this is not the preferred path.

Extensive engagement with portfolio companies

The Investment Manager believes that, as external research on mid-cap companies is limited in scope and often in quality, there is an opportunity to deliver excess returns to shareholders. Detailed analysis of company reports and accounts, company meetings and visits, and the use of industry experts are all a vital part of the Investment Manager's research process.

It is the application of experience to these varied inputs, coupled with an extensive global in-house analytical resource, that the Board believes gives the team the potential to deliver attractive returns.

As part of our process, the team meets with company management teams before investing, as well as meeting with the management of all portfolio companies at least once a year. The team will also engage with non-executive board members, where appropriate.

In addition to portfolio companies, the team will attend meetings with management teams of other companies in this dynamic Benchmark over the course of a year, as it regularly reviews the investment cases of companies not held in the portfolio. The team believe it is just as important to understand why you don't hold something as it is to know why you do.

Dedicated team of ESG specialists

Schroders has always taken pride in our level of engagement with companies. Our brand, as well as skilled analytical resource, affords us the ability to regularly engage with companies on all aspects of corporate strategy, including specific ESG/sustainability matters. We are fortunate at Schroders to have a dedicated team of over 40 ESG/sustainability specialists. Their role is to provide proprietary analytics and tools, and to work closely with investment teams to analyse and engage with individual companies on these issues. The team engage with the ESG/sustainability team regularly to ensure that these factors inform the investment process.

The next table shows the number of shareholder resolutions the Company has voted on in the last year and over three years.

	Year ended 30 September 2024	3 years to 30 September 2024
Meetings	66	165
Resolutions	1,055	2,741
Votes against management	1.23%	1.63%
Did not vote	0	0

Source: Schroders

Responsible investment

The Company delegates to its Manager the responsibility for taking ESG issues into account when assessing the selection, retention and realisation of investments. The Board expects the Manager to engage with investee companies on social, environmental and business ethics issues and to promote best practice. The Board expects the Manager to exercise the Company's voting rights in consideration of these issues.

In addition to the description of the Manager's integration of ESG into the investment process and the details in this report, a description of the Manager's policy on these matters can be found on the Schroders website at: www.schroders.com. The Board notes that Schroders believes that companies with good ESG management often perform better and deliver superior returns over time. Engaging with companies to understand how they approach ESG management is an integral part of the investment process. Schroders has committed to the UN Global Compact, amongst codes and standards, and information about the application of Schroders' sustainability and responsible investment policies can be found at: https://www.schroders.com/en/sustainability/corporateresponsibility/.

The Board has received reporting from the Manager on the application of its policy.

Investment Portfolio
as at 30 September 2024

Companies in bold are the 20 largest investments, which by value account for 58.3% (30 September 2023: 59.4%) of total investments. All investments are equities, listed on a recognised stock exchange.

	£'000	%
Industrials		
QinetiQ	**8,968**	**3.4**
Grafton	**7,572**	**2.9**
Spectris	**7,284**	**2.8**
Oxford Instruments	**5,844**	**2.2**
Babcock	**5,671**	**2.2**
Chemring	**5,590**	**2.2**
Clarkson	4,777	1.8
Bodycote International	4,214	1.6
Mitie	3,422	1.3
Paypoint	3,312	1.3
Keller	3,228	1.2
Renishaw	2,768	1.1
Zigup	2,692	1.0
Total Industrials	**65,342**	**25.0**
Financials		
Just Group	**8,385**	**3.2**
Paragon	**8,158**	**3.1**
Man Group	**7,921**	**3.0**
IG Group	**7,682**	**2.9**
Savills	**7,104**	**2.7**
Sirius	5,119	2.0
Lancashire	4,116	1.6
Safestore	4,034	1.5
Zegona	3,620	1.4
Workspace	3,245	1.2
Ashmore	1,782	0.7
Total Financials	**61,166**	**23.3**
Consumer Services		
Inchcape	**9,319**	**3.6**
Dunelm	**8,648**	**3.3**
Mony Group	**6,436**	**2.5**
4Imprint	**6,269**	**2.4**
Pets At Home	5,497	2.1
WH Smith	4,374	1.7
Currys	2,904	1.1
Watches of Switzerland	2,433	0.9
Total Consumer Services	**45,880**	**17.6**

	£'000	%
Consumer Goods		
Cranswick	**10,542**	**4.1**
Games Workshop	**8,753**	**3.3**
Photo-Me	5,497	2.1
SSP Group	5,174	2.0
Britvic	2,803	1.1
Crest Nicholson	2,122	0.8
Total Consumer Goods	**34,891**	**13.4**
Healthcare		
Genus	**6,000**	**2.3**
Spire Healthcare	4,089	1.6
Indivior	3165	1.2
Puretech Health	587	0.2
Total Healthcare	**13,841**	**5.3**
Basic Materials		
Johnson Matthey	5,323	2.0
Victrex	3,985	1.5
Elementis	2,553	1.0
Ecora resources	1,336	0.5
Total Basic Materials	**13,197**	**5.0**
Technology		
Computacenter	**7,051**	**2.7**
IP Group	3,503	1.3
Total Technology	**10,554**	**4.0**
Telecommunications		
Telecom Plus	**8,990**	**3.5**
Total Telecommunications	**8,990**	**3.5**
Oil & Gas		
Energean Oil and Gas	3,888	1.5
Harbour Energy	3,672	1.4
Total Oil & Gas	**7,560**	**2.9**
Total investments	**261,421**	**100.0**

10 Year Financial Record

Definitions of terms and APMs are provided on pages 68 and 69.

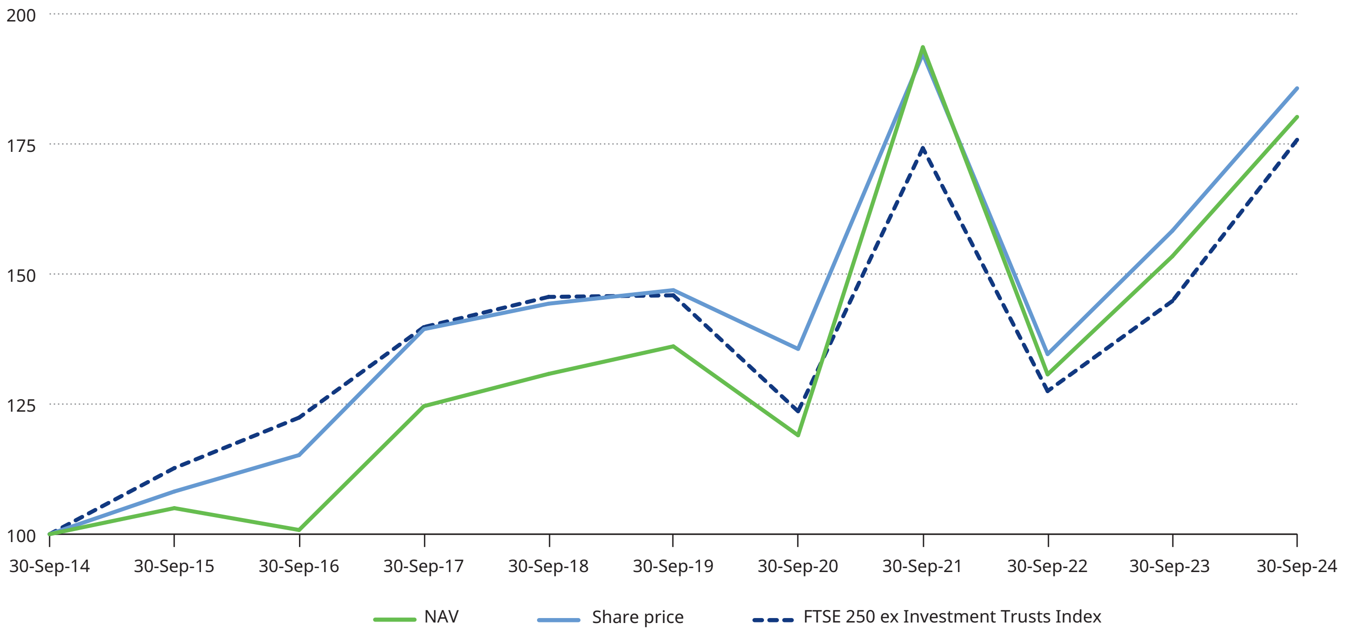
At 30 September	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Shareholders' funds (£'000)	184,260	192,718	226,577	229,734	226,424	199,524	277,569	187,393	213,823	242,966
NAV per share (pence)	509.8	533.2	632.0	640.8	633.5	569.0	791.6	541.9	618.3	702.6
Share price (pence)	462.5	435.4	524.5	538.0	540.0	458.5	730.0	480.0	544.0	616.0
Share price discount to NAV per share* (%)	9.3	18.3	17.0	16.0	14.8	19.4	7.8	11.4	12.0	12.3
Net gearing* (%)	(6.1)	1.5	(0.5)	(3.0)	4.3	5.3	7.7	10.8	6.8	9.5

For the year ended 30 September	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net revenue return after taxation (£'000)	3,549	4,455	5,031	6,015	7,325	3,155	5,322	7,823	7,842	7,102
Revenue return per share (pence)	9.82	12.33	13.96	16.78	20.43	8.92	15.18	22.43	22.68	20.54
Dividends per share (pence)	9.20	11.25	13.10	16.00	18.50	13.30	14.80	19.00	20.5	21.5
Ongoing charges* (%)	0.93	0.95	0.92	0.90	0.90	0.90	0.90	0.89	0.97	1.05

Performance[1]	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
NAV total return*	100.0	105.0	100.8	124.6	130.8	136.1	119.0	193.6	130.7	153.4	180.2
Share price total return*	100.0	108.2	115.2	139.4	144.3	146.9	135.6	192.3	134.6	158.3	185.7
Benchmark	100.0	112.7	122.4	139.8	145.6	145.9	123.6	174.2	127.5	144.8	175.8

[1]Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2014.
*Alternative Performance Measures.

NAV per share, share price and Benchmark total returns for the 10 years ended 30 September 2024[2]



[2]Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2014.

Purpose, values and culture

The Company's purpose is to create long-term shareholder value, in line with the investment objective.

The Company's culture is driven by its values: transparency, engagement and rigour, with collegiate behaviour and constructive, robust challenge. The values are all centred on achieving returns for shareholders in line with the Company's investment objective. The Board also promotes the effective management or mitigation of the risks faced by the Company and, to the extent it does not conflict with the investment objective, aims for the Company's operations to be structured, taking into account all its stakeholders and their impact on the environment and community.

As the Company has no employees and acts through its service providers, its culture is represented by the values and behaviour of the Board and third parties to which it delegates. The Board aims to fulfil the Company's investment objective by encouraging a culture of constructive challenge with all key suppliers and openness with all stakeholders. The Board is responsible for embedding the Company's culture in the Company's operations.

Business model

The Board has appointed Schroder Unit Trusts Limited ("SUTL" or the "Manager"), to implement the investment strategy and to manage the Company's assets in line with the appropriate restrictions placed on it by the Board, including limits on the type and relative size of holdings which may be held in the portfolio and on the use of gearing, cash, derivatives, and other financial instruments as appropriate.

The terms of the appointment of the Manager, and the delegation by the Manager of investment management services to Schroder Investment Management Limited ("SIM" or the "Investment Manager") are described more completely in the Directors' Report. The Manager also promotes the Company using its sales and marketing teams. The Board and Manager work together to deliver the Company's investment objective, as demonstrated in the diagram below.

Investment trust status

Schroder UK Mid Cap Fund plc (the "Company") is an investment trust whose Ordinary shares are listed on the London Stock Exchange. It has been approved by HM Revenue & Customs as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010, by way of a one-off application and it is intended that the Company will continue to conduct its affairs in a manner which will enable it to retain this status.

The Company is domiciled in the UK and is an investment company within the meaning of section 833 of the Companies Act 2006. The Company is not a "close" company for taxation purposes.

Investment model

Investment objective

The Company's investment objective is to invest in mid cap equities with the aim of providing a total return in excess of the FTSE 250 ex Investment Trusts Index.

Investment policy

The Manager applies a high conviction approach, managing a focused portfolio of resilient companies that are all capable of delivering excess risk-adjusted returns with rising cash flows and earnings. Fundamental research forms the basis of each investment decision taken by the Manager. The Company will predominantly invest in companies from the FTSE 250 Index but may hold up to 20% of its portfolio in equities and collective investment vehicles outside the benchmark index which may include equities in companies outside of the UK. The Company may also invest in other collective investment vehicles where desirable, for example to provide exposure to specialist areas within the universe. The Company has the ability to use gearing for investment purposes up to 25% of total assets.

Investment restrictions and spread of investment risk

Risk in relation to the Company's investments is spread as a result of the Manager monitoring the Company's portfolio with a view to ensuring that the portfolio retains an appropriate balance to meet the Company's investment objective. The key restrictions imposed on the Manager include:

(a) no more than 15% of the Company's total net assets, at the date of acquisition, may be invested in any one single company;

(b) no more than 10% of the value of the Company's gross assets may be invested in other listed investment companies unless such companies have a stated investment policy not to invest more than 15% of their gross assets in other listed investment companies;

(c) no more than 15% of the Company's gross assets may be invested in other listed investment companies (including listed investment trusts);

(d) no more than 15% of the Company's total net assets may be invested in open-ended funds; and

(e) no holding may represent 20% or more of the equity capital of any company.

No breaches of these investment restrictions took place during the financial year.

The investment portfolio on page 13 demonstrates that, as at 30 September 2024, the Company held 51 investments spread over a range of industry sectors. The Board therefore believes that the objective of spreading investment risk has been achieved and will continue to be achieved as the Manager moves towards its target focused portfolio of around 40-50 investments.

The Company's financial instruments comprise its investment portfolio, cash balances, including those held in money market funds, bank borrowings and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 20 on pages 60 to 62.

Key performance indicators ("KPIs")

The investment objective

The Board measures the development and success of the Company's business through achievement of the Company's investment objective, which is considered to be the most significant key performance indicator for the Company.

Commentary on performance against the investment objective can be found in the Chair's Statement.

At each meeting, the Board considers a number of performance indicators to assess the Company's success in achieving its investment objective. These are as follows: NAV total return; share price total return; share price discount/premium to NAV per share and ongoing charges. These are classed as Alternative Performance Measures and their calculations are explained in more detail on pages 68 and 69.

Performance against these indicators is reported on page 14.

NAV and share price total return

At each meeting, the Board reviews the performance of the portfolio in detail and discusses the views of the portfolio managers with them.

Share price discount/premium to NAV per share

The Board reviews the level of share price discount to NAV at each Board meeting and buys back shares where appropriate, taking account of the interests of all shareholders.

Share issuance is also considered, where relevant, and at a premium to NAV, in order to improve liquidity where this is in shareholders' interests.

Ongoing charges

The Board reviews the Company's ongoing charges to ensure that the total costs incurred by shareholders in the running of the Company remain competitive when measured against peer group funds. An analysis of the Company's costs, including management fees, Directors' fees and general expenses, is submitted to each Board meeting. Management and any performance fees payable are reviewed at least annually.

Revenue and dividend policy

The Board considers the payment of an interim and final dividend annually, taking into account revenue generated during the year. The net revenue return for the year, after finance costs and taxation, was £7,102,000 (2023: £7,842,000), equivalent to a revenue return per share of 20.54 pence (2023: 22.68 pence). The Board was pleased to announce on 27 June 2024 an interim dividend of 6.0 pence per share for the year ending 30 September 2024. The Directors have recommended the payment of a final dividend for the year of 15.5 pence per share (2023: 15.0 pence) payable on 28 February 2025. The dividend will be payable to shareholders on the register on 31 January 2025 and the ex-dividend date will be 30 January 2025.

Gearing

The Company currently has in place a £30 million revolving credit facility, of which £25 million was drawn down at 30 September 2024. The facility expires on 26 February 2025. The Board of Directors expect to renew the revolving credit facility subject to this being in shareholders' interests at the time of renewal.

In rising markets the gearing amplifies increases in the NAV and in falling markets any reduction in NAV would be amplified by the gearing. The Company's gearing continues to be operated within pre-agreed limits so that it does not exceed 25% of total assets. The flexibility to utilise gearing remains an important tool in allowing the Manager to pursue investment opportunities when appropriate.

Promotion

The Company promotes its shares to a broad range of investors including discretionary wealth managers, private investors, financial advisers and institutions which have the potential to be long-term supporters of the investment strategy. The Board seeks to achieve this through its Manager and corporate broker, which promote the shares of the Company through regular contact with both current and potential shareholders.

These activities consist of investor lunches, one-on-one meetings, webinars, regional road shows and attendances at conferences. In addition, the Company's shares are supported by the Manager's wider marketing of investment companies targeted at all types of investors. This includes maintaining close relationships with adviser and execution-only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on Schroders' website. Shareholder relations are given high priority by both the Board and the Manager. The Board also seeks active engagement with investors and meetings with the Chair are offered where appropriate.

Shareholders are also encouraged to sign up to the Manager's Investment Trusts update, to receive information on the Company directly: http://www.schroders.com/trust-updates/.

Stakeholder engagement

Section 172 of the Companies Act 2006

During the year under review, the Board discharged its duty under section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole, having regard to the interests of all stakeholders. As an externally managed investment trust, the Company has no employees, operations or premises. The Board has identified its key stakeholders as the Company's shareholders, the Investment Manager, other service providers, investee companies and the Company's lender. The table below explains how the Directors have engaged with all stakeholders during the year and outlines the key activities undertaken. The key decisions made by the Board during the year are set out following the table.

Stakeholder	Significance	Engagement	2023/2024 highlights
Shareholders	Continued shareholder support and engagement are critical to the continuing existence of the business and the delivery of the long-term strategy of its business.	– **AGM:** The Company welcomes attendance and participation from shareholders at the AGM. Shareholders have the opportunity to meet the Directors and the Investment Manager and to ask questions. The Board values the feedback it receives from shareholders which is incorporated into Board discussions. – **Publications:** The annual and half year results presentations, as well as factsheets, are available on the Company's web pages with their availability announced via the Stock Exchange. Feedback and/or questions received from shareholders enable the Company to evolve its reporting which, in turn, helps to deliver transparent and understandable updates. – **Shareholder communication:** The Investment Manager communicates with shareholders periodically. All investors are offered the opportunity to meet the Chair, Senior Independent Director, or other Board members without using the Manager or Company Secretary as a conduit, by writing to the Company's registered office. The Board also corresponds with shareholders by letter and email. The Board receives regular feedback from its broker on investor engagement and sentiment. – **Investor Relations updates:** At every Board meeting, the Directors receive updates on share trading activity, share price performance and any shareholders' feedback, as well as any publications or comments in the press. To gain a deeper understanding of the views of its shareholders and potential investors, the Manager also undertakes investor roadshows throughout the year.	At the AGM in 2024 questions and feedback from shareholders were welcomed. The Board, along with the Investment Manager, look forward to meeting and interacting with more shareholders at the forthcoming AGM in February 2025. The Company's web pages continued to be refreshed and enhanced during the year to optimise the user experience for shareholders and investors. Shareholders can, via the Company's web pages, subscribe to the Schroders investment trusts newsletter to receive regular updates on the Company. The Investment Manager engaged with a number of the Company's shareholders and investors during the year and regular feedback was provided to the Board. A number of promotional activities were undertaken during the year including Investment Manager interviews, webinars, and coverage in key publications. The Board continued to work with Kepler on promoting the Company through its research notes which were published twice during the year.

Stakeholder	Significance	Engagement	2023/2024 highlights
The Investment Manager	Holding the Company's shares offers investors a liquid investment vehicle through which they can obtain exposure to the Company's diversified portfolio of investments. The Investment Manager's performance is critical for the Company to deliver its investment strategy successfully and meet its objective.	Maintaining a close and constructive working relationship with the Investment Manager is crucial as the Board and the Investment Manager both aim to continue to achieve consistent, long-term returns in line with the investment objective. The Board invites the Investment Manager to attend all Board and certain Committee meetings in order to update the Directors on the performance of the investments and the implementation of the investment strategy and objective. Important components in the Board's collaboration with the Investment Manager are: – Encouraging open discussion with the Board; – Recognising that the interests of shareholders and the Investment Manager (as well as of its other clients) are, for the most part, well aligned, adopting a tone of constructive challenge, balanced when those interests are not fully congruent by robust negotiation of the Investment Manager's terms of engagement; and – Drawing on Directors' individual experience to support the Manager in its monitoring and change management of portfolio companies, for the benefit of all of the Investment Manager's clients. The Management Engagement Committee reviews the performance of the Investment Manager, its remuneration and the discharge of its contractual obligations at least annually.	Representatives of the Investment Manager attended each Board meeting to provide an update on the investment portfolio along with presenting on macroeconomic issues. The portfolio activities undertaken by the Investment Manager and the impact of decisions affecting investment performance are set out in the Investment Manager's Review on pages 6 to 9.
Investee companies	The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Investment Manager.	The Investment Management team conducts face-to-face and/or virtual meetings with the management teams of all investee companies to understand current trading and prospects for their businesses, and to ensure that their ESG investment principles and approach are understood. The Investment Manager has discretionary powers to exercise the Company's voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Investment Manager report to the Board on stewardship (including voting) issues and the Board will question the rationale for voting decisions made. By active engagement and exercising voting rights, the Investment Manager actively works with companies to improve corporate standards, transparency and accountability.	The Board received regular updates on engagement with investee companies from the Investment Manager at its board meetings. During the year, the Investment Manager engaged with many of its investee companies and voted at shareholder meetings (further details can be found on page 12).

Stakeholder	Significance	Engagement	2023/2024 highlights
Lender	Availability of funding and liquidity are crucial to the Company's ability to take advantage of investment opportunities as they arise.	Considering how important the availability of funding is, the Company aims to demonstrate to lenders that it is a well managed business and, in particular, that the Board focuses regularly and carefully on the management of risk. The Manager manages the relationship with the Company's lender and reports to the Board at each meeting as and when required for renewals of terms or negotiation of loan covenants. The Manager provides a monthly statement of compliance of the loan covenants to the lender.	Gearing is monitored and strict restrictions on borrowings are imposed: gearing continues to operate within pre-agreed limits so as not to exceed 25% of total assets. The Board entered into a renewed revolving credit facility agreement with the Bank of Nova Scotia on 27 February 2024.
Other service providers	In order to operate as an investment trust with a listing on the London Stock Exchange, the Company relies on a diverse range of advisers to support meeting all relevant obligations.	The Board maintains regular contact with its key external providers, both through the Board and Committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views, are routinely taken into account.	Following a competitive tender process the Board agreed to a change of its auditor during the year. Under delegated authority from the Board, the Management Engagement Committee reviewed all material third-party service providers. The Board considers the ongoing appointments of its service providers to be in the best interests of the Company and its shareholders as a whole and will monitor their progress in the year ahead. During the year, Directors were invited to attend an internal controls briefing session, hosted by the Manager which assessed the internal controls of certain key service providers including the Company's depositary and custodian, HSBC, and the Company's registrar, Equiniti.
Wider society and the environment	Whilst strong long-term investment performance is essential for an investment trust, the Board recognises that to provide an investment vehicle that is sustainable over the long-term, both it and the Investment Manager must have regard to ethical and environmental issues that impact society. Hence ESG considerations are integrated into the Investment Manager's investment process and will continue to evolve.	The Board engages with the Investment Manager at each Board meeting in respect of its ESG considerations on existing and new investments.	Further details of the ESG practices can be found in the Investment Process and Approach section of this report.

During the year, the Board took a number of key decisions which fall under the Section 172 scope as set out above:

- The declaration of a final dividend of 15p per Ordinary Share which, following approval by shareholders at the AGM on 24 February 2024, was paid to shareholders on 15 March 2024.
- The Board and Management Engagement Committee undertook reviews of the Manager and the Company's third party service providers and agreed that their continued appointment and fees remained in the best interest of the Company and its stakeholders.
- The Audit and Risk Committee considered the audit provision for the Company and decided to undertake a competitive tender process and in July 2024, announced the appointment of BDO LLP as the Company's sole auditor.
- The Nomination Committee considered succession planning and initiated a recruitment process to appoint a new non-executive Director following the retirement of Andrew Page in March 2024 and ahead of Robert Talbut's retirement in February 2025.

Corporate and social responsibility

The Board recognises the Company's responsibilities with respect to corporate and social responsibility and engages with its outsourced service providers to safeguard the Company's interests. As part of this ongoing monitoring, the Board receives reporting from its service providers with respect to their anti-bribery and corruption policies; Modern Slavery Act 2015 statements; diversity policies; financial crime policies; greenhouse gas and energy usage reporting.

Diversity policy

The Board has adopted a diversity and inclusion policy. Appointments and succession plans will always be based on merit and objective criteria and, within this context, the Board seeks to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Board will encourage any recruitment agencies it engages to find a range of candidates that meet the objective criteria agreed for each appointment. Candidates for Board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the overall Board taking into account the criteria for the role being offered.

Statement on Board diversity – gender and ethnic background

The Board has made a commitment to consider diversity when reviewing the composition of the Board and notes the Listing Rules requirements (LR 6.6.6R(9) and (10)) regarding the targets on Board diversity:

- at least 40% of individuals on the Board are women;
- at least one senior Board position is held by a woman; and
- at least one individual on the Board is from a minority ethnic background.

The FCA defines senior Board positions as Chair, Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") or Senior Independent Director ("SID"). As an investment trust with no executive officers, the Company has no CEO or CFO. The Board has reflected the senior positions of the Chair of the Board, and the SID in its diversity tables.

The Board has chosen to align its diversity reporting reference date with the Company's financial year end and proposes to maintain this alignment for future reporting periods. The following information has been provided by each Director through the completion of a questionnaire.

As at 30 September 2024, the Company met two of the three criteria including the target in relation to the number of women on the Board and for at least one senior Board position to be held by a woman. The target for at least one individual on the Board to be from a minority ethnic background was not met, and the Board is conscious that while the Directors are all independent and have a diverse range of views and experience, its small composition will make these targets challenging to fully implement. Recognising the benefits of a diverse Board, it is intended that improving diversity will continue to be a key consideration for the Board. There have been no changes since 30 September 2024 to the date of publication of the annual report and financial statements.

The below tables set out the gender and ethnic diversity composition of the Board as at 30 September 2024 and at the date of this report:

Gender identity

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	2	50%	1
Women	2	50%	1
Not specified/prefer not to say	–	–	–

Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or other White (including minority-white groups)	4	100%	2
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

Financial crime policy

The Company continues to be committed to carrying out its business fairly, honestly and openly. The Company operates a financial crime policy, covering bribery and corruption, tax evasion, money laundering, terrorist financing and sanctions, as well as seeking confirmations that the Company's service providers' policies are operating soundly.

Modern Slavery Act 2015

As an investment trust, the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Climate

Greenhouse gas emissions and energy usage

As the Company outsources its operations to third parties, it has no significant greenhouse gas emissions and energy usage to report.

Taskforce for Climate-Related Financial Disclosures ("TCFD")

Investment trusts are currently exempt from the TCFD. The Board will continue to monitor the situation. However, the Company's Manager produces an annual product level disclosure consistent with the TCFD which can be found here: https://api.schroders.com/document-store/TCFD-GB52426M-Schroder%20UK%20Mid%20Cap.pdf.

Principal and emerging risks and uncertainties

The Board, itself and through its delegation to its Audit and Risk Committee, is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the Audit and Risk Committee on an ongoing basis. This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives.

Risk assessment and internal controls review by the Board

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Audit and Risk Committee, including the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition.

Although the Board believes that it has a robust framework of internal controls in place this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

Both the principal risks and uncertainties and the monitoring system are also subject to robust review at least annually. The last assessment took place in June 2024.

During the year, the Board discussed and monitored a number of risks that could potentially impact the Company's ability to meet its strategic objectives. The Board receives updates from the Investment Manager, Company Secretary and other service providers on emerging risks that could affect the Company. The Board was mindful of the evolving global environment during the year; and the risks posed by volatile markets; geopolitical uncertainty; and inflation and corresponding interest levels which could affect the asset class. However, these are not factors which explicitly impacted the Company's performance. These risks are seen as exacerbating existing risks and have been incorporated in the macro factors, including the geopolitical/economic environment and climate change risk section in the table below.

The Board considered in detail whether there were any material emerging risks and has included the development of artificial intelligence and regulatory divergence as emerging risks in the table below.

No significant control failings or weaknesses were identified from the Audit and Risk Committee's ongoing risk assessment throughout the financial year and up to the date of this report. The Board is satisfied that it has undertaken a detailed review of the risks facing the Company and that the internal control environment continues to operate effectively.

Actions taken by the Board and, where appropriate, its Committees, to manage and mitigate the Company's principal risks and uncertainties are set out in the table below. The "Change" column on the right highlights at a glance the Board's assessment of any increases or decreases in risk during the year after mitigation and management. The arrows show the risks as increased, decreased, or unchanged.

A full analysis of the financial risks facing the Company is set out in note 20 to the financial statements on pages 60 to 62.

Risk	Mitigation and management	Change
Strategy		
Strategic The requirements of investors change or diverge in such a way as to diverge from the Company's investment objectives, resulting in a wide discount of the share price to underlying NAV per share.	The appropriateness of the Company's investment remit is periodically reviewed and the success of the Company in meeting its stated objectives is monitored. The share price relative to NAV per share is monitored and the use of buy back authorities is considered on a regular basis. Marketing and distribution activity is actively reviewed. The Company engages proactively with investors.	
Cost base The Company's cost base could become uncompetitive, particularly in light of open ended alternatives.	The ongoing competitiveness of all service provider fees is subject to periodic benchmarking against their competitors. Annual consideration of management fee levels is undertaken.	
Investment		
Investment management The Manager's investment strategy, if inappropriate, may result in the Company underperforming the market and/or peer group companies, leading to the Company and its objectives becoming unattractive to investors.	Review of the Manager's compliance with its agreed investment restrictions, investment performance and risk against investment objectives and strategy; relative performance; the portfolio's risk profile; and whether appropriate strategies are employed to mitigate any negative impact of substantial changes in markets. The Manager also reports on the Company's portfolio, and the market generally. Annual review of the ongoing suitability of the Manager, including resources and key personnel risk.	

Risk	Mitigation and management	Change
Investment		
Financial and market risk The Company is exposed to the effect of market fluctuations due to the nature of its business. A significant fall in equity markets could have an adverse impact on the market value of the Company's underlying investments.	The risk profile of the portfolio is considered and appropriate strategies to mitigate any negative impact of substantial changes in markets are discussed with the Manager. See note 20 of the notes to the financial statements.	
Custody Safe custody of the Company's assets may be compromised through control failures by the depositary, including cyber hacking.	The depositary reports on the safe custody of the Company's assets, including cash and portfolio holdings which are independently reconciled with the Manager's records. The review of audited internal controls reports covering custodial arrangements is undertaken. An annual report from the depositary on its activities, including matters arising from custody operations is received.	
Gearing and leverage The Company utilises credit facilities. These arrangements increase the funds available for investment through borrowing. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental to performance.	Gearing is monitored and strict restrictions on borrowings are imposed: gearing continues to operate within pre-agreed limits so as not to exceed 25% of total assets. The Manager is currently in discussion with several providers to secure new borrowing facilities upon expiry of the Company's current facilities in February 2025. If a new loan cannot be arranged with acceptable terms, the Board is satisfied that this does not represent a significant risk to the Company since it has sufficient readily realisable assets to repay the loan. The Board also reviews the cost of gearing.	
Compliance		
Accounting, legal and regulatory In order to continue to qualify as an investment trust, the Company must comply with the requirements of section 1158 of the Corporation Tax Act 2010. Breaches of the UK Listing Rules, the Companies Act or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes.	The confirmation of compliance with relevant laws and regulations by key service providers is reviewed. Shareholder documents and announcements, including the Company's published annual report are subject to stringent review processes. Procedures are established to safeguard against the disclosure of inside information.	
Operational		
Service provider The Company has no employees and has delegated certain functions to a number of service providers. Failure of controls, including as a result of cyber hacking, and poor performance of any service provider, could lead to disruption, reputational damage or loss.	Service providers are appointed subject to due diligence processes and with clearly-documented contractual arrangements detailing service expectations. Regular reports are provided by key service providers and the quality of their services is monitored. Review of annual audited internal controls reports from key service providers, including confirmation of business continuity arrangements and IT controls is undertaken.	
Cyber The Company's service providers are all exposed to the risk of cyber attacks. Cyber attacks could lead to loss of personal or confidential information or disrupt operations.	Service providers report on cyber risk mitigation and management at least annually, which includes confirmation of business continuity capability in the event of a cyber attack.	

Risk	Mitigation and management	Change
Operational		
Political risk Political risk includes the potential for political, socio-economic and regional tensions such as diplomatic conflicts, trade wars and military actions, globally as well as in the UK specifically.	The Board continues to monitor relevant political and geopolitical events to the extent that they apply to the Company. The Board continues to receive regular updates on the current issues and potential risks from the Manager for discussion. The Board routinely evaluates thematic and factor risks, stock selection, and the use of leverage. The Board have established investment restrictions and guidelines, which are monitored and reported by the Manager. The Board is mindful that changes to public policy in the UK, could impact the company's investment strategy, objectives, and performance in the future. The Board is mindful that recent political changes in the United States of America ("USA") could lead to an increase in trade frictions which could cause disruptions.	
Climate change risk A failure to understand the pricing of assets affected by climate change or a lower demand for impacted assets could lead to poor investment decisions or more volatile pricing as asset prices adjust to reflect the increasing regulation of carbon emissions.	The Manager has developed a range of proprietary tools to better understand the impacts of climate change on the portfolio. The investment process applied by the portfolio managers is ESG "integrated". The Manager monitors the emissions of investee companies and can engage with companies to reduce their emissions or aim to invest in companies committed to reaching net zero carbon emissions. The Board receives updates from the Manager at Board meetings and continues to engage with the Manager and the Schroders sustainability team to discuss ESG matters, including climate change. The Board has challenged the Manager regarding the need to carefully consider and monitor sustainability and environmental and societal impacts when assessing investment opportunities, in addition to the well founded attention to good corporate governance principles, which have been in place for many years.	
Inflation and Global supply chain risk Rising supplier costs and availability of supply.	The Board has, in conjunction with the Manager, considered the risks relating to elevated levels of price inflation, generally, together with the evolution in the way that supply chains are operating and the concomitant risks of rising supplier costs and availability of supply. It is the Board's view that these considerations should be assessed as a principal risk as although the previously elevated levels of inflation have now decreased, there is still scope for them to increase again in the near term. The key mitigation to these risks comes from diligent appraisal and monitoring of investments by the Manager, including engagement with the management of investee companies, together with a critical assessment of investee companies' ability to pass on rising costs to customers as a result of their pricing power and strong market positions alongside their ability to control costs.	

Emerging risks

Artificial Intelligence ("AI")

The development of AI presents potential risks and opportunities to businesses in almost every sector. The extent of the risk presented by AI is extremely hard to assess at this point but the Board considers that it is an emerging risk and together with the Manager will monitor developments in this area.

Regulatory Divergence

Given recent political changes in the USA, there is risk of regulatory divergence between the UK and Europe, and the USA, with the USA more likely to favour a de-regulated approach. This might make the UK market less attractive in comparison, creating a competitive threat and potentially having implications for UK companies.

Viability statement

The Directors have assessed the viability of the Company over a five year period, taking into account the Company's position at 30 September 2024 and the potential impact of the principal and emerging risks and uncertainties it faces for the review period. The Directors have assessed the Company's operational resilience and they are satisfied that the Company's outsourced service providers will continue to operate effectively, following the implementation of their business continuity plans.

A period of five years has been chosen as the Board believes that this reflects a suitable time horizon for strategic planning, taking into account the investment policy, liquidity of investments, potential impact of economic cycles, nature of operating costs, dividends and availability of funding. This time period also reflects the average holding period of an investment.

In its assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties detailed on pages 22 to 24 and in particular the impact of a significant fall in regional equity markets on the value of the Company's investment portfolio. The Directors have also considered the Company's income and expenditure projections and the fact that the Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary.

The Directors have also considered a stress test which represents a severe but plausible scenario along with movement in foreign exchange rates. This scenario assumes a severe stock market collapse and/or exchange rate movements at the beginning of the five year period, resulting in a 50% fall in the value of the Company's investments and investment income and no subsequent recovery in either prices or income in the following five years. It is assumed that the Company continues to pay an annual dividend in line with current levels and that the borrowing facility is repaid through the proceeds of equity sales.

The Company's investments comprise highly liquid, large, listed companies and so its assets are readily realisable securities and could be sold to meet funding requirements or the repayment of the gearing facility should the need arise. There is no expectation that the nature of the investments held within the portfolio will be materially different in the future.

The Company's loan facility is due to expire in February 2025. If acceptable terms are available from the existing lenders, or any alternative, the Company would expect to continue to access an equivalent facility. However, should these terms not be forthcoming, the outstanding borrowing attributable to this facility would be repaid through the proceeds of equity sales.

The operating costs of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position. Furthermore, the Company has no employees and consequently no redundancy or other employment related liabilities.

The Board reviews the performance of the Company's service providers regularly, including the Manager, along with internal controls reports to provide assurance regarding the effective operation of internal controls as reported on by their reporting accountants. The Board also considers the business continuity arrangements of the Company's key service providers.

The Board monitors the portfolio risk profile, limits imposed on gearing, counterparty exposure, liquidity risk and financial controls at its quarterly meetings.

Although there continue to be regulatory changes which could increase costs or impact revenue, the Directors do not believe that this would be sufficient to affect its viability.

The Board has assumed that the business model of a closed ended investment company, as well as the Company's investment objective, will continue to be attractive to investors. The Directors also considered the beneficial tax treatment the Company is eligible for as an investment trust. If changes to these taxation arrangements were to be made it would affect the viability of the Company to act as an effective investment vehicle.

Based on the above the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of their assessment.

Going concern

The Directors have assessed the principal risks, the impact of the emerging risks and uncertainties and the matters referred to in the viability statement. Based on the work the Directors have performed, they have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from the date the financial statements were authorised for issue.

By order of the Board

Schroder Investment Management Limited
Company Secretary

27 November 2024

Governance

Governance

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Robert Talbut
Status: Chair

Length of service: eight years – appointed as a Director in February 2016.

Experience: Mr Talbut is Director of JPMorgan American Investment Trust plc and Pacific Assets Trust plc. He was formerly the chief investment officer of Royal London Asset Management and has over 30 years of experience in the asset management industry. He has represented the asset management industry through the chairmanship of both the ABI Investment Committee and the Asset Management Committee of the Investment Association. He was also a member of the Financial Conduct Authority's Listing Advisory Panel.

Committee membership: Audit and Risk Committee, Management Engagement Committee (Chair), Nomination Committee (Chair), Remuneration Committee.

Contribution to the Board and its Committees: Mr Talbut brings substantial expertise to the Board with over three decades of experience in asset management. His other investment trust roles, combined with his chairmanship of key industry committees and involvement with the Financial Conduct Authority's Listing Advisory Panel, provide the Board with strategic, regulatory, and investment insights.

Remuneration for the year ended 30 September 2024: £42,000 per annum.

Number of shares held: 8,176*

Wendy Colquhoun
Status: Director and Senior Independent Director

Length of service: four years – appointed as a Director in January 2020.

Experience: Ms Colquhoun is Chair of Henderson Opportunities Trust plc, Director of Capital Gearing Trust plc, and Murray International Trust plc. She was formerly a qualified solicitor and a senior corporate partner at CMS Cameron McKenna Nabarro Olswang LLP where she specialised in financial services. She has extensive experience of investment trusts having advised investment trust clients for over 25 years.

Committee membership: Audit and Risk Committee, Management Engagement Committee, Nomination Committee, Remuneration Committee.

Contribution to the Board and its Committees: Ms Colquhoun brings extensive expertise to the Board with over two decades of experience advising investment trust boards. Her background as a qualified solicitor and senior corporate partner at CMS Cameron McKenna Nabarro Olswang LLP, specialising in financial services, further equips her with invaluable legal and transactional insights for the Board.

Remuneration for the year ended 30 September 2024: £28,350 per annum.

Number of shares held: 2,000*

*Shareholdings are as at 27 November 2024 and include the holdings of connected persons. Full details of Directors' shareholdings are set out in the Directors' Remuneration Report on page 42.

Helen Galbraith

Status: Director and Chair of the Audit and Risk Committee

Length of service: two years – appointed as a Director in April 2022.

Experience: Ms Galbraith is Audit Chair of CT UK High Income Trust plc and Chair of Orwell Housing Association. She was formerly Head of Investor Relations at Aviva plc, Head of Global Equities at Aviva Investors and has over 20 years' experience in the insurance and asset management industry. She is a Chartered Financial Analyst and a passionate advocate of financial education for children having established an online platform.

Committee membership: Audit and Risk Committee (Chair), Management Engagement Committee, Nomination Committee, Remuneration Committee.

Contribution to the Board and its Committees: Ms Galbraith brings to the Board extensive asset management knowledge. Her roles as Audit Chair and Chair at other organisations provide her with significant experience and expertise when Chairing the Audit and Risk Committee for the Company. Her previous roles, coupled with her Chartered Financial Analyst qualification, enhance the Board's financial and strategic capabilities. Additionally, her involvement in the social housing sector underscores her dedication to societal impact.

Remuneration for the year ended 30 September 2024: £31,593 per annum.

Number of shares held: 5,500*

Harry Morley

Status: Director, Chair of the Remuneration Committee and Chair Designate

Length of service: one year – appointed as a Director in September 2023.

Experience: Mr Morley was CEO of Armajaro Asset Management LLP and was the co-founder and CFO of Tragus Holdings Ltd, owner of Café Rouge and Bella Italia restaurant chains. He also worked in the shipping industry for P&O. He qualified as a chartered accountant with Price Waterhouse. Mr Morley is currently a non-executive Director and Chair of the Audit Committee for JD Wetherspoon plc, and the Senior non-executive Director and Chair of the Audit Committee for TheWorks.co.uk plc. He is also a Board Trustee of the Ascot Authority and is a non-executive Director of Cadogan Group Limited.

Committee membership: Audit and Risk Committee, Management Engagement Committee, Nomination Committee, Remuneration Committee (Chair).

Contribution to the Board and its Committees: Mr Morley enhances the board with his diverse executive experience. He has extensive retail and consumer knowledge and significant financial and commercial expertise. Currently, he serves as a non-executive Director of two other listed companies and has two non-listed roles, providing the Board with valuable strategic and operational insights.

Remuneration for the year ended 30 September 2024: £28,350 per annum.

Number of shares held: 17,500*

*Shareholdings are as at 27 November 2024 and include the holdings of connected persons. Full details of Directors' shareholdings are set out in the Directors' Remuneration Report on page 42.

The Directors submit their report and the audited financial statements of the Company for the year ended 30 September 2024.

Corporate Governance Statement

The Company is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment trust.

The Financial Conduct Authority ("FCA") requires all UK listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 (the "UK Code") issued by the Financial Reporting Council ("FRC").

The Board has considered the principles and provisions of the Association of Investment Companies ("AIC") Code of Corporate Governance 2019 (the "AIC Code") which addresses those set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adopts the principles and provisions set out in the UK Code to make them relevant for investment companies.

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the UK Code and the principles and provisions of the AIC Code except as set out below:

- the role of the executive Directors and senior management;
- the need for an internal audit function; and
- executive Directors' remuneration.

Directors and officers

Chair

The Chair is an independent non-executive Director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. Robert Talbut will be stepping down at the forthcoming AGM and Harry Morley will be appointed to replace him as Chair. The other significant commitments of both are detailed on pages 28 and 29.

Senior Independent Director ("SID")

The SID acts as a sounding board for the Chair, meets with major shareholders as appropriate, provides a channel for any shareholder concerns regarding the Chair and takes the lead in the annual evaluation of the Chair by the independent Directors.

Company Secretary

Schroder Investment Management Limited provides company secretarial support to the Board and is responsible for assisting the Chair with Board meetings and advising the Board with respect to governance. The Company Secretary also manages the relationship with the Company's service providers, except for the Manager. Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary at the address given on the outside back cover, or by email to: amcompanysecretary@schroders.com.

Role and operation of the Board

The Board of Directors, listed on pages 28 and 29, is the Company's governing body; it sets the Company's strategy and is collectively responsible to shareholders for the Company's long-term success. The Board is responsible for appointing and subsequently monitoring the activities of the Investment Manager and other service providers to ensure that the investment objective of the Company continues to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and acts within the parameters set by it in respect of any gearing. The Business Review on pages 15 to 25 sets out further detail of how the Board reviews the Company's strategy, risk management and internal controls and also includes other information required for the Directors' Report, and is incorporated by reference.

A formal schedule of matters specifically reserved for decision by the Board has been defined and a procedure adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

The Chair ensures that all Directors receive relevant management, regulatory and financial information in a timely manner and that they are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls. The Board meets at least quarterly and receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required.

Four Board meetings are usually scheduled each year to deal with matters including: the setting and monitoring of investment strategy; approval of borrowings and/or cash positions; review of investment performance; the level of premium or discount of the Company's shares to NAV per share and promotion of the Company; and services provided by third parties. Additional meetings of the Board are arranged as required.

The Board has approved a policy on Directors' conflicts of interest. Under this policy, Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and approval. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate. No Directors have any connections with the Manager, shared directorships with other Directors or material interests in any contract which is significant to the Company's business.

Committees

In order to assist the Board in fulfilling its governance responsibilities, it has delegated certain functions to committees. The roles and responsibilities of these committees, together with details of work undertaken during the year under review, are outlined over the next few pages.

The reports of the Audit and Risk, Management Engagement, Nomination, and Remuneration Committees are incorporated into and form part of the Directors' Report. Each committee's effectiveness was assessed, and judged to be satisfactory, as part of the Board's annual review of the Board and its committees.

Directors' attendance at meetings

The number of scheduled meetings of the Board and its committees held during the financial year and the attendance of individual Directors is shown below. Whenever possible, all Directors attend the AGM.

	Board	Audit and Risk Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee
Robert Talbut	4/4	2/2	1/1	1/1	1/1
Wendy Colquhoun	4/4	2/2	1/1	1/1	1/1
Helen Galbraith	4/4	2/2	1/1	1/1	1/1
Harry Morley[1]	3/4	1/2	1/1	1/1	1/1
Andrew Page[2]	2/4	1/2	0/1	0/1	0/1

[1]Harry Morley was unable to attend the meetings on 20 June 2024 due to commitments made prior to his appointment.
[2]Andrew Page retired on 8 March 2024.

In addition to the above meetings, the Board met four times on an ad-hoc basis during the year: once to approve the Company's annual report for the year ended 30 September 2023, once on 26 February to approve the revolving credit facility agreement, once for a strategy meeting on 30 November 2023, and once for an ad-hoc Board meeting on 29 July 2024.

Directors' and officers' liability insurance and indemnities

Directors' and officers' liability insurance cover was in place for the Directors throughout the year. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the court. This is a qualifying third party indemnity and was in place throughout the year under review for each Director and to the date of this report.

Key service providers

The Board has adopted an outsourced business model and has appointed the following key service providers:

Manager

The Company is an alternative investment fund as defined by the AIFM Directive and has appointed Schroder Unit Trusts Limited ("SUTL") as the Manager in accordance with the terms of an alternative investment fund manager ("AIFM") agreement. The AIFM agreement, which is governed by the laws of England and Wales, can be terminated by either party on 12 months' notice or on immediate notice in the event of certain breaches or the insolvency of either party. As at the date of this report, no such notice had been given by either party.

SUTL is authorised and regulated by the FCA and provides portfolio management, risk management, accounting and company secretarial services to the Company under the AIFM agreement. Part of the fund accounting and administration activities are currently performed by HSBC Securities Services (UK) Limited. The Manager also provides general marketing support for the Company and manages relationships with key investors, in conjunction with the Chair, other Board members or the corporate broker as appropriate. The Manager has delegated investment management, marketing, administrative, accounting and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited. The Manager has in place appropriate professional indemnity cover.

The Schroders Group manages £777.4 billion (as at 30 September 2024) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

Fees payable to the Manager

For the financial year ended 30 September 2024, the Manager was entitled to a management fee at a rate of 0.65% per annum of chargeable assets up to £250 million and 0.60% of any amounts in excess of that. Chargeable assets are defined as total assets less current liabilities other than short-term borrowings, provided that if there are any short-term borrowings, the value of cash up to the level of such borrowings is deducted from the calculation of assets.

The management fee payable in respect of the year ended 30 September 2024 amounted to £1,650,000 (2023: £1,504,000), paid quarterly in arrears.

The Manager is also entitled to receive a fee for providing administrative, accounting and company secretarial services to the Company. For these services, for the year ended 30 September 2024, it received a fee of £176,000 (2023: £162,000), including VAT. The fee continues to be subject to annual adjustment in line with changes in the Retail Prices Index.

Details of all amounts payable to the Manager are set out in note 17 on page 58.

The Board has reviewed the performance of the Manager for the year under review. The Board is satisfied that the Manager has the appropriate depth and quality of resource to deliver good returns over the longer term and that the continued appointment of the Manager on the terms agreed is in the best interest of the Company and its shareholders.

Depositary

HSBC Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority, carries out certain duties of a depositary specified in the AIFM Directive including, in relation to the Company:

- safekeeping of the assets of the Company which are entrusted to it;
- cash monitoring; and
- oversight of the Company and the Manager to the extent described in the AIFM Directive.

The Company, the Manager and the depositary may terminate the depositary agreement at any time by giving 90 days' notice in writing. The depositary may only be removed from office when a new depositary is appointed by the Company.

Registrar

Equiniti Limited ("Equiniti") has been appointed as the Company's registrar. Equiniti's services to the Company include share register maintenance (including the issuance, transfer and cancellation of shares as necessary), acting as agent for the payment of any dividends, management of company meetings (including the registering of proxy votes and scrutineer services as necessary), handling shareholder queries and correspondence and processing corporate actions.

Share capital and substantial share interests

As at the date of this report, the Company had 36,143,690 ordinary shares of 25p in issue. 1,562,500 shares were held in treasury. Accordingly, the total number of voting rights in the Company at the date of this report is 34,581,190. Details of changes to the Company's share capital during the year under review are given in note 14 to the financial statements on page 57. All shares in issue rank equally with respect to voting, dividends and any distribution on winding up.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no restrictions on voting rights; no agreements between holders of securities regarding their transfer known to the Company; and no agreements to which the Company is a party that might change or fall away on a change of control or trigger any compensatory payments for Directors following a successful takeover bid.

The Company is aware that certain changes to the interests held in the Company of 3% or more of the voting rights attaching to the Company's issued share capital have taken place since the last notification made by investors to the Company. As a result, the following table is based on what the Board believes to be the most practicable up to date details of interests of 3% or more in the share capital of the Company, using the shareholder analysis prepared by Richard Davies Investor Relations Limited, which is reviewed at every Board meeting.

	Shares	% at 30 September 2024
Hargreaves Lansdown, stockbrokers	4,322,751	12.50
Interactive Investor	3,116,152	9.01
Charles Stanley	2,720,654	7.87
Evelyn Partners (Retail)	2,584,069	7.47
Redmayne Bentley, stockbrokers	1,987,412	5.75
AJ Bell, stockbrokers	1,414,414	4.09
Rathbones	1,191,291	3.44
Allspring Global Investments	1,108,303	3.20
Saba Capital Management	1,039,164	3.00

Between 1 October 2024 and 27 November 2024, the Company was notified that Saba Capital Management LP hold 3.0% by way of direct shareholdings, and a further 8.0% through financial instruments. There have been no other changes to the major interests in the Company's shares since year end.

Provision of information to the auditor

The Directors at the date of approval of this report confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

Schroder Investment Management Limited
Company Secretary

27 November 2024

Audit and Risk Committee Report

The responsibilities and work carried out by the Audit and Risk Committee during the year under review are set out in the following report. The duties and responsibilities of the Committee, which include monitoring the integrity of the Company's financial reporting and internal controls, are set out in further detail below, and may be found in the terms of reference which are set out on the Company's web pages: www.schroders.co.uk/midcap.

All Directors are members of the Committee. Helen Galbraith acts as Chair, having succeeded Andrew Page who retired from the Board following the AGM on 8 March 2024. The AIC Code permits the Chair of the Board to be a member of the Audit Committee of an investment trust. The Board has satisfied itself that at least one of the Committee's members has recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which the Company operates.

Approach

Risk management and internal controls	Financial reports and valuation	Audit
Principal and emerging risks and uncertainties To establish a process for identifying, assessing, managing and monitoring the principal and emerging risks of the Company and to explain how these are managed or mitigated. The Committee is responsible for reviewing the adequacy and effectiveness of the Company's internal controls and the whistleblowing procedures operated by the AIFM and other services providers.	**Financial statements** To monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and valuation. To also review the half-year report and financial statements	**Audit results** To discuss any matters arising from the audit and recommendations made by the auditor.
	Going concern and viability To review the position and make recommendations to the Board in relation to whether it considers it appropriate to adopt the going concern basis of accounting in preparing its annual and half-year report. The Committee is also responsible for reviewing the disclosures made by the Company in the viability statement.	**Auditor appointment, independence and performance** To make recommendations to the Board, in relation to the appointment, reappointment, effectiveness and removal of the external auditor, to review their independence, and to approve their remuneration and terms of engagement. Reviewing and agreeing the audit plan and engagement letter.

The Committee met twice during the year under review and the below table sets out how the Committee discharged its duties during the year under review and up until the approval of this report.

Further details on attendance can be found on page 31. Significant issues identified during the year under review and key matters communicated by the auditor during reporting are included below.

Application during the year

Risk management and internal controls	Financial reports and valuation	Audit
Principal risks Reviewed the principal and emerging risks faced by the Company together with the systems, processes and oversight in place to identify, manage and mitigate.	**Recognition of investment income** Considered dividends received against forecast and the allocation of special dividends to income or capital.	**Meetings with the auditor** The auditor attended meetings of the Committee where the findings of the audit were discussed. The Committee met the auditor without representatives of the Manager present. The audit plan was circulated for consideration and Directors were given the opportunity to raise any queries as required. In July 2024 the FRC published its annual assessment of quality among the Tier 1 audit firms. The Company's external auditor, BDO is one of the six Tier 1 audit firms, and was therefore subject to a review by the FRC's Audit Quality Review team. The FRC's report identified a number of areas for improvement for the auditor, and in response to these findings, the auditor has implemented an action plan. The Committee discussed the FRC's findings along with auditor's action plan in detail with BDO. BDO have confirmed that they remain committed to the highest standards of audit quality and will continue to work closely with the FRC to address any areas of concern. The Committee will continue to monitor auditor's progress.
Service provider controls Consideration of the operational controls maintained by the Manager, depositary, and registrar.	**Valuation and existence of holdings** The Company's assets are principally invested in quoted equities. The Board reviews detailed reports on portfolio holdings on a quarterly basis. The Committee reviewed internal control reports from the AIFM in the year, reporting on the systems and controls around the pricing and valuation of securities.	**Effectiveness of the independent audit process and auditor performance** The effectiveness of the independent audit firm and audit process was evaluated prior to making a recommendation to the Board that the auditor should be appointed at the forthcoming AGM. The Committee evaluated the auditor's performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards. Overall competence was also considered, alongside feedback from the Manager on the audit process. The professional scepticism of the auditor, during the audit process was questioned and the Committee was satisfied with the auditor's replies.
Internal controls and risk management Consideration of several key aspects of internal control and risk management operating within the Manager, administrator depositary and registrar, including assurance reports and presentations on these controls.	**Calculation of the investment management fee and performance fee** Consideration of methodology used to calculate the fees, matched against the criteria set out in the AIFM agreement. **Allocation rate of indirect expenses to capital** Consideration of policy of allocating certain indirect expenses to capital. Further details in note 1 (e).	**Auditor independence** This is the first year that BDO LLP has provided audit services to the Company, since their appointment on 19 July 2024. The auditor is required to rotate the senior statutory auditor every five years. This is the first year that the senior statutory auditor, Peter Smith, has conducted the audit of the Company's financial statements.

Risk management and internal controls	Financial reports and valuation	Audit
Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010 Consideration of the Manager's report confirming compliance.	**Overall accuracy of the report and financial statements** Consideration of the annual report and financial statements and the letter from the Manager in support of the letter of representation to the auditor.	**Audit tender** An audit tender was undertaken in June 2024 and the Board approved the appointment of BDO LLP as the Company's auditor for the year ended 30 September 2024. **Audit results** Met with and reviewed a comprehensive report from the auditor which detailed the results of the audit, compliance with regulatory requirements, safeguards that have been established, and on their own internal quality control procedures.
	Fair, balanced and understandable Reviewed the annual report and financial statements to advise the Board whether it was fair, balanced and understandable. Reviewed whether performance measures were reflective of the business, whether there was adequate commentary on the Company's strengths and weaknesses and that the annual report and financial statements, taken as a whole were consistent with the Board's view of the operation of the Company.	**Provision of non-audit services by the auditor** Reviewed the FRC's Guidance on Audit Committees and formulated a policy on the provision of non-audit services by the Company's auditor. The Committee has determined that the Company's appointed auditor will not be considered for the provision of certain non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The auditor may, if required, provide other non-audit services which will be judged on a case-by-case basis. The auditor did not provide any non-audit services to the Company during the year.
	Going concern and viability Reviewed the impact of risks on going concern and longer-term viability.	**Consent to continue as auditor** BDO LLP indicated to the Committee its willingness to continue to act as auditor.

Recommendations made to, and approved by, the Board:

- The Committee recommended that the Board approve the half year and annual report and financial statements.
- The Committee recommended that the going concern presumption be adopted in the annual report and financial statements and the explanations set out in the viability statement.
- The Committee recommended the appointment of BDO LLP, as the Company's auditor, following a competitive tender process.
- As a result of the work performed, the Committee has concluded that the annual report and financial statements for the year ended 30 September 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 43.
- Having reviewed the performance of the auditor as described above, the Committee considered it appropriate to recommend the auditor's appointment. Resolutions to appoint BDO LLP as auditor to the Company, and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM.

Helen Galbraith
Audit and Risk Committee Chair

27 November 2024

Management Engagement Committee Report

The Management Engagement Committee is responsible for (1) the monitoring and oversight of the Manager's performance and fees, and confirming the Manager's ongoing suitability, and (2) reviewing and assessing the Company's other service providers, including reviewing their fees. All Directors are members of the Committee. Robert Talbut chaired the Committee during the year and his successor will carry on the role. Its terms of reference are available on the Company's web pages: www.schroders.co.uk/ukmidcap.

Given the Board's size, the Directors believe it is appropriate for the Chair of the Board, who was independent on appointment, to remain a member of the Committee and continue to benefit from his experience and knowledge. The activities of the Committee were considered as part of the internally facilitated board appraisal process completed in accordance with standard governance arrangements. The evaluation found that the Committee functioned well, with the right balance of membership, skills and experience.

Approach

Oversight of the Manager

The Committee:

- Reviews the Manager's performance, over the short and long term, against a peer group and the market;
- Considers the reporting it has received from the Manager throughout the reporting period, and the reporting from the Manager to the shareholders;
- Assesses management fees including the performance fee on an absolute and relative basis, taking into consideration input from the Company's broker on the peer group and sector together with details on comparative fee structures;
- Reviews the appropriateness of the Manager's contract, including terms, such as the notice period; and
- Assesses whether the Company receives appropriate administrative, accounting, company secretarial and marketing support from the Manager.

Oversight of other service providers

The Committee reviews the performance and competitiveness of the following service providers on at least an annual basis:

- Depositary and custodian;
- Corporate broker;
- Registrar; and
- Lender.

The Committee also receives a report from the company secretary on ancillary service providers, and considers any recommendations.

The Committee notes the Audit and Risk Committee's review of the auditor.

Application during the year

The Committee undertook a detailed review of the Investment Manager's performance and agreed that there was the appropriate depth and quality of resource to deliver superior returns over the longer term.

The Committee also reviewed the terms of the AIFM agreement, including the fee structure, and agreed they remained fit for purpose.

The Committee reviewed the other services provided by the Manager and agreed they were satisfactory.

The annual review of each of the service providers was satisfactory.

The Committee noted that the Audit and Risk Committee had undertaken a detailed evaluation of the internal controls of the Manager, registrar, depositary and custodian.

Recommendations made to, and approved by, the Board:

- That the ongoing appointment of the Manager on the terms of the AIFM agreement was in the best interests of shareholders as a whole.
- That the Company's service providers' performance remained satisfactory.

Nomination Committee Report

The Nomination Committee is responsible for (1) the recruitment, selection and induction of Directors, (2) their assessment during their tenure, and (3) the Board's succession. All Directors are members of the Committee. Robert Talbut is the Chair of the Committee. Its terms of reference are available on the Company's web pages: www.schroders.co.uk/ukmidcap.

Oversight of Directors

Selection → Induction → Annual evaluation → Annual review of succession policy → Application of succession policy

Approach

Selection and induction

- Committee prepares a job specification for each role, and an independent recruitment firm is appointed. For the Chair and the Chairs of committees, the Committee considers current Board members too.
- Job specification outlines the knowledge, professional skills, personal qualities and experience requirements.
- Potential candidates assessed against the Company's diversity policy.
- Committee considers the use of an external search agency in recruiting new Directors.
- Committee discusses the long list, invites a number of candidates for interview and makes a recommendation to the Board.
- Committee reviews the induction and training of new Directors.

Board evaluation and Directors' fees

- Committee assesses each Director annually, and considers if an external evaluation is appropriate.
- Evaluation focuses on whether each Director continues to demonstrate commitment to their role and provides a valuable contribution to the Board during the reporting period, taking into account time commitment, independence, conflicts and training needs.
- Following the evaluation, the Committee provides a recommendation to shareholders with respect to the annual re-election of Directors at the AGM.
- All Directors retire at the AGM and their re-election is subject to shareholder approval.
- Committee reviews Directors' fees, taking into account comparative data and reports to shareholders.
- Any proposed changes to the remuneration policy for Directors discussed and reported to shareholders.

Succession

- Having considered diversity and the need for regular refreshment the Board's policy is that Directors' tenure, including the Chair of the Board, will be for no longer than nine years, except in exceptional circumstances, and that each Director will be subject to annual re-election at the AGM.
- Committee reviews the Board's current and future needs at least annually. Should any need be identified, the Committee will initiate the selection process.
- Committee oversees the handover process for retiring Directors.

Application during the year (see overleaf)

Application during the year

Selection and induction

- Given the retirement of Andrew Page earlier in the year, and in anticipation of the retirement of Robert Talbut at the conclusion of the AGM in 2025, the Committee discussed the need to appoint a suitable replacement and hire an additional Director. The Committee considers the current Board's composition, diversity and efficacy, and a job specification was agreed for the role.
- A number of independent search firms were considered to assist with the recruitment of an independent non-executive Director, and Trust Associates were engaged to commence the process. Trust Associates have previously been engaged by the Company, including for the recruitment of Harry Morley. Trust Associates have no other connection with the Company or any of the Directors.
- The Committee will interview suitable candidates and in due course, expects to make a recommendation for the appointment to the Board of a new non-executive Director.

Board evaluation and Directors' fees

- The annual Board evaluation, including evaluation of the Board Committees, was undertaken in September 2024. The evaluation was undertaken internally by the completion of questionnaires.
- The Committee also reviewed each Director's time commitment and independence by reviewing a complete list of appointments, including *pro bono* not for profit roles, to ensure that each Director remained free from conflict and had sufficient time available to discharge each of their duties effectively. The Committee was also mindful of the concept of 'overboarding' and considered the time, nature and complexity of each Directors' other roles and concluded that it does not believe that any of the Directors are currently overboarded. All Directors were considered to be independent in character and judgement. The Committee reviews these positions annually.
- The Committee considered each Director's contributions, and noted that in addition to extensive experience as professionals and non-executive Directors, each Director had valuable skills and experience, as detailed in their biographies on pages 28 and 29.
- Based on its assessment, the Committee provided individual recommendations for each Director's re-election, with the exception of Robert Talbut, who having served as a non-executive Director for nine years in February 2025 will not seek re-election.

Succession

- The Committee reviewed the succession policy and agreed it was still fit for purpose.
- As previously noted Robert Talbut will be retiring as a Chair at the forthcoming AGM. In light of this change, along with the retirement of Andrew Page earlier in the year, the Committee began a recruitment exercise to ensure that the Board has the appropriate number of Directors and the right balance of skill-sets.
- The Committee considered the future needs of the Company and the effect of individual Directors leaving and whether this would create a skills/knowledge/experience gap.
- The Committee believes it is important for the Board to have the appropriate skills and diversity and has reviewed its composition and succession plans with these in mind

Recommendations made to, and approved by, the Board:

- That all Directors continue to demonstrate commitment to their roles, provide a valuable contribution to the deliberations of the Board, contribute towards the Company's long-term success, and remain free from conflicts with the Company and its Directors, so should be recommended for re-election (with the exception of Robert Talbut who will be retiring) by shareholders at the AGM.
- That Trust Associates be engaged to assist in the search for a non-executive Director.

Remuneration Committee Report

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration of the Directors. All Directors are members of the Committee, which is considered appropriate by the Directors given that all members are independent non-executive Directors and Harry Morley is the Chair. Its terms of reference are available on the Company's web pages: www.schroders.co.uk/ukmidcap.

Approach

- The Committee determines and agrees with the Board the framework or broad policy for the remuneration of the Directors. The objective of the policy shall be to ensure that members of the Board are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. No Director shall be involved in any decisions as to their own remuneration outcome.
- The Committee reviews the ongoing appropriateness and relevance of the remuneration policy.
- The Committee reviews Director remuneration annually and makes recommendations on the fees paid to non-executive Directors in light of Directors' workloads, levels of responsibility and industry norms.
- The Committee ensures that each year the Remuneration Report is put to shareholders for approval as an advisory vote at the AGM, and the Remuneration Policy is put to shareholders for approval every three years at the AGM.

Application during the year

- The remuneration framework, as set out in the Directors' Remuneration Report, was unchanged during the year.
- The Committee concluded that the remuneration policy remained appropriate and relevant.
- The Committee reviewed Directors' fees, using external benchmarking, and determined they remained appropriate.
- The Remuneration Report and Remuneration Policy will be put to shareholders for approval at the forthcoming AGM.

Recommendations made to, and approved by, the Board:

- That the remuneration framework and Remuneration Policy remained appropriate.
- That the Remuneration Report should be put to shareholders for approval as an advisory vote at the forthcoming AGM.
- That Directors' fees be increased by 4% (rounded the nearest £250) to the following levels (effective from 1 October 2024): Chair £43,750, Audit and Risk Committee Chair: £35,000, and other Directors: £29,500.

Introduction

The following remuneration policy is currently in force and is subject to a binding vote every three years. The next vote will take place at the AGM to be held in 2026 and the current policy provisions will apply until that date. The Directors' annual report on remuneration below is subject to an annual advisory vote. An ordinary resolution to approve this report will be put to shareholders at the forthcoming AGM.

At the AGM held on 21 February 2023 when the policy was last voted on by shareholders, 97.06% of the votes cast (including votes cast at the Chair's discretion) in respect of approval of the Directors' remuneration policy were in favour, while 2.94% were against. 9,568 votes were withheld.

At the AGM held on 8 March 2024, 99.68% of the votes cast (including votes cast at the Chair's discretion) in respect of approval of the Directors' remuneration report for the year ended 30 September 2023 were in favour, while 0.32% were against. 27,572 votes were withheld.

Directors' remuneration policy

The determination of the Directors' fees is a matter dealt with by the Remuneration Committee and the Board.

It is the Remuneration Committee's policy to determine the level of Directors' remuneration having regard to amounts payable to non-executive Directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities, and time committed to the Company's affairs, taking into account the aggregate limit of fees set out in the Company's Articles of Association (currently £200,000). Any increase in the level set out therein requires approval by the Board and the Company's shareholders.

The Chair of the Board and the Chair of the Audit and Risk Committee each receive fees at a higher rate than the other Directors to reflect their additional responsibilities. Directors' fees are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary to promote the success of the Company in reaching its short and long-term strategic objectives.

The Board and its Committees exclusively comprise non-executive Directors. No Director past or present has an entitlement to a pension from the Company, and the Company has not, and does not intend to, operate a share scheme for Directors or to award any share options or long-term performance incentives to any Director. No Director has a service contract with the Company, although Directors have a letter of appointment. Directors do not receive exit payments and are not provided with any compensation for loss of office. No other payments are made to Directors other than the reimbursement of reasonable out-of-pocket expenses incurred in attending to the Company's business.

Implementation of policy

The terms of Directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the AGM at the location of such meeting.

The Board did not seek the views of shareholders in setting this remuneration policy. Any comments on the policy received from shareholders would be considered on a case by case basis.

As the Company does not have any employees, no employee pay and employment conditions were taken into account when setting this Remuneration Policy and no employees were consulted in its construction.

Directors' fees are reviewed annually and take into account research from third parties on the fee levels of Directors of peer group companies, inflation, as well as industry norms and factors affecting the time commitment expected of the Directors. New Directors are subject to the provisions set out in this remuneration policy.

Directors' annual report on remuneration

This report sets out how the remuneration policy was implemented during the year ended 30 September 2024.

Consideration of matters relating to Directors' remuneration

Directors' remuneration was last reviewed by the Remuneration Committee in September 2024. Although no external advice was sought in considering the levels of Directors' fees, information on fees paid to Directors of other investment trusts managed by Schroders and peer group companies was provided by the Manager and corporate broker and was taken into consideration.

Following this review, the Remuneration Committee recommended that with effect from 1 October 2024 the fees be increased by 4% (rounded to the nearest £250) such that, Chair's annual fee be increased to £43,750, the Chair of the Audit and Risk Committee's annual fee be increased to £35,500 and the annual fee for non-executive Directors be increased to £29,500.

The terms of Directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the AGM at the location of such meeting.

Fees paid to Directors

The following amounts were paid by the Company to directors for their services in respect of the year ended 30 September 2024 and the preceding financial year. Directors' remuneration is all fixed; they do not receive any variable remuneration. The performance of the Company over the financial year is presented on the inside front cover, under the heading "performance summary".

	Fees		Taxable benefits[1]		Total	
Director	2024 £	2023 £	2024 £	2023 £	2024 £	2023 £
Robert Talbut (Chair)	**42,000**	40,000	**–**	302	**42,000**	40,302
Wendy Colquhoun	**28,350**	27,000	**3,533**	1,759	**31,883**	28,759
Helen Galbraith	**31,593**	27,000	**–**	–	**31,593**	27,000
Andrew Page[2]	**15,006**	32,500	**1,456**	–	**16,462**	32,500
Harry Morley[3]	**28,350**	2,250	**572**	161	**28,922**	2,411
Total	**145,299**	128,750	**5,561**	2,222	**150,860**	130,972

[1]Comprise amounts reimbursed for expenses incurred in carrying out business for the Company, and which have been grossed up to include PAYE and NI contributions.
[2]Retired from the board on 8 March 2024.
[3]Appointed as a Director on 1 September 2023.

The information in the above table has been audited.

Change in annual remuneration payable

Directors	2024 %	2023 %	2022 %	2021 %	2020 %
Robert Talbut (Chair)	**4.2**	3.6	18.6	29.0	4.1
Wendy Colquhoun	**10.9**	7.4	7.1	33.3	N/a
Helen Galbraith	**17.0**	115.3	N/a	N/a	N/a
Andrew Page[1]	**N/a**	4.0	4.2	(0.3)	3.8
Harry Morley[2]	**1,099.6**	N/a	N/a	N/a	N/a
Clare Dobie[3]	**N/a**	N/a	N/a	(0.6)	3.6
Robert Rickman[4]	**N/a**	N/a	N/a	N/a	(61.1)
Eric Sanderson[5]	**N/a**	N/a	N/a	(64.5)	(4.5)

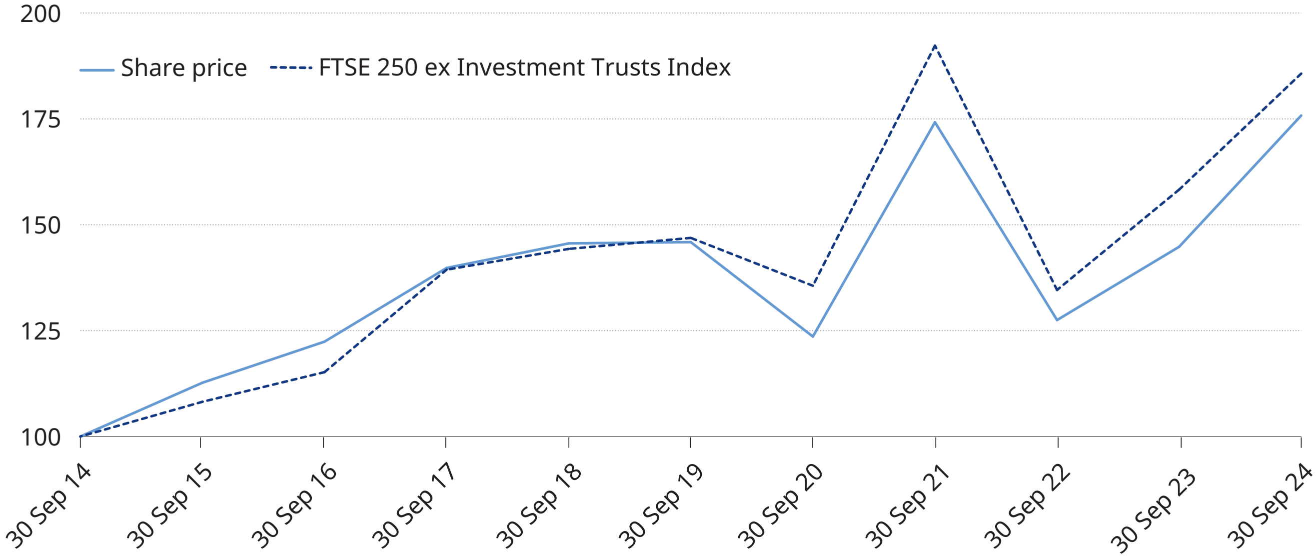
[1]Retired from the board on 8 March 2024.
[2]Appointed as a Director on 1 September 2023.
[3]Retired from the board on 15 September 2022.
[4]Retired from the board on 28 January 2020.
[5]Retired from the board on 8 February 2021.

The table below compares the remuneration payable to Directors, to distributions made to shareholders during the year under review and the prior period. In considering these figures, shareholders should take into account the Company's investment objective.

Distributions to shareholders vs Directors' remuneration

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000	% Change
Remuneration payable to Directors	**151**	131	15.3
Distributions paid to shareholders			
Dividends	**7,262**	6,743	
Total distributions paid to shareholders	**7,262**	6,743	7.7

10 Year share price and Benchmark total returns[1]



[1]Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2014. Definitions of terms and Alternative Performance Measures are given on pages 68 and 69.

Directors' share interests (audited)

The Company's Articles of Association do not require Directors to own shares in the Company. The interests of Directors, including those of connected persons, at the beginning and end of the financial year under review are set out below.

	At 30 September 2024	At 30 September 2023
Robert Talbut	8,176	8,176
Wendy Colquhoun	2,000	2,000
Helen Galbraith	5,500	5,500
Harry Morley	17,500	9,000
Andrew Page[1]	23,128	23,128

[1]Andrew Page retired on 8 March 2024.

There have been no changes since the year end.

Harry Morley
Chair of the Remuneration Committee
27 November 2024

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard ("FRS") 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the return or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions in FRS 102, used in the preparation of the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Manager is responsible for the maintenance and integrity of the web pages dedicated to the Company. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement

Each of the Directors, whose names and functions are listed on pages 28 and 29, confirm that to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Strategic Report contained in the report and financial statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal and emerging risks and uncertainties that it faces; and
- the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Robert Talbut
Chair

27 November 2024

Financial

Financial

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Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Schroder UK Mid Cap Fund Plc (the 'Company') for the year ended 30 September 2024 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board of Directors on 19 July 2024 to audit the financial statements for the year ended 30 September 2024 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 1 year, covering the year ended 30 September 2024. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing the going concern in light of economic and market conditions by reviewing the information used by the Directors in completing their assessment;
- Assessing the appropriateness of the Directors' assumptions and judgements made in their stress tested forecasts including consideration of the available cash resources relative to forecast expenditure and commitments;
- Performing an independent analysis of the liquidity of the portfolio;
- Reviewing the loan agreements to identify the covenants and assessing the likelihood of them being breached based on the Directors' forecasts and our sensitivity analysis; and
- Assessing the completeness and accuracy of the going concern disclosures.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview

		2024
Key audit matters	Valuation and ownership of listed investments.	✓
	We were appointed by the Board of Directors on 19 July 2024 to audit the financial statements for the year ended 30 September 2024. This is our first auditor's report and accordingly, prior year information has not been included.	
Materiality	*Company financial statements as a whole* £2.4 million based on 1% of Net assets.	
	We were appointed by the Board of Directors on 19 July 2024 to audit the financial statements for the year ended 30 September 2024. This is our first auditor's report and accordingly, prior year information has not been included.	

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation and ownership of listed investments (Note 1 and 10)	The investment portfolio at the year-end comprised of listed equity investments held at fair value through profit or loss as disclosed in Note 10. There is a risk that the prices used for the listed investments held by the Company are not reflective of fair value. There is also a risk of error in the recording of investment holdings such that those recorded do not appropriately reflect the investments owned by the Company. We considered the valuation and ownership of investments to be a significant audit area as investments represent the most significant balance in the financial statements and underpins the principal activity of the entity. For these reasons, we considered this to be a key area for our overall audit strategy and allocation of our resources and hence a Key Audit Matter.	We responded to this matter by testing the valuation and ownership of the whole portfolio of listed investments. We performed the following procedures: – Confirmed the year-end bid price used by agreeing to externally quoted prices; – Assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings; – Recalculated the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share; and • Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date. **Key observations:** Based on our procedures performed we did not identify any matters to suggest the valuation or ownership of the listed investments was not appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements[1]
	2024 £m
Materiality	2.4
Basis for determining materiality	1% of Net assets
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.
Performance materiality	1.7
Basis for determining materiality	70% of materiality
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements, the level of transactions in the year and given this is a first-year audit.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £121k. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

[1]We were appointed by the Board of Directors on 19 July 2024 to audit the financial statements for the year ended 30 September 2024. This is our first auditor's report and accordingly, prior year information has not been included.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The UK Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit.

Going concern and longer-term viability	– The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 25; and – The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 25.
Other Code provisions	– Directors' statement on fair, balanced and understandable set out on page 43; – Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 22 to 24; – The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 22; and – The section describing the work of the Audit and Risk Committee set out on pages 22 to 35.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: – the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and – the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: – adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or – the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or – certain disclosures of Directors' remuneration specified by law are not made; or – we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

– Our understanding of the Company and the industry in which it operates;

– Discussion with the Investment Manager, the Administrator and Those Charged With Governance; and

– Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

Our procedures in respect of the above included:

– Agreement of the financial statement disclosures to underlying supporting documentation;

– Enquiries of management and Those Charged With Governance relating to the existence of any non-compliance with laws and regulations;

– Reviewing minutes of meeting of those charged with governance throughout the period for instances of non-compliance with laws and regulations; and

– Reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust Status. This included a review of other qualitative factors and ensuring compliance with these.

Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud.

Our risk assessment procedures included:

– Enquiry with the Investment Manager, the Administrator and Those Charged With Governance regarding any known or suspected instances of fraud;

– Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud; and

– Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to be management override of controls.

Our procedures in respect of the above included:

– In addressing the risk of management override of control, we:

  o Performed a review of estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias;

  o Considered the opportunity and incentive to manipulate accounting entries and target tested relevant adjustments made in the period end financial reporting process;

  o Reviewed for significant transactions outside the normal course of business; and

  o Performed a review of unadjusted audit differences, if any, for indications of bias or deliberate misstatement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, who were all deemed to have the appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non- compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith *(Senior statutory auditor)*
for and on behalf of BDO LLP, Statutory Auditor
London, UK

27 November 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income
for the year ended 30 September 2024

	Note	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Gains on investments held at fair value through profit or loss	2	–	31,395	31,395	–	26,716	26,716
Income from investments	3	8,614	–	8,614	9,024	298	9,322
Other interest receivable and similar income	3	123	–	123	140	–	140
Gross return		**8,737**	**31,395**	**40,132**	**9,164**	**27,014**	**36,178**
Investment management fee	4	(495)	(1,155)	(1,650)	(451)	(1,053)	(1,504)
Administrative expenses	5	(738)	–	(738)	(601)	–	(601)
Net return before finance costs and taxation		**7,504**	**30,240**	**37,744**	**8,112**	**25,961**	**34,073**
Finance costs	6	(402)	(937)	(1,339)	(270)	(630)	(900)
Net return before taxation		**7,102**	**29,303**	**36,405**	**7,842**	**25,331**	**33,173**
Taxation	7	–	–	–	–	–	–
Net return after taxation		**7,102**	**29,303**	**36,405**	**7,842**	**25,331**	**33,173**
Return per share (pence)	9	**20.54**	**84.74**	**105.28**	**22.68**	**73.25**	**95.93**

The "Total" column of this statement is the profit and loss account of the Company. The "Revenue" and "Capital" columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no other items of other comprehensive income, and therefore the net return after taxation is also the total comprehensive income for the year.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The notes on pages 53 to 62 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 30 September 2024

	Note	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2022		9,036	13,971	220	2,184	7,233	145,629	9,120	187,393
Net return after taxation		–	–	–	–	–	25,331	7,842	33,173
Dividends paid in the year	8	–	–	–	–	–	–	(6,743)	(6,743)
At 30 September 2023		9,036	13,971	220	2,184	7,233	170,960	10,219	213,823
Net return after taxation		–	–	–	–	–	29,303	7,102	36,405
Dividends paid in the year	8	–	–	–	–	–	–	(7,262)	(7,262)
At 30 September 2024		**9,036**	**13,971**	**220**	**2,184**	**7,233**	**200,263**	**10,059**	**242,966**

The notes on pages 53 to 62 form an integral part of these financial statements.

Statement of Financial Position
at 30 September 2024

	Note	2024 £'000	Restated 2023 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	261,421	227,950
Current assets			
Debtors	11	7,469	2,515
Current asset investments*	12	116	4,438
Cash at bank and in hand*		1,845	934
		9,430	**7,887**
Current liabilities			
Creditors: amounts falling due within one year	13	(27,885)	(22,014)
Net current liabilities		**(18,455)**	**(14,127)**
Total assets less current liabilities		**242,966**	**213,823**
Net assets		**242,966**	**213,823**
Capital and reserves			
Called-up share capital	14	9,036	9,036
Share premium	15	13,971	13,971
Capital redemption reserve	15	220	220
Merger reserve	15	2,184	2,184
Share purchase reserve	15	7,233	7,233
Capital reserves	15	200,263	170,960
Revenue reserve	15	10,059	10,219
Total equity shareholders' funds		**242,966**	**213,823**
Net asset value per share (pence)	16	**702.60**	**618.32**

*For details of the prior period restatement, please refer to note 1(l).

These financial statements were approved and authorised for issue by the board of directors on 27 November 2024 and signed on its behalf by:

Robert Talbut
Chair

The notes on pages 53 to 62 form an integral part of these financial statements.

Registered in England and Wales as a public company limited by shares
Company registration number: SC082551

1. Accounting policies

(a) Basis of accounting

Schroder UK Mid Cap Fund plc ("the Company") is registered in Scotland as a public company limited by shares. The Company's registered office is 9 Haymarket Square, Edinburgh EH3 8FY.

The financial statements are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), in particular in accordance with Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP") issued by the Association of Investment Companies in July 2022. All of the Company's operations are of a continuing nature.

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments held at fair value through profit or loss. The directors believe that the Company has adequate resources to continue operating for at least 12 months from the date of approval of these financial statements. In forming this opinion, the directors have taken into consideration: stress testing prepared by the Manager which modelled a 50% decline in valuation of investments and investment income and demonstrated the Company's ability to comply with the covenants of its borrowing agreements and pay its operating expenses; the controls and monitoring processes in place; the Company's level of debt and other payables; the low level of operating expenses, comprising largely variable costs which would reduce pro-rata in the event of a market downturn; and that the Company's assets comprise cash and readily realisable securities quoted in active markets. In forming this opinion, the directors have also considered the loan currently in place which expires on 26 February 2025. Further details of directors' considerations regarding this are given in the Chair's Statement, Portfolio Managers' Review, Going Concern Statement, Viability Statement and under the Principal and emerging risks and uncertainties heading on page 22.

The Company has not presented a statement of cash flows, as it is not required for an investment fund whose investments are highly liquid, carried at market value and which presents a statement of changes in equity. The financial statements are presented in sterling and amounts have been rounded to the nearest thousand.

The accounting policies applied to these financial statements are consistent with those applied in the financial statements for the year ended 30 September 2023.

No significant judgements, estimates or assumptions have been required in the preparation of the financial statements for the current or preceding financial year.

(b) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment objective and information is provided internally on that basis to the Company's board of directors. Accordingly, upon initial recognition the investments are designated by the Company as "held at fair value through profit or loss". They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices.

Any investments that are unlisted or not actively traded would be valued using a variety of techniques to determine their fair value; any such valuations would be reviewed by both the AIFM's fair value pricing committee and by the directors.

All purchases and sales are accounted for on a trade date basis.

(c) Accounting for reserves

Gains and losses on sales of investments and increases and decreases in the valuation of investments are included in the statement of comprehensive income and in capital reserves within "gains on investments held at fair value through profit or loss".

(d) Income

Dividends receivable are included in revenue on an ex-dividend basis except where, in the opinion of the board, the dividend is capital in nature, in which case it is included in capital.

Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

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

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to the revenue column of the Income Statement with the following exceptions:

– The management fee is allocated 30% to revenue and 70% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.
– Expenses incidental to the purchase and sale of investments are written off to capital at the time of the transaction.

These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty.

Details of transaction costs are given in note 10 on page 56.

(f) Finance costs

Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest method and in accordance with FRS 102.

Finance costs are allocated 30% to revenue and 70% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

1. Accounting policies continued

(g) Financial instruments

Cash at bank and in hand compromises cash held in the bank. Current asset investments comprise investments in money market funds and highly liquid investments which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Other debtors and creditors do not carry any interest, are short-term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Bank loans and overdrafts are initially measured at fair value and subsequently at amortised cost. They are recorded at the proceeds received net of direct issue costs.

(h) Taxation

The tax charge for the year is based on amounts expected to be received or paid.

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date.

Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised.

Tax relief is allocated to expenses charged to the capital column of the Income Statement on the "marginal basis". On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to the capital column.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the accounting date and is measured on an undiscounted basis.

(i) Value added tax ("VAT")

Expenses are disclosed inclusive of the related irrecoverable VAT.

(j) Dividends payable

In accordance with FRS 102, the final dividend is included in the financial statements in the year in which it is approved by shareholders.

(k) Repurchases of shares into treasury and subsequent reissues

The cost of repurchasing shares into treasury, including the related stamp duty and transaction costs is dealt with in the Statement of Changes in Equity and charged to "Share purchase reserve". Share repurchase transactions are accounted for on a trade date basis.

The sales proceeds of treasury shares reissued are treated as a realised profit up to the amount of the purchase price of those shares and is transferred to capital reserves. The excess of the sales proceeds over the purchase price is transferred to "share premium".

(l) Prior Period Adjustment

Cash at bank and in hand in the Balance Sheet has been restated to exclude investments in money market funds of £4.4 million for the year ended 30 September 2023 and disclose them separately as current asset investments, to conform with those required by the Companies Act – Statutory format of the Balance Sheet. As such cash at bank and in hand for the year ended 30 September 2023 has decreased by £4.4 million, and current asset investments have increased by the same amount. There is no impact on other line items in the Balance Sheet nor on total current assets.

2. Gains on investments held at fair value through profit or loss

	2024 £'000	2023 £'000
Gains/(losses) on sales of investments based on historic cost	4,542	(1,032)
Amounts recognised as investment losses/(gains) in the previous year in respect of investments sold in the year	5,878	9,922
Gains on sales of investments based on the carrying value at the previous balance sheet date	**10,420**	**8,890**
Unrealised gain recognised in respect of investments continuing to be held	20,975	17,826
Gains on investments held at fair value through profit or loss	**31,395**	**26,716**

3. Income

	2024 £'000	2023 £'000
Revenue:		
Income from investments:		
UK dividends	8,247	8,606
UK property income distributions	359	418
Other income	8	–
	8,614	**9,024**
Other interest receivable and similar income:		
Deposit interest	123	140
	8,737	**9,164**
Capital:		
Special dividends allocated to capital	–	298

4. Investment management fee

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Management fee	**495**	**1,155**	**1,650**	**451**	**1,053**	**1,504**

The bases for calculating the investment management fee and performance fee are set out in the Directors' Report on page 31 and details of all amounts payable to the Manager are given in note 17 on page 58.

5. Administrative expenses

	2024 £'000	2023 £'000
Other administrative expenses	351	238
Secretarial fee	176	162
Directors' fees	145	129
Auditor's remuneration for audit services[1]	66	72
	738	**601**

[1]Includes £11,000 (2023: £12,000) irrecoverable VAT. No amounts are payable to the auditor for non-audit services.

6. Finance costs

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Interest on bank loans and overdrafts	**402**	**937**	**1,339**	**270**	**630**	**900**

7. Taxation

(a) Analysis of tax charge for the year

	2024 £'000	2023 £'000
Taxation for the year	**–**	**–**

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2023: lower) than the Company's applicable rate of corporation tax in for the year of 25% (2023: 22%) The factors affecting the current tax charge for the year are as follows:

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Net return/(loss) on ordinary activities before taxation	7,102	29,303	36,405	7,842	25,331	33,173
Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 25% (2023: 22%)	1,775	7,326	9,101	1,725	5,573	7,298
Effects of:						
Capital returns on investments	–	(7,849)	(7,849)	–	(5,877)	(5,877)
Income not chargeable to corporation tax	(2,062)	–	(2,062)	(1,893)	(66)	(1,959)
Unrelieved expenses	287	523	810	168	370	538
Taxation for the year	**–**	**–**	**–**	**–**	**–**	**–**

(c) Deferred tax

At 30 September 2024, the Company had surplus management expenses of £37,833,000 (2023: £35,832,000) and a non-trade loan relationship deficit of £5,278,000 (2023: £4,041,000). A deferred tax asset has not been recognised in respect of these losses because the investment portfolio of the Company is not expected to generate taxable income in future periods in excess of the deductible expenses of those future periods and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing tax losses.

Accordingly, the deferred tax asset has been calculated based on the corporation tax rate in effect from 1 April 2023 of 25%, as enacted by the Finance Act 2021.

Given the Company's intention to meet the conditions required to retain its status as an Investment Trust Company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends

(a) Dividends paid and declared

	2024 £'000	2023 £'000
2023 final dividend of 15.0p (2022: 14.0p)	5,187	4,841
Interim dividend of 6.0p (2023: 5.5)	2,075	1,902
Total dividends paid in the year	**7,262**	**6,743**

	2024 £'000	2023 £'000
2024 final dividend declared of 15.5p (2023: 15.0p)	**5,360**	**5,187**

(b) Dividends for the purposes of Section 1158 of the Corporation Tax Act 2010 ("Section 1158")

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year as shown below. The revenue available for distribution by way of dividend for the year is £7,102,000 (2023: £7,842,000).

	2024 £'000	2023 £'000
Interim dividend of 6.0p (2023: 5.5p)	2,075	1,902
Final dividend of 15.5p (2023: 15.0p)	5,360	5,187
Total dividends paid in the year	**7,435**	**7,089**

9. Return per share

	2024 £'000	2023 £'000
Revenue return	7,102	7,842
Capital return	29,303	25,331
Total return	**36,405**	**33,173**
Weighted average number of shares in issue during the year	34,581,190	34,581,190
Revenue return per share (pence)	20.54	22.68
Capital return per share (pence)	84.74	73.25
Total return per share (pence)	**105.28**	**95.93**

10. Investments held at fair value through profit or loss

	2024 £'000	2023 £'000
Opening book cost	215,960	223,047
Opening investment holding gains/(losses)	11,990	(15,758)
Opening fair value	**227,950**	**207,289**
Analysis of transactions made during the year		
Purchases at cost	90,533	57,741
Sales proceeds	(88,457)	(63,796)
Gains on investments held at fair value	31,395	26,716
Closing fair value	**261,421**	**227,950**
Closing book cost	222,578	215,960
Closing investment holding gains	38,843	11,990
Closing fair value	**261,421**	**227,950**

Sales proceeds amounting to £88,457,000 (2023: £63,796,000) were received from disposals of investments in the year. The book cost of these investments when they were purchased was £83,914,000 (2023: £64,828,000). These investments have been revalued over time and until they were sold any unrealised gains and losses were included in the fair value of the investments.

All investments are listed on a recognised stock exchange.

The following transaction costs, comprising stamp duty and brokerage commission were incurred during the year:

	2024 £'000	2023 £'000
On acquisitions	409	305
On disposals	43	31
	452	**336**

11. Debtors

	2024 £'000	2023 £'000
Securities sold awaiting settlement	6,907	1,688
Dividends and interest receivable	552	813
Other debtors	10	14
	7,469	**2,515**

12. Current asset investments

	2024 £'000	2023 £'000
Money market funds	116	4,438
	116	**4,438**

As at 30 September 2024, the Company held HSBC Sterling Liquidity fund with a market value of £116,000 (30 September 2023: £4,438,000).

13. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Bank loan	25,000	20,000
Securities purchased awaiting settlement	1,815	1,465
Other creditors and accruals	1,070	549
	27,885	**22,014**

The bank loan comprises a £30 million revolving credit facility agreement with Bank of Nova Scotia, London Branch expiring on 26 February 2025, of which, £25 million has been drawn down. This revolving credit facility was amended to £30 million on the 27 February 2024, and replaced the £10 million one-year term loan from Bank of Nova Scotia, London Branch which expired on 27 February 2024.

The directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

14. Called-up share capital

	2024 £'000	2023 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 25p each:		
Opening balance of 34,581,190 (2023: 34,581,190) shares, excluding shares held in treasury	8,645	8,645
Subtotal of 34,581,190 (2023: same) shares	**8,645**	**8,645**
1,562,500 (2023: same) shares held in treasury	391	391
Closing balance[1]	**9,036**	**9,036**

[1] Represents 36,143,690 (2023: same) shares of 25p each, including 1,562,500 (2023: same) shares held in treasury.

15. Reserves

Year ended 30 September 2024	Share premium[1] £'000	Capital redemption reserve[1] £'000	Merger reserve[1] £'000	Capital reserves: Share purchase reserve[2] £'000	Capital reserves: Gains and losses on sales of investments[2] £'000	Capital reserves: Investment holding gains and losses[3] £'000	Revenue reserve[4] £'000
Opening balance at 30 September 2023	13,971	220	2,184	7,233	158,970	11,990	10,219
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	10,420	–	–
Net movement in investment holding gains and losses	–	–	–	–	–	20,975	–
Transfer on disposal of investments	–	–	–	–	(5,878)	5,878	–
Management fee allocated to capital	–	–	–	–	(1,155)	–	–
Finance costs allocated to capital	–	–	–	–	(937)	–	–
Dividends paid	–	–	–	–	–	–	(7,262)
Retained revenue for the year	–	–	–	–	–	–	7,102
Closing balance at 30 September 2024	**13,971**	**220**	**2,184**	**7,233**	**161,420**	**38,843**	**10,059**

Year ended 30 September 2023	Share premium[1] £'000	Capital redemption reserve[1] £'000	Merger reserve[1] £'000	Capital reserves: Share purchase reserve[2] £'000	Capital reserves: Gains and losses on sales of investments[2] £'000	Capital reserves: Investment holding gains and losses[3] £'000	Revenue reserve[4] £'000
Opening balance at 30 September 2022	13,971	220	2,184	7,233	161,387	(15,758)	9,120
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	8,890	–	–
Net movement in investment holding gains and losses	–	–	–	–	–	17,826	–
Transfer on disposal of investments	–	–	–	–	(9,922)	9,922	–
Management fee allocated to capital	–	–	–	–	(1,053)	–	–
Special dividend allocated to capital	–	–	–	–	298	–	–
Finance costs allocated to capital	–	–	–	–	(630)	–	–
Dividends paid	–	–	–	–	–	–	(6,743)
Retained revenue for the year	–	–	–	–	–	–	7,842
Closing balance at 30 September 2023	**13,971**	**220**	**2,184**	**7,233**	**158,970**	**11,990**	**10,219**

[1]These reserves are not distributable. The "Merger reserve" represents the premium over the nominal value of shares issued following a merger in 1989.

[2]These are realised (distributable) capital reserves which may be used to repurchase the Company's own shares or distributed as dividends. The "Share purchase reserve" is for the purpose of financing share buy-backs and was created following the cancellation of the "Warrant reserve" in 2003.

[3]This reserve comprises holding gains on liquid investments (which may be deemed to be realised) and other amounts which are unrealised. An analysis has not been made between those amounts that are realised (and may be distributed as dividends or used to repurchase the Company's own shares) and those that are unrealised.

[4]The revenue reserve may be distributed as dividends or used to repurchase the Company's own shares.

16. Net asset value per share

	2024	2023
Net assets attributable to the Ordinary shareholders (£'000)	242,966	213,823
Shares in issue at the year end, excluding shares held in treasury	34,581,190	34,581,190
Net asset value per share	702.60p	618.32p

17. Transactions with the Manager

Under the terms of the AIFM Agreement, the Manager is entitled to receive a management fee and a company secretarial fee. Details of the basis of these calculations are given in the Directors' Report on page 31. Any investments in funds managed or advised by the Manager or any of its associated companies, are excluded from the assets used for the purpose of the management fee calculation and therefore incur no fee.

The management fee payable in respect of the year ended 30 September 2024 amounted to £1,650,000. (2023: £1,504,000) of which £854,000 (2023: £374,000) was outstanding at the year end. The secretarial fee payable for the year amounted to £176,000 (2023: £162,000) including VAT, of which £88,000 (2023: £41,000) was outstanding at the year end.

No director of the Company served as a director of any member of the Schroder Group, at any time during the year.

18. Related party transactions

Details of the remuneration payable to directors are given in the Remuneration Report on page 41 and details of directors' shareholdings are given on page 42. Details of transactions with the Manager are given in note 17 above. There have been no other transactions with related parties during the year (2023: nil).

19. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio.

FRS 102 requires that financial instruments held at fair value are categorised into a hierarchy consisting of the three levels below. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement.

Level 1: valued using unadjusted quoted prices in an active market for identical assets.

Level 2: valued using inputs other than quoted prices included within Level 1, that are observable (ie developed using market data).

Level 3: valued using inputs that are unobservable (ie for which market data is unavailable).

Details of the Company's valuation policy are given in note 1(b) on page 53.

At 30 September 2024, the Company's investments were all categorised in Level 1 (2023: same).

20. Financial instruments' exposure to risk and risk management policies

The Company's investment objective is to invest in mid-cap equities with the aim of providing a total return in excess of the FTSE 250 (ex-Investment Companies) Index. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These financial risks include market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk. The directors' policy for managing these risks is set out below. The Board coordinates the Company's risk management policy. The Company has no significant exposure to foreign exchange risk.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's classes of financial instruments are as follows:

– investments in shares which are held in accordance with the Company's investment objective;
– short-term debtors, creditors and cash arising directly from its operations; and
– sterling revolving credit facilities with Bank of Nova Scotia, the purpose of which are to assist with financing the Company's operations.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises two elements: interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these two elements of market risk is given in parts (i) and (ii) of this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on any variable rate borrowings when interest rates are re-set.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Board's policy is to permit gearing up to 25%, where gearing is defined as borrowings used for investment purposes less cash, expressed as a percentage of net assets.

Interest rate exposure

The exposure of financial assets and financial liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below:

	2024 £'000	2023 £'000
Exposure to floating interest rates:		
Cash at bank and in hand and current asset investments	1,961	5,372
Total exposure	**1,961**	**5,372**

Cash balances earn interest at a floating rate based on the Sterling Overnight Index Average.

The Company's 366 day, £30 million credit facility with The Bank of Nova Scotia, London Branch expires on 26 February 2025.

The facility is unsecured but subject to covenants and restrictions which are customary for a facility of this nature.

20. Financial instruments' exposure to risk and risk management policies continued

(a) Market risk continued

(i) Interest rate risk continued

Interest rate exposure continued

Interest is payable at a rate of Sterling Overnight Interest Average (2023 same), or its replacement reference rate, as quoted in the market for the loan period, plus a margin, plus Mandatory Costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. At 30 September 2024, the Company had drawn down £25 million.

The above year end amounts are not representative of the exposure to interest rates during the year due to fluctuations in the level of cash and cash asset investment balances. The maximum and minimum exposure during the year was as follows:

	2024 £'000	2023 £'000
Minimum interest rate exposure during the year – net debt	(16,803)	(9,957)
Maximum interest rate exposure during the year – net debt	(23,927)	(20,796)

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1.0% (2023: 1.0%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the accounting date with all other variables held constant.

	2024		2023	
	1.0% increase in rate £'000	1.0% decrease in rate £'000	1.0% increase in rate £'000	1.0% decrease in rate £'000
Income statement – return after taxation				
Revenue return	20	(20)	54	(54)
Capital return	–	–	–	–
Total return after taxation	20	(20)	54	(54)
Net assets	**20**	**(20)**	**54**	**(54)**

In the opinion of the directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances and drawings on the credit facility.

(ii) Other price risk

Other price risk includes changes in market prices, other than those arising from interest rate risk, which may affect the value of investments.

Management of market price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Market price risk exposure

The Company's total exposure to changes in market prices at 30 September comprises the following:

	2024 £'000	2023 £'000
Investments held at fair value through profit or loss	**261,421**	**227,950**

The above data is broadly representative of the exposure to market price risk during the year.

Concentration of exposure to market price risk

An analysis of the Company's investments is given on page 13. The Company's investments are all listed in the United Kingdom. Accordingly there is a concentration of exposure to this country. However it should be noted that an investment may not be entirely exposed to the economic conditions in its country of listing.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 20% (2023: 20%) in the fair values of the Company's investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's exposure through its investments and includes the impact on the management fee, but assumes that all other variables are held constant.

	2024		2023	
	20% increase in fair value £'000	20% decrease in fair value £'000	20% increase in fair value £'000	20% decrease in fair value £'000
Income statement – return after taxation				
Revenue return	(102)	102	(89)	89
Capital return	52,046	(52,046)	45,382	(45,382)
Total return after taxation and net assets	51,944	(51,944)	45,293	(45,293)
Percentage change in net asset value	**21.4**	**(21.4)**	**21.2**	**(21.2)**

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of the risk

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary.

Liquidity risk exposure

Contractual maturities of financial liabilities, based on the earliest date on which payment can be required are as follows:

	2024		2023	
	Within one year £'000	Total £'000	Within one year £'000	Total £'000
Creditors: amounts falling due within one year				
Securities purchased awaiting settlement	1,815	1,815	1,465	1,465
Other creditors and accruals	1,070	1,070	542	542
Other payables: drawings on the revolving credit facility (including interest)	26,625	26,625	20,530	20,530
Total liquidity risk	**29,510**	**29,510**	**22,537**	**22,537**

(c) Credit risk

Credit risk is the risk that the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in loss to the Company.

Management of credit risk

This risk is not significant and is managed as follows:

Portfolio dealing

The Company invests in markets that operate a "Delivery Versus Payment" settlement process which mitigates the risk of losing the principal of a trade during settlement. The Manager continuously monitors dealing activity to ensure best execution, which involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparties must be pre-approved by the Manager's credit committee.

Exposure to the Custodian

The custodian of the Company's assets is HSBC Bank plc which has Long-Term Credit Ratings of AA– with Fitch and Aa3 with Moody's. The Company's investments are held in accounts which are segregated from the custodian's own trading assets. If the custodian were to become insolvent, the Company's right of ownership of its investments is clear and they are therefore protected. However the Company's cash balances are all deposited with the custodian as banker and held on the custodian's balance sheet. Accordingly, in accordance with usual banking practice, the Company will rank as a general creditor to the custodian in respect of cash balances.

Credit risk exposure

The following amounts shown in the Statement of Financial Position, represent the maximum exposure to credit risk at the current and comparative year end.

	2024		2023	
	Balance sheet £'000	Maximum exposure £'000	Balance sheet £'000	Maximum exposure £'000
Current assets				
Debtors – securities sold awaiting settlement, dividends and interest receivable and other debtors	7,469	7,459	2,515	2,501
Cash at bank and in hand and current asset investments	1,961	1,961	5,372	5,372
Total credit risk	**9,430**	**9,420**	**7,887**	**7,873**

No debtors are past their due date and none have been written down or deemed to be impaired.

20. Financial instruments' exposure to risk and risk management policies continued

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either carried in the Statement of Financial Position at fair value or the amount is a reasonable approximation of fair value.

21. Capital management policies and procedures

The Company's objectives, policies and processes for managing capital are unchanged from the preceding year.

The Company's debt and capital structure comprises the following:

	2024 £'000	2023 £'000
Debt		
Bank loan	25,000	20,000
Equity		
Called-up share capital	9,036	9,036
Reserves	233,930	204,787
	242,966	**213,823**
Total debt and equity	**267,966**	**233,823**

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise the capital return to its equity shareholders through an appropriate level of gearing.

The Board's policy is to permit gearing up to 25% where gearing is defined as borrowings used for investment purposes less cash, expressed as a percentage of net assets. If the figure so calculated were to be negative, this would be shown as a "net cash" position.

	2024 £'000	2023 £'000
Borrowings used for investment purposes, less Cash at bank and in hand and current asset investments	23,039	14,628
Net assets	242,966	213,823
Gearing	9.5%	6.8%

The board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Manager's views on the market;
- the need to buy back the Company's own shares for cancellation or to hold in treasury, which takes into account the share price discount;
- the opportunities for issues of new shares; and
- the amount of dividends to be paid, in excess of that which is required to be distributed.

Other Information (unaudited)

Other Information (unaudited)

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The Annual General Meeting ("AGM") of the Company will be held on Monday, 24 February 2025 at 1.00 pm. The formal Notice of Meeting is set out on page 65.

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in the Company, please forward this document with its accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Ordinary business

Resolutions 1 to 9 are all proposed as ordinary resolutions

Resolution 1 is a required resolution. Resolution 2 invites shareholders to approve the final dividend. Resolutions 3 concerns the Directors' Remuneration Report, on pages 40 to 42. Resolutions 4 to 6 invite shareholders to re-elect each of the Directors who have put themselves forward for re-election for another year, following the recommendations of the Nomination Committee, set out on page 38 (their biographies are set out on pages 28 and 29). Resolutions 7 and 8 concern the appointment and remuneration of the Company's auditor, discussed in the Audit and Risk Committee Report on pages 33 to 35.

Special business

Resolution 9: Directors' authority to allot shares (ordinary resolution) and resolution 10 – power to disapply pre-emption rights (special resolution)

The Directors are seeking authority to allot a limited number of unissued ordinary shares for cash without first offering them to existing shareholders in accordance with statutory preemption procedures.

Appropriate resolutions will be proposed at the forthcoming AGM and are set out in full in the Notice of AGM. An ordinary resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £864,529.75 (being 10% of the issued share capital (excluding any shares held in treasury) as at the date of the Notice of the AGM). A special resolution will also be proposed to give the Directors authority to allot securities for cash on a non preemptive basis up to a maximum aggregate nominal amount of £864,529.75 (being 10% of the Company's issued share capital (excluding any shares held in treasury) as at the date of the Notice of the AGM). This authority includes shares that the Company sells or transfers that have been held in treasury. The Board has established guidelines for treasury shares and will only reissue shares held in treasury at a price equal to or greater than the Company's NAV (inclusive of current year income) plus any applicable costs.

The Directors do not intend to allot shares pursuant to these authorities other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company's existing shareholders to do so and when it would not result in any dilution of NAV per share.

If approved, both of these authorities will expire at the conclusion of the AGM in 2026 unless renewed, varied or revoked earlier.

Resolution 11: Authority to make market purchases of the Company's own shares (special resolution)

At the AGM held on 8 March 2024, the Company was granted authority to make market purchases of up to 5,183,720 ordinary shares of 25p each for cancellation or holding in treasury. No shares have been bought back into treasury under this authority and the Company therefore has remaining authority to purchase up to 5,183,720 ordinary shares. This authority will expire at the forthcoming AGM.

The Directors believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy back its ordinary shares in the market as they keep under review the share price discount to net asset value and the purchase of ordinary shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at the date of the Notice of the AGM. The Directors will exercise this authority only if the Directors consider that any purchase would be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled or held in treasury for potential reissue. If renewed, the authority to be given at the 2025 AGM will lapse at the conclusion of the AGM in 2026 unless renewed, varied or revoked earlier.

Resolution 12: Notice period for general meetings (special resolution)

Resolution 12 set out in the Notice of AGM is a special resolution and will, if passed, allow the Company to hold general meetings (other than annual general meetings) on a minimum notice period of 14 clear days, rather than 21 clear days as required by the Companies Act 2006. The approval will be effective until the Company's next AGM to be held in 2026. The Directors will only call general meetings on 14 clear days' notice when they consider it to be in the best interests of the Company's shareholders and will only do so if the Company offers facilities for all shareholders to vote by electronic means and when the matter needs to be dealt with expediently.

Recommendations

The Board considers that the resolutions relating to the above items of business are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the resolutions to be proposed at the forthcoming AGM, as they intend to do in respect of their own beneficial holdings.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Schroder UK Mid Cap Fund plc will be held at 1 London Wall Place, London EC2Y 5AU on Monday, 24 February 2025 at 1.00 pm to consider the following resolutions of which resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 to 12 will be proposed as special resolutions:

1. To receive the Report of the Directors and the audited accounts for the year ended 30 September 2024.
2. To approve a final dividend of 15.5 pence per share for the financial year ended 30 September 2024.
3. To approve the Directors' Remuneration Report for the year ended 30 September 2024.
4. To re-elect Wendy Colquhoun as a Director of the Company.
5. To re-elect Helen Galbraith as a Director of the Company.
6. To re-elect Harry Morley as a Director of the Company.
7. To appoint BDO LLP as auditor to the Company.
8. To authorise the Directors to determine the remuneration of BDO LLP as auditor to the Company.
9. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

   "THAT the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to an aggregate nominal amount of £864,529.75 (being 10% of the issued ordinary share capital at the date of this Notice, excluding shares held in treasury) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company, but that the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Board may allot relevant securities in pursuance of that offer or agreement."

10. To consider and, if thought fit, to pass the following resolution as a special resolution:

    "THAT, subject to the passing of resolution 9 set out above, the Directors be and are hereby empowered, pursuant to Section 571 of the Act, to allot equity securities (including any shares held in treasury) (as defined in section 560(1) of the Act) pursuant to the authority given in accordance with section 551 of the Act by the said resolution 10 and/or where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £864,529.75 (representing 10% of the aggregate nominal amount of the share capital in issue at the date of this Notice, excluding shares held in treasury); and provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry."

11. To consider and, if thought fit, to pass the following resolution as a special resolution:

    "THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 25p each in the capital of the Company ("Shares") at whatever discount the prevailing market price represents to the prevailing net asset value per Share provided that:

    (a) the maximum number of Shares which may be purchased is 5,183,72 representing 14.99% of the Company's issued ordinary share capital as at the date of this Notice, excluding shares held in treasury;

    (b) the maximum price (exclusive of expenses) which may be paid for a Share shall not exceed the higher of;

      (i) 105% of the average of the middle market quotations for the Shares as taken from the London Stock Exchange Daily Official List for the five business days preceding the date of purchase; and

      (ii) the higher of the last independent bid and the highest current independent bid on the London Stock Exchange;

    (c) the minimum price (exclusive of expenses) which may be paid for a Share shall be 25p, being the nominal value per Share;

    (d) this authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2026 (unless previously renewed, varied or revoked by the Company prior to such date);

    (e) the Company may make a contract to purchase Shares under the authority hereby conferred which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract; and

    (f) any Shares so purchased will be cancelled or held in treasury for potential reissue."

12. To consider and, if thought fit, to pass the following resolution as a special resolution:

    "THAT, a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice."

By order of the Board

Schroder Investment Management Limited
Company Secretary

27 November 2024

9 Haymarket Square
Edinburgh
Scotland EH3 8FY

Registered Number: SC082551

1. Ordinary shareholders are entitled to attend and vote at the meeting and to appoint one or more proxies, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting.

   A proxy form is attached. If you wish to appoint a person other than the Chair as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

   Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on +44 (0) 371 384 0641, or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

   On a vote by show of hands, every ordinary shareholder who is present in person has one vote and every duly appointed proxy who is present has one vote. On a poll vote, every ordinary shareholder who is present in person or by way of a proxy has one vote for every share of which he/she is a holder.

   The "Vote Withheld" option on the proxy form is provided to enable you to abstain on any particular resolution.

   However it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.

   A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 hours before the time fixed for the meeting, or an adjourned meeting, excluding non-working days. Shareholders may also appoint a proxy to vote on the resolutions being put to the meeting electronically by going to Equiniti's Shareview website, www.shareview.co.uk, and logging in to your Shareview Portfolio. Once you have logged in, simply click 'View' on the 'My Investments' page and then click on the link to vote and follow the on-screen instructions. If you have not yet registered for a Shareview Portfolio, go to www.shareview.co.uk and enter the requested information. It is important that you register for a Shareview Portfolio with enough time to complete the registration and authentication processes. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 1.00pm on 20 February 2025. If you have any difficulties with online voting, you should contact the shareholder helpline on +44 (0) 371 384 0641.

   If an ordinary shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.

   Shareholders may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than expressly stated.

   Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the Annual General Meeting.

2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

   The statement of the rights of ordinary shareholders in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by ordinary shareholders of the Company.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of members of the Company at 6.30 p.m. on 20 February 2025, or 6.30 p.m. two days prior to the date of an adjourned meeting, excluding non-working days, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.30 p.m. on 20 February 2025 shall be disregarded in determining the right of any person to attend and vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com. A CREST message appointing a proxy (a "CREST proxy instruction") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments.

   If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 1.00 p.m. on Thursday, 20 February 2025 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them, and they will govern the electronic appointment of your proxy.

5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of his family interests in the shares of the Company, will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.

6. The biographies of the Directors offering themselves for election or re-election are set out on pages 28 and 29 of the Company's annual report and financial statements for the year ended 30 September 2024.

7. As at 27 November 2024, 36,143,690 ordinary shares of 25p each were in issue and 1,562,500 shares were held in treasury. Therefore the total number of voting rights of the Company as at 27 November 2024 was 34,581,190.

8. A copy of this Notice of Meeting, which includes details of shareholder voting rights, together with any other information as required under Section 311A of the Companies Act 2006, is available from the website dedicated to the Company: www.schroders.co.uk/ukmidcap.

9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

10. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: a) the audit of the Company's Accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the last AGM, that the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

11. Members satisfying the thresholds in section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting. A resolution may properly be moved at the Annual General Meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.

12. Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless: (i) it is defamatory of any person; or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.

13. The Company's privacy policy is available on its website: www.schroders.co.uk/ukmidcap. Shareholders can contact Equiniti for details of how Equiniti processes their personal information as part of the AGM.

The terms and performance measures below are those commonly used by investment companies to assess values, investment performance and operating costs. Numerical calculations are given where relevant. Some of the financial measures below are classified as APMs as defined by the European Securities and Markets Authority. Under this definition, APMs include a financial measure of historical financial performance or financial position, other than a financial measure defined or specified in the applicable financial reporting framework. APMs have been marked with an asterisk.

Net asset value ("NAV") per share

The NAV per share of 702.60p (2023: 618.32p) represents the net assets attributable to equity shareholders of £242,966,000 (2023: £213,823,000) divided by the number of shares in issue, excluding any shares held in treasury, of 34,581,190 (2023: 34,581,190).

The change in the NAV amounted to 13.6% (2023: 14.10%) over the year. However, this performance measure excludes the positive impact of dividends paid out by the Company during the year. When these dividends are factored into the calculation, the resulting performance measure is termed the "total return". Total return calculations and definitions are given below.

Total return*

Total return is the combined effect of any dividends paid, together with the rise or fall in the share price or NAV per share. Total return statistics enable the investor to make performance comparisons between investment companies with different dividend policies. Any dividends received by a shareholder are assumed to have been reinvested in either the assets of the Company at its NAV per share at the time the shares were quoted ex-dividend (to calculate the NAV per share total return) or in additional shares of the Company (to calculate the share price total return).

The NAV total return for the year ended 30 September 2024 is calculated as follows:

NAV at 30/9/23	618.32p
NAV at 30/9/24	702.60p

Dividend received	XD date	NAV on XD date	Factor	Cumulative factor
15.00p	15/2/2024	625.90p	1.0240	1.0240
6.00p	11/7/2024	710.57p	1.0084	1.0326

NAV total return, being the closing NAV, multiplied by the factor, expressed as a percentage change in the opening NAV	17.3%

The NAV total return for the year ended 30 September 2023 is calculated as follows:

NAV at 30/9/22	541.89p
NAV at 30/9/23	618.32p

Dividend received	XD date	NAV on XD date	Factor	Cumulative factor
14.00p	12/1/2023	652.14p	1.0215	1.0215
5.50p	13/7/2023	610.45p	1.0090	1.0307

NAV total return, being the closing NAV, multiplied by the factor, expressed as a percentage change in the opening NAV:	17.6%

The share price total return for the year ended 30 September 2024 is calculated as follows:

Share price at 30/9/23	544.00p
Share price at 30/9/24	616.00p

Dividend received	XD date	Share price on XD date	Factor	Cumulative factor
15.00p	15/2/2024	542.00p	1.0277	1.0277
6.00p	11/7/2024	632.00p	1.0095	1.0374

Share price total return, being the closing share price, multiplied by the factor, expressed as a percentage change in the opening share price:	17.5%

The share price total return for the year ended 30 September 2023 is calculated as follows:

Share price at 30/9/22	480.00p
Share price at 30/9/23	544.00p

Dividend received	XD date	Share price on XD date	Factor	Cumulative factor
14.00p	12/1/2023	560.00p	1.0250	1.0250
5.50p	13/7/2023	524.00p	1.0105	1.0358

Share price total return, being the closing share price, multiplied by the factor, expressed as a percentage change in the opening share price:	17.4%

Annualised total return*

The annualised total return is the compound annual rate of return which equates to the total return as calculated above, for a period of more than one year.

Benchmark

A measure against which the performance of an investment company is compared, or against which it sets its objective. The Company's benchmark is the FTSE 250 (ex-Investment Companies) Index.

Discount/premium*

The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. If the shares are trading at a discount, investors would be paying less than the value attributable to the shares by reference to the underlying assets. A premium or discount is generally the consequence of supply and demand for the shares on the stock market. The discount of premium is expressed as a percentage of the NAV per share.

The discount at the year end amounted to 12.3% (2023: 12.0%), as the closing share price at 616.00p (2023: 544.00p) was lower than the closing NAV of 702.60p (2023: 618.32p).

Gearing*

The gearing percentage reflects the amount of borrowings (i.e. bank loans or overdrafts) which the Company has drawn down and invested in the market. This figure is indicative of the extra amount by which shareholders' funds would move if the Company's investments were to rise or fall. Gearing is defined as: borrowings used for investment purposes, less cash, expressed as a percentage of net assets. The gearing figure at the relevant year end is calculated as follows:

	2024 £'000	2023 £'000
Borrowings used for investment purposes, less cash	23,082	14,628
Net assets	242,966	213,823
Gearing	9.5%	6.8%

Leverage*

For the purpose of the Alternative Investment Fund Managers (AIFM) Regulations, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as the ratio of the Company's exposure to its net asset value and is required to be calculated both on a "Gross" and a "Commitment" method. Under the Gross method, exposure represents the sum of the absolute values of all positions, so as to give an indication of overall exposure. Under the Commitment method, exposure is calculated in a similar way, but after netting off hedges which satisfy certain strict criteria.

Ongoing Charges*

Ongoing Charges is calculated in accordance with the AIC's recommended methodology and represents the management fee and all other operating expenses excluding finance costs and transaction costs, amounting to £2,388,000 (2023: £2,105,000), expressed as a percentage of the average daily net asset values during the period of £227.5 million (2023: £217.0 million).

Web pages and share price information

The Company has dedicated webpages, which may be found at www.schroders.co.uk/ukmidcap. The webpages are the Company's primary method of electronic communication with shareholders. They contain details of the Company's share price and copies of the annual report and financial statements and other documents published by the Company as well as information on the Directors, terms of reference of committees and other governance arrangements. In addition, the webpages contain links to announcements made by the Company to the market and Schroders' website. There is also a section entitled "How to Invest".

The Company releases its NAV per share on both a cum and ex-income basis to the market on a daily basis.

Share price information may also be found in the Financial Times and on the Company's webpages.

Association of Investment Companies

The Company is a member of the Association of Investment Companies. Further information on the Association can be found on its website: www.theaic.co.uk.

Individual Savings Account ("ISA") status

The Company's shares are eligible for stocks and shares ISAs.

Non-Mainstream Pooled Investments status

The Company currently conducts its affairs so that its shares can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Financial calendar

Annual General Meeting	February/March
Final dividend paid	February/March
Half year results announced	May/June
Interim dividend paid	June
Financial year end	30 September
Annual results announced	November/December

Alternative Investment Fund Managers Directive ("AIFMD") disclosures

The UK AIFMD, as transposed into the FCA Handbook in the UK, requires that certain pre-investment information be made available to investors in Alternative Investment Funds (such as the Company) and also that certain regular and periodic disclosures are made. This information and these disclosures may be found either below, elsewhere in this annual report, or in the Company's UK AIFMD information disclosure document published on the Company's webpages.

Leverage

For the purpose of the UK AIFM Directive, leverage is any method which increases the Company's exposure to financial risk, including the borrowing of cash and the use of derivatives. It is expressed as the ratio of the Company's exposure to its NAV and is required to be calculated both on a "Gross" and a "Commitment" method. Under the Gross method, exposure represents the sum of the absolute values of all positions, so as to give an indication of overall exposure. Under the Commitment method, exposure is calculated in a similar way, but after netting off hedges which satisfy certain strict criteria. The Company's leverage policy and details of its leverage ratio calculation and exposure limits as required by the AIFMD are published on the Company's web pages and within this report. The Company is also required to periodically publish its actual leverage exposures. As at 30 September 2023 these were:

	% of net asset value	
Leverage exposure	Maximum	Actual
Gross method	200.0	107.2
Commitment method	200.0	114.3

Illiquid assets

As at the date of this report, none of the Company's assets are subject to special arrangements arising from their illiquid nature.

Remuneration disclosures

Quantitative remuneration disclosures to be made in this annual report in accordance with FCA Handbook rule FUND3.3.5 may be found in the Company's AIFMD information disclosure document published on the Company's webpages.

Publication of Key Information Document ("KID") by the AIFM

Pursuant to the Packaged Retail and Insurance Based Investment Products Regulation, the Manager, as the Company's AIFM, is required to publish a short KID on the Company. KIDs are designed to provide certain prescribed information to retail investors, including details of potential returns under different performance scenarios and a risk/reward indicator. The Company's KID is available on its webpages.

How to invest

There are a number of ways to easily invest in the Company. The Manager has set these out at www.schroders.com/invest-in-a-trust/.

*Alternative Performance Measure.

Warning to shareholders

Companies are aware that their shareholders have received unsolicited telephone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares or investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive.

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation.
- Check that they are properly authorised by the FCA before getting involved by visiting https://register.fca.org.uk.
- Report the matter to the FCA by calling 0800 111 6768 or visiting https://fca.org.uk/consumers/report-scam-unauthorised-firm.
- Do not deal with any firm that you are unsure about.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

The FCA provides a list of unauthorised firms of which it is aware, which can be accessed at https://fca.org.uk/consumers/warning-list-unauthorised-firms#list.

More detailed information on this or similar activity can be found on the FCA website at https://fca.org.uk/consumers/protect-yourself-scams.

Dividends

Paying dividends into a bank or building society account helps reduce the risk of fraud and will provide you with quicker access to your funds than payment by cheque.

Applications for an electronic mandate can be made by contacting the Registrar, Equiniti. This is the most secure and efficient method of payment and ensures that you receive any dividends promptly.

If you do not have a UK bank or building society account, please contact Equiniti for details of their overseas payment service.

Further information can be found at www.shareview.co.uk, including how to register with Shareview Portfolio and manage your shareholding online.

Risk Disclosures

Capital erosion	Where fees are charged to capital instead of income, or a fixed distribution amount is paid regardless of the Company's performance, there is the potential that performance or capital value may be eroded.
Concentration risk	The Company may be concentrated in a limited number of geographical regions, industry sectors, markets and/or individual positions. This may result in large changes in the value of the company, both up or down.
Gearing risk	The Company may borrow money to make further investments, this is known as gearing. Gearing will increase returns if the value of the investments purchased increase by more than the cost of borrowing, or reduce returns if they fail to do so. In falling markets, the whole of the value in such investments could be lost, which would result in losses to the Company.
Liquidity risk	The price of shares in the Company is determined by market supply and demand, and this may be different to the net asset value of the Company. In difficult market conditions, investors may not be able to find a buyer for their shares or may not get back the amount that they originally invested. Certain investments of the Company, in particular the unquoted investments, may be less liquid and more difficult to value. In difficult market conditions, the Company may not be able to sell an investment for full value or at all and this could affect performance of the Company.
Market risk	The value of investments can go up and down and an investor may not get back the amount initially invested.
Operational risk	Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the Company.
Performance risk	Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.
Share price risk	The price of shares in the Company is determined by market supply and demand, and this may be different to the net asset value of the Company. This means the price may be volatile, meaning the price may go up and down to a greater extent in response to changes in demand.
Smaller companies risk	Smaller companies generally carry greater liquidity risk than larger companies, meaning they are harder to buy and sell, and they may also fluctuate in value to a greater extent.

Information about the Company

www.schroders.co.uk/midcap

Directors

Robert Talbut (Chair)
Wendy Colquhoun
Helen Galbraith
Harry Morley

Registered office

9 Haymarket Square
Edinburgh
Scotland EH3 8FY

Advisers and service providers

Alternative Investment Fund Manager (the "Manager" or "AIFM")

Schroder Unit Trusts Limited
1 London Wall Place
London EC2Y 5AU

Investment Manager and Company Secretary

Schroder Investment Management Limited
1 London Wall Place
London EC2Y 5AU
Telephone: 020 7658 6000
Email: amcompanysecretary@schroders.com

Depositary and custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Lending bank

Bank of Nova Scotia
201 Bishopsgate
London EC2M 3NS

Corporate broker

Panmure Liberum Ltd
25 Ropemaker Street
London EC2Y 9LY

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Shareholder Helpline: +44 (0) 800 384 0641*
Website: www.shareview.co.uk

*Calls to this number are free of charge from UK landlines.

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at the above address and telephone number.

Independent auditor

BDO LLP
55 Baker Street
London
W1U 7EU

AIFM Directive disclosures

Certain pre-sale, regular and periodic disclosures required by the Alternative Investment Fund Managers ("AIFM") Directive may be found on its webpage required under the AIFM Directive are published on its webpages.

Other information

Company number

SC082551

Dealing codes

ISIN: GB0006108418
SEDOL: 0610841
Ticker: SCP

Global Intermediary Identification Number (GIIN)

9GN3DU.99999.SL.826

Legal Entity Identifier (LEI)

549300SOEWCYZTK2SP87

Privacy notice

The Company's privacy notice is available on its web pages.

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