Schroder Income Growth Fund plc

Annual Report and Financial Statements
for the year ended 31 August 2024

Schroders

Performance Summary

Total Returns (including dividends reinvested) to 31 August 2024

Net asset value ("NAV") per share*	Share price	Dividends per share	Dividend growth for the year
19.0%	**17.7%**	**14.20p**	**2.9%**
(31 August 2023: 4.2%)	(31 August 2023: –3.0%)	(31 August 2023: 13.80p)	(31 August 2023: 4.6%)

Some of the financial measures above are classified as Alternative Performance Measures, 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 page 72, together with supporting calculations where appropriate.

Investment objectives

The principal objectives of Schroder Income Growth Fund plc (the "Company") are to provide real growth of income in excess of the rate of inflation, and capital growth as a consequence of the rising income.

What does the Company seek to achieve?

- **Benefit from consistent rising income**
  SCF has delivered reliable dividend growth for shareholders in each of the last 29 years, allowing investors to capture the significant power of long-term compounding.
- **Rely on decades of deep expertise**
  Managed by Schroders' Head of UK Equities, Sue Noffke, with support from an investment team with over 65 years of combined experience.
- **Capture long-term capital growth**
  Strong long-term performance through successful stock-picking, with the team repeatedly adding value across the market cap spectrum.

The Investment Objective of the Company is set out above. For details on the Company's Investment Policy please see the KID. This report includes the investment policy which you should read in conjunction with the KID before investing; these are also available on the Schroders' website.

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 76 and should be carefully considered before making any investment.

Ongoing charges ratio*
0.79%
(31 August 2023: 0.77%)

Share price discount to NAV per share
10.4%
(31 August 2023: 8.9%)

Revenue earnings per share
11.64p
(31 August 2023: 13.14p)

Gearing*
12.2%
(31 August 2023: 13.7%)

Share price
299.00p
(31 August 2023: 267.50p)

Net revenues after taxation
£8.08m
(31 August 2023: £9.13m)

This is not a sustainable product for the purposes of the 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.

aic DIVIDEND HERO

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Strategic Report

Strategic Report

Your Company has now raised its dividend for an unbroken 29 years, throughout multiple market cycles. It has been able to do this through stock selection and careful management of its reserves.

I am pleased to present the annual results of Schroder Income Growth Fund plc for the year ended 31 August 2024. Despite significant volatility, UK equities rose over the period. An improving inflationary outlook, positive corporate earnings and a more favourable interest rate environment lay behind this outcome. It is a particular pleasure to note that the NAV and share price exceeded the FTSE All-Share Index over the period. Your Company's NAV rose by 19%, the share price by 17.7% and the FTSE All-Share Index by 17% over the period.

Revenue and dividends

Your Company was able to increase its dividend for the 29th year running and continues to enjoy AIC "Dividend Hero" status. Dividends per share for the year of 14.20p represent a 2.9% increase on the previous year, in accordance with your Company's aim to increase the payment in line with inflation over the longer term. In this respect, we define the medium term as five years and the longer term as ten years.

Earnings per share fell by 11.5% to 11.64p. The dividend of 14.20p was 82% covered by earnings. After payment of the fourth interim dividend on 31 October 2024, the revenue reserve will be £5.7 million, representing 8.25p per ordinary share or seven months of the annual dividend. Investment trusts hold an advantage over open-ended funds in their ability to smooth dividend payments through careful management of reserves.

Income earned by the Company came under pressure during the year for two main reasons. Firstly, the mining sector's contribution to income has continued to decline, with profits and dividends significantly lower than in previous years. Secondly, and more importantly, companies are increasingly allocating capital towards share buy backs instead of dividend distributions. This shift is seen across a broader range of companies and sectors compared to the prior year, which was dominated by mining, banking, and oil companies. Last year, 17 of the portfolio's holdings (approx. 38% of the Company) undertook share buy backs, that number rose to 29 holdings (approx. 60% of the Company) this year. While this has reduced the portfolio's income, the decision to prioritise share buy backs over dividends is a reflection of favourable stock valuations and the potential to enhance future per share returns.

Your Company was able to increase the dividend in real terms this year by drawing on revenue reserves. While this is the second year in a row where your Company has experienced lower earnings, such outcomes have arisen from time to time in the last 29 years of your Company's history. Your Company has continued to fulfil its primary goal of "real growth of income" above the levels of inflation over the longer term.

Your Board remains committed to raising the level of dividends you receive at a rate that exceeds inflation. We also want to provide you with a total return, defined as capital plus income, which is competitive when compared to the FTSE All-Share Index. This cannot be achieved by simply buying the highest yielding stocks in the market since history proves such investments are generally disappointing, not least because they often take unsustainable risks simply to maintain dividend levels. Your Investment Manager feels very strongly that this would not be in shareholders' interests and your Board wholeheartedly agrees with this view.

The obvious consequences of these dividend ambitions are that revenue reserves are likely to be further drawn down. This should not be of particular concern to shareholders as there are ample capital reserves to support dividend growth over the longer term. It also seems logical if companies choose to focus on total returns, that is capital plus dividends, that we take a similar approach. In adopting a total return mentality, we are simply aligning with what pension funds, insurers and charities have done for decades. Your Board would stress that this does not amount to any dilution of its primary aim, which is increasing dividends paid to shareholders above the rate of inflation over the longer term.

Performance

During the year under review, your Company returned 19% in NAV total returns. Share price total returns over the period were 17.7% which compares to 17% for the FTSE All-Share Total Return Index. The bias towards mid and small-sized companies has proved beneficial, as their returns have surpassed those of the FTSE 100 Index. The outperformance during the period was a result of stock selection in two sectors, namely financials and consumer staples.

The current investment team took the helm on 1 July 2011, since then the share price has risen by 166.5% and NAV by 174.1%, both well ahead of the FTSE All-Share Index total return of 138.1%.

For more details on the drivers of performance please refer to the Investment Manager's Review.

Discount management

Your Company's share price discount to NAV averaged 9.6% during the year and ended the financial year at 10.4%. Your Board continues to monitor the discount of the share price to NAV and when appropriate buys back shares. During the year under review, and for the first time since 2008, your Company repurchased 38,000 ordinary shares to be held in treasury. Since the year end, your Company repurchased a further 8,000 ordinary shares to be held in treasury. We will continue to buy back shares where such action materially enhances asset value per share.

For some time now, the investment trust industry has suffered from an inability on behalf of regulators to address the contradictions arising from the application of packaged retail and insurance-based investment products ("PRIIPs") and Consumer Duty regulation. The UK adopted a seemingly unique application of European-wide regulation in counting investment trusts as PRIIPs. In practice this means that the costs of listed companies should be accounted in the total costs disclosed by your Company. Yet such costs are obviously incorporated into the price at which the shares in your portfolio are bought and sold, in other words there is clear double counting involved. In turn, and via cost disclosure, investment trusts appear to be very expensive vehicles (open-ended funds do not adopt the same practice). This may be reasonable in dealing with unlisted companies where valuations are smoothed over time but is clearly wrong for regularly priced assets.

Your Board is therefore pleased to see the post-election introduction of an interim exemption from the PRIIPs cost disclosure regime. We look forward to working with stakeholders to help design a more relevant disclosure regime.

Gearing

Your Company has put in place a £30 million revolving credit facility with The Bank of Nova Scotia, London Branch for a year, effective from 20 September 2024. The average gearing level over the year was 13.5% and at the end of your Company's financial year the level of gearing was 12.2%. Even during a period of higher interest rates in 2023/4, gearing has enhanced returns by 2.6%.

Continuation vote in 2025

Shareholders will have the opportunity to vote on the continuation of the Company at the Annual General Meeting ("AGM") in 2025 and every five years thereafter.

AGM

Your Company's 2024 AGM will be held at 12.30pm on Wednesday, 11 December 2024 at Schroders' office at 1 London Wall Place, London, EC2Y 5AU. Your Board strongly encourages shareholders to attend and participate in the meeting. Shareholders will also have the opportunity to listen to a presentation from the Investment Manager and light refreshments will be served.

Please note that all voting will be by poll, and we encourage all shareholders to exercise their votes by means of registering them with the Company's registrar ahead of the meeting, online or by completing paper proxy forms, and to appoint the Chairman of the meeting as their proxy. Information on voting can be found in the Notice of Meeting on pages 69 to 71. In the event that shareholders have a question for their Board, please email amcompanysecretary@schroders.com in advance of the AGM.

For regular news about your Company, shareholders are also encouraged to sign up to the Manager's investment trusts update, which can be found at http://www.schroders.com/trust-updates/.

Results webinar

Please join the Investment Manager for a webinar in which they will report on the year ended 31 August 2024 and outline their thoughts on the future direction of your Company's portfolio. The presentation will be followed by a live Q&A session. The webinar will take place on Wednesday, 27 November 2024 at 2.00pm. Register for the event at https://www.schroders.events/SCF24 or via the QR code below:

Outlook

Global equity markets have been performing well, with indices reaching all-time highs. There is an increasing belief in a soft economic landing, as consumer demand remains resilient, inflation has fallen, and central banks have started to implement rate cuts. However, challenges persist, such as geopolitical events in the Middle East and Ukraine, as well as the highly divisive US election campaign.

The outlook for the UK equity market is cautiously optimistic despite ongoing challenges. Interest rates are expected to fall further. However, inflation remains a concern, though there is an expectation that it will moderate, especially if energy prices remain stable. It is early days to assess the full impact of the recent UK Budget. Whilst projections from the Office of Budget Responsibility and Institute of Fiscal Studies do not suggest a step change in UK growth, such growth has limited relationship to share price performance for a globally diversified corporate sector. Corporate responses and the cost of capital in general tend to be more important in determining share prices. Your Investment Manager believes more than ever that resilient business models and strong balance sheets selling at attractive values are the best routes to inflation beating share price returns. As a Board we agree.

The UK equity market continues to offer attractive value to investors, particularly given its lower valuations compared to global peers. The market's dividend yield, currently around 3.5%, and many companies with geographically diversified revenues make it appealing for investors. This is reflected in bid activity which has reached its highest level since 2018, indicating increased interest and investment. Furthermore, a broader range of UK companies are also engaging in share buy backs and there have been successful capital raisings, signalling confidence and potential growth. With inflation moderating from the peak of a few years ago, small and mid-sized companies ("SMEs") are expected to benefit. There has been a deliberate increase in exposure to SMEs in your portfolio, and we expect their improved performance in recent quarters has further to go.

The US Presidential Election and its aftermath are much in mind as I write this statement. US stock market returns and a strong dollar have dominated the portfolio investment landscape since inflation peaked in late 2021. Any prolonged threat to the apparent attractiveness of the US and stability of her institutional framework could clearly dent confidence. I can only repeat that the choices made by corporations, their balance sheet strength, and the cost of capital are central to your Investment Manager's choice of investments.

It is against this backdrop that your Company seeks to continue to deliver its investment objective of growing dividends and providing capital growth. While delivering real dividend growth to you purely from income received over the year will be challenging, both your Investment Manager and your Board are keenly focused on positioning the portfolio to optimise total returns. Your Investment Manager has made significant changes to the portfolio in response to the evolving environment and the ongoing oversight and experience of the team should give investors some comfort.

Your Company has now raised its dividend for an unbroken 29 years, throughout multiple market cycles. It has been able to do this through stock selection and careful management of its reserves. This has enabled the delivery of increases in income regardless of the economic backdrop. While there may still be some challenges that lie ahead, your Company's total reserves remain healthy. Your Board will not hesitate to use these reserves if necessary to continue to deliver on your Company's investment mandate of raising dividends, even if such increases lag the growth rate of inflation in the short-term.

Ewen Cameron Watt
Chairman

11 November 2024

Sue Noffke

"We see decisions by Boards to favour share buy backs over dividends as a general acknowledgment of the favourable valuations at which their shares trade. All other things being equal, a share buy back enhances a company's future earnings and dividends per share as profits and income are spread over a reduced number of shares."

The NAV total return in the 12 months to 31 August 2024 was 19%. This compares to 17% from the FTSE All-Share Total Return Index. The share price return was 17.7%. Total income for the Company fell by 7.2% compared to the same period last year. Gearing was a positive contributor, net of costs, over the 12-month period[1].

Revenue after tax for your Company decreased by 11.5% versus the same period last year. Investment income declined by 7.7% compared to the same period last year. There are two material factors behind the fall.

Firstly, there was a decline in income received from the mining sector. The portfolio had lower aggregate exposure to this area in the current year compared to the prior one. However, the ongoing unwind in commodity prices, from the peak levels experienced in the Company's 2022 year, has led to reduced profits and dividends, both ordinary and special, from mining companies. Portfolio income from this sector fell by two thirds this year compared to the prior year, and in absolute terms, income from this sector is only one eighth of the peak 2022 level. Increased allocations to financial companies, including banks, made up for some, but not all, of the shortfall from the mining sector.

Secondly, there has been a further shift in capital allocation by companies to reward shareholders through share buy backs rather than dividend distributions. This year some 29 of the Company's holdings, representing over 60% of the portfolio constituents, conducted share buy backs. This compares with 17 of the portfolio's holdings in the prior year. This is a significant, 70% increase, and encompasses a broader range of companies across a wide range of sectors and all sizes, compared to the prior year which was dominated by mining, banks and oil companies. From one perspective it could be considered disappointing that this shift of capital allocation by corporates has reduced the portfolio's income from what it might otherwise have been. However, your Investment Manager takes the view that the companies held in the portfolio have the resources, strong profitability and balance sheets, and the inclination, to reward shareholders. Your Investment Manager views decisions by boards to favour share buy backs over dividends as a general acknowledgment of the favourable valuations at which their shares trade. All other things being equal, a share buy back enhances a company's future earnings and dividends per share as profits and income are spread over a reduced number of shares. Share buy backs offer attractive returns when benchmarked against other uses of capital, such as investment in projects, research and development, staff, facilities or acquisitions. A share buy back also offers an enhancement to capital returns for shareholders.

Holdings with the strongest dividend growth, of 15% or more, include oil company, **Shell**, investment company, **3i**, financial services infrastructure business, **TP ICAP**, financial services provider, **XPS Pensions**, banks including **Standard Chartered** and **Lloyds**, insurance company, **Prudential**, and budget hotels group, **Whitbread**. Holdings delivering high single digit dividend growth include construction and infrastructure company **Balfour Beatty**, distributor **Bunzl**, healthcare company **GSK**, Asian focused bank **HSBC**, defence services business **QinetiQ** and data and information services business **RELX**. Several, but not all, of these holdings combined strong dividend growth with a share buy back; a greater number of holdings than in the past.

A wider selection of sectors grew their dividends by low single digits or maintained their dividends. Some companies are in a growth phase, including healthcare providers **AstraZeneca**, and **Convatec**, or have embarked on capital expansion or development programmes such as telecoms company **BT**, and property company **Assura**. However, several others opted to combine modest or no dividend growth with a share buy back programme. These included private assets investor Intermediate Capital Group (now called **ICG**), media company **ITV**, speciality chemicals company **Johnson Matthey**, insurance providers **Legal and General**, retailer and veterinary practice group **Pets at Home**, and consumer products company **Unilever**.

Holdings which experienced weaker trading maintained their dividends, luxury goods company **Burberry**, and specialty chemical business **Victrex**. **SSE**, a power utility company, reduced its dividend by over one third as it seeks to balance income to shareholders with the capital required to take advantage of the many investment opportunities afforded by the energy transition whilst maintaining a strong balance sheet.

[1]For more information on gearing please refer to the Alternative Performance Measures section of the accounts.

Any reference to regions/countries/sectors/stocks/securities is for illustrative purposes only and not a recommendation to buy or sell any financial instruments or adopt a specific investment strategy.

Market background

Global economic activity generally surprised to the upside in 2024 despite central banks maintaining tight monetary policy over most of the period. Across most developed markets inflation pressures moderated sufficiently for central banks to pause their interest rate tightening cycle which had started in late 2021 and early 2022. Bond and equity markets have throughout the year looked for signs that inflation is under sufficient control for central banks to move to cutting interest rates. Whilst markets got ahead of themselves on that score, as central banks only began to cut interest rates in June for Europe, August for the UK, and September for the USA, the growth and inflation trade-off for much of the period proved conducive to a favourable economic environment – where growth slows but there is no recession. This has enabled most equity markets to make a series of new highs, and bond yields to decline. Some market volatility over the summer months in response to data from the US indicating a sharper than expected slowdown in the labour market and forward indicators of demand, caused bond yields to fall sharply and a rotation within equity markets globally favouring defensive sectors, such as consumer staples and utilities, rather than cyclical sectors such as industrials and commodities.

Whilst US stock market returns have continued to be strongest globally, powered by a heady cocktail of fiscal stimulus supporting economic growth and investor enthusiasm for technology and Artificial Intelligence ("AI"), UK equities have over this 12-month period broadly kept pace with the returns from other global equity markets. Sterling has strengthened against both the US dollar and the Euro over the period. In sterling terms US Equities (S&P500) have delivered total returns of 22.1% over the period, the world equity index (FTSE All World), which has a large weight in US equities, returned 19.5% and UK Equities (FTSE All-Share Index) returned 17%.

Within the UK market, small and mid-sized companies delivered improved relative performance to larger companies, outperforming by 1.7%, over the 12 months. This contrasts with the prior three years where mid-sized companies had lagged the returns from larger companies by a cumulative 19%. This improved performance is the result of increased levels of bid interest across this area of the market from private equity, overseas and domestic companies looking to acquire attractively priced, unique, or complementary, assets at discount prices. The levels of activity in this area of the market have increased to historically high levels[2].

The narrow leadership of US large cap and technology driven parts of the market dominated for much of the year, but there has been a broadening out towards the end of the period. Despite ongoing enthusiasm for AI and Magnificent Seven[3] technology stocks. The Magnificent Seven peaked in July 2024 and since then it has underperformed the broader Russell 2000 index by 12%.

The exception on economic momentum has been China, with widespread weakness and deflation stemming from problems in the property sector, demographic headwinds and high youth unemployment. Stimulus measures had been lacking until the most recent package announced in September.

Almost half of the world's population will have had the chance to vote in national elections during 2024. The backdrop of inflation and cost of living pressures has not favoured incumbents and led to a swing to the right across many European countries with a knock-on effect of rolling back on green policies and immigration. An earlier than had been expected election in the UK returned a large majority for the central left Labour Party, whilst at the same time seeing a rise in votes from the nationalist Reform Party. Continuing conflict between Russia and Ukraine and an escalation of tensions in the Middle East have not to date dented investors' risk appetite for financial assets.

Portfolio performance

Pleasingly, the NAV total return outperformed the FTSE All-Share Index, with gearing being the main driver of positive relative returns. The Company generated a total return of 19% over the 12-month period against 17% for the FTSE All-Share Index. Stock and sector selection was a modest positive to relative returns. A bias towards mid and small sized companies was a positive tailwind as their returns exceeded the returns on the main FTSE 100 Index of 16.9% with returns of 19.6% for the FTSE mid 250 Index (ex-investment trusts) and 24.1% for the FTSE Smaller Companies (ex-investment trusts) Index.

Outperformance was the result of stock selection in the financials and consumer staples sectors, as well as favourable stock selection and positioning in the energy sector. Stock selection in the utilities, industrials and telecoms sectors also contributed positively. Collectively this was able to more than offset the negative contribution from disappointing stock selection principally in the consumer discretionary sector.

The combination of your Company's underweight positioning and stock selection in the consumer staples area was positive for portfolio performance. Companies in these areas continued to experience issues associated with an unwind from the pandemic boost to volumes of household goods and alcohol. Not owning Reckitt Benckiser, and being underweight in **Diageo**, was positive for relative performance. Both companies underperformed in an environment of higher interest rates, and each experienced operational issues. Diageo had weaker trading in Latin America as consumers down traded and distributors cut back on ordering. Reckitt Benckiser was hit with management change and issues with its infant formula business which is expected to result in a large litigation settlement in the USA.

Stock selection was also positive in the financial sector, particularly asset managers. Longstanding positions in **ICG** and **3i Group** continued to deliver encouraging operational results and strong share price performance. ICG, a private assets business, traded strongly, particularly in its debt funds, while returns on the investment company improved. 3i Group, another private asset company, performed well. 3i Group's largest asset is European discount retailer Action, which continued to benefit from consumers choosing cheaper options to offset cost of living pressures and higher mortgage rates. Action has an attractive pipeline of store roll outs which should further enhance growth.

Your Company's holding in defence services business, **QinetiQ**, was a top performer in the period. The company has reoriented its capital allocation policy towards organic growth opportunities, away from acquisitions. It has also allocated capital to share buy backs which are accretive to dividend growth and earnings per share at the current low share price. Your Investment Manager is pleased with these moves having engaged extensively with the company over these issues.

At a sector level the main negative was stock selection in the consumer discretionary area. Two holdings suffered setbacks, a tougher backdrop in luxury goods for **Burberry** and regulatory scrutiny of the veterinary market for pet care provider **Pets at Home**. Stock selection was also negative in the basic materials and real estate sectors.

Burberry was the single biggest detractor to performance. Global luxury sales weakened after a strong period over the pandemic and initial re-opening. Additionally, a change in chief designer unsettled customers while strategy missteps included the pursuit of a brand elevation into a weaker market and a store refurbishment program. Profits remain under considerable pressure in the short-term and

[2]Source: Bloomberg, August 2024. There have been 31 proposed, pending, or completed transactions in the FTSE 250 this year. This represents a 10-year peak and almost 4x compared to last year, and 29% more than 2019.

[3]The Magnificent Seven stocks are a group of high-performing and influential companies in the U.S. stock market: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla.

mean that the dividend is suspended. However, the CEO has been replaced and your Investment Manager believes the brand is more valuable than the market is currently implying. Your Investment Manager continues to hold a position in the shares for the longer term.

Also in the retail sector, Pets at Home, the UK's leading pet care business was the second largest detractor. The shares fell on news of the Competition and Markets Authority ("CMA") announcing an initial review of the veterinary sector in September 2023 which focused on transparency of ownership and pricing dynamics in the veterinary market. In March 2024, the CMA announced that it will be consulting with a view to launching a full investigation into the UK veterinary sector noting five areas of potential concern, which could take 18 months. Your Investment Manager has not seen evidence of abusive charging practices within the business and do not expect any substantive adverse outcomes for the group's business from the review.

Your Company did not own the strongest performing company in the industrial sector, Rolls-Royce, whose share price rose as orderbooks strengthened with a strong post-Covid recovery in civil and defence aerospace end markets. **Prudential** was affected by the same China macroeconomic concerns that caused your Company's holding in Burberry to underperform, together with investor disappointment in the company's organic investment in growth which is capital consumptive compared to allocating capital to shareholders through more in dividends and share buy backs. This year, **Whitbread** has lagged the rise in the market and is one of the portfolio's top detractors to performance in the period. Last year it was a top contributor. The company has struggled to better last year's strong trading which was boosted by pent up post-Covid leisure travel. Whitbread is the market leading budget hotels operator in the UK with a dominant brand and footprint, and a strong balance sheet which enables a continued roll out of new sites in the UK and drives the less mature German business to profitability.

Portfolio activity

During the period your Investment Manager sold out of four positions and added six new holdings

Exited and trimmed positions

Your Company exited its longstanding holding in **Tesco**. The shares had performed strongly during Covid and the subsequent inflationary period, as well as benefitting from consolidation within the supermarket sector. Whilst retaining a significant investment in **Shell**, your Investment Manager reduced the portfolio's exposure to the oil sector through the complete sale of its holding in **BP**. The reduction in oil sector exposure follows share price strength over the past four years. Proceeds were reallocated to other areas of the market.

Elsewhere, **Paypoint's** acquisition of Love2Shop aims to diversify the business away from the group's slower growing legacy businesses, but your Investment Manager's view is that this brings greater regulatory scrutiny and risks. As a result, your Company exited the position. Your Investment Manager also sold your Company's holding in mid-cap precision instrumentation and controls company Spectris where conviction in its strategy has waned.

Unusually, your Company bought, then exited, a position in **Diageo**, a multinational beverage company, during the period. Over the past three years, Diageo shares have underperformed due to higher inflation and interest rates which created headwinds to sales growth and valuation. Your Investment manager viewed the de-rating of the shares as an opportunity to initiate a modest position. However, having monitored our investment thesis since buying it has become clearer that the spirits industry faces greater headwinds to near term growth from destocking than your Investment Manager had expected. Your Investment Manager saw better opportunities to deploy capital elsewhere in the market so exited, although we will continue to review the investment case for the stock.

Your Investment Manager reduced the portfolio's position size in the longstanding holding in data and information services business **RELX**. The shares had been unsettled early in 2023 from fears that the impact from AI would be negative on their business and growth, but the market reassessed the view later in the year to become increasingly convinced that it would be a positive for its growth. Similarly, the market had re-rated education and workplace skills company **Pearson** as new management had sought to reinvigorate the company with strategic initiatives to spur growth. Your Investment Manager remains positive for the prospects of both companies for the longer term, but have allocated some proceeds to other parts of the portfolio. Positions in leisure operator **Hollywood Bowl** were trimmed back early in the period after strong trading and share price performance.

New holdings and additions

Of the six new additions, two are in the domestically focused areas of commercial property and housebuilding. A new position was added in property business **British Land** whose shares trade at a material discount to net asset value. The company has a well invested portfolio in diverse high quality business segments including retail and office space that are well located, and your Investment Manager views good prospects for occupancy and rental growth. Your Investment Manager expects the shares to benefit as interest rates fall later in 2024. Your Investment Manager added a position in national housebuilder, **Taylor Wimpey**. Recent data suggests that the housing market appears to have bottomed ahead of expected interest rate cuts which will make mortgages more affordable. Valuations of housebuilding stocks are low, and a Labour government offers prospects of an easing in planning which should support volumes.

Two further new holdings are in the healthcare space, **Haleon** and **Smith & Nephew**, whilst your Investment Manager also added to the longstanding position in biopharma company **GlaxoSmithKline** ("GSK") on weakness.

Your Investment Manager took advantage of a placing of part of Pfizer's holding in Haleon to establish a position in this consumer healthcare business. The group has been trading strongly since it was spun off from GlaxoSmithKline and your Investment Manager believes it has good long-term prospects. The independent business has established its growth credentials to a greater degree, the balance sheet has strengthened, the shares had cheapened due to a combination of better growth and weaker share price from the overhang of the stock held by GSK and Pfizer who wish to exit their positions. Additionally, your Investment Manager has wanted to add to more defensive earnings in the portfolio. Also new to the portfolio is international med-tech business Smith and Nephew. The valuation has compressed, relative to the company's own history and to international peers, while the outlook has improved. Sales growth has recently accelerated, positive operational leverage and cost benefits from restructuring programmes should boost margins and profitability and lead to an improved valuation.

Your Investment Manager initiated a new position in global automotive distributor **Inchcape**, which is taking share in the automotive market from independents who are struggling with debt and increasingly onerous demands from automotive manufacturers. Inchcape is the leader in their markets, generates attractive returns on capital, has a long growth runway and your Investment Manager believes the shares are mispriced because the market underappreciates the resilience and quality of this business.

A new position was added in **Computacenter**, a provider of IT 'value added reseller' services to help large corporates manage their technology infrastructure. Increasing complexity of technology requirements of businesses driven by new advances in areas such as AI makes the services of companies such as Computacenter increasingly valuable to corporates. Your Investment Manager views attractive organic growth opportunities in the future into new markets such as the US, which is likely to be supplemented by bolt-on acquisitions. Your Investment Manager initiated the position following a de-rating of the shares, which lead us to believe that the long-term growth prospects are not reflected in today's valuation.

Further portfolio activity saw us adding to existing holdings in Asian and Emerging Markets focused bank **Standard Chartered**, power generation company **Drax** and defence services business **QinetiQ** on share price weakness.

Outlook

In financial markets the mood is buoyant with stocks in the US, Eurozone, Japan and the UK at record highs. Market optimism is based on an expectation of a soft economic landing together with monetary easing by central banks as the perceived risks from inflationary pressures continue to ease. There are of course risks around this scenario. Markets currently see limited risk of a resurgence in inflationary pressures and are pricing in significant further monetary easing over the next 12 to 18 months. Any shortfall to these market expectations in magnitude or timing could cause disappointment.

Market valuations of UK equities in our view have more cushion to absorb disappointment than the more highly valued US equity market. Your Investment Manager does however acknowledge that the US markets set the tone globally. UK economic data on growth and inflation are no longer outliers. The OECD recently upgraded UK GDP growth expectations for 2024 to 1.1%, ranking joint second in the G7. UK CPI inflation in August 2024 was 2.2%, down from 6.7% in August 2023 and 9.9% in August 2022.

Your Investment Manager acknowledges the role of the large fiscal stimulus that has aided the US economy to grow more robustly than other developed economies in recent years as well as the role that the US dollar plays in terms of the world's reserve currency to enable such stimulus at a time that the fiscal deficit continues to increase. All politicians, in all countries, face tough choices given the extent of budget deficits and debt near or at record levels post the huge pandemic surplus stimulus packages. Budget watchdogs, and the currency markets, have noted countries where spending pledges are or have been either unfunded or unrealistically costed. The rise of the price of gold and the decline in the US dollar is a part reflection of the vulnerability of the global economy to financial shocks given the level of debt. Additionally, the ongoing conflicts in the Middle East and between Russia and Ukraine mean that defence and security spending is likely to remain in focus.

There has been significant attention paid recently to structural reforms that could revitalise the prospects for the UK equity market. This has concerned changes to listing rules to create a more attractive environment to be a UK PLC. There is also focus on whether more UK pension fund capital could be allocated to UK assets. If implemented effectively both of these policy initiatives should be positive for the prospect for UK equities. Some of this improving narrative may be behind the moderation of UK equity outflows and the improved performance of UK equities over the last 12 months. Despite the recent uptick, there is still a significant valuation disconnect between UK equities and other global markets. Your Investment Manager continues to see incoming M&A interest exploit these valuation inefficiencies. As active investors, this external interest validates our view that there are a significant number of mispriced assets on the UK equity market and your Investment Manager will continue to try and exploit these in the portfolio.

From a shareholder return perspective, your Investment Manager continues to see the trend of corporates returning surplus cash to shareholders through share buy backs rather than via faster growth of ordinary dividends or special dividends. Despite resulting in a more muted outlook for income generation, this behaviour should be viewed positively as it is an indication that boardrooms see their own shares as presenting an attractive investment opportunity. This further underpins our confidence that the future return prospects for the UK equity market and the portfolio are strong.

During the summer months, UK takeover activity softened from the April peak when almost 40 UK listed companies were under offer, as strategic acquirers re-entered the market following a period where private equity had been dominant. A combination of multiple key economies undergoing elections and broader ongoing geopolitical uncertainty has contributed to elevated caution among potential acquirers.

Comments on capital allocation shift

Your Investment Manager observes a capital allocation shift away from dividends, both ordinary and special, towards a combination of ordinary dividends and share buy backs which has been steadily increasing over the past three years. Your Investment Manager views this as more likely a secular rather than a cyclical trend. UK public companies are in aggregate in reasonably robust financial health with strong balance sheets combined with decent levels of profitability and cash generation. Your Investment Manager notes that aggregate levels of dividend cover have been rebuilt post the Covid pandemic stresses to levels in excess of that seen in the years following the global financial crisis.

This capital allocation shift now more closely aligns the UK equity market with international markets and enables companies to pursue growth projects or value accretive share buy backs to a greater extent than previously. Across the whole market, the FTSE All Share, dividend payments are covered more than twice over by profits, the same level as European markets, albeit behind the three times dividend cover of the US market, which has favoured share buy backs over dividend distribution. A shift by the UK equity market to embrace share buy backs to a similar extent as is prevalent in the US stock market may prove to be more supportive of future relative capital returns for UK Equities than for future dividend growth. From an income perspective, UK equities continue to offer the highest yield of major international equity markets (3.6% at the end of August 2024), twice covered by profits, and supplemented by significant share buy backs which take the total shareholder distribution yield close to 6%, double that of the USA and ahead of that of Europe.

Your Investment Manager is excited about the future total returns, from capital and dividends, that the portfolio has the potential to offer.

Investment policy

Regardless of external conditions, your Investment Manager's investment approach remains constant: to construct a diversified portfolio of mispriced opportunities capable of delivering both real growth of income and attractive capital returns. The market volatility during the last 12 months has been yet another reminder of the importance of diversification when constructing portfolios. Your Investment Manager remains a bottom-up stock picker looking for idiosyncratic investment opportunities in individual companies. It continues to see an attractive opportunity set of mispriced assets in the UK equity market as the market has been, and continues to be, out of favour with international investors. Subsequently, your Investment Manager will continue to utilise its ability to use gearing to potentially enhance returns.

Schroder Investment Management Limited

11 November 2024

Investment process

Your Company's investment team look beyond today's highest dividend payers to provide attractive levels of yield and future income growth. By utilising a barbell approach to income generation, diversification is achieved by allocating towards mispriced opportunities in capital growth and income. Your Manager aims to balance the companies with a sustainably high yield with those that offer a lower dividend but with greater growth prospects.

Your Manager seeks to identify and invest in mispriced situations through fundamental research. While macroeconomic outcomes are difficult to predict precisely, your Manager monitors the risk to the Company's holdings using their experience gained over multiple economic cycles. Your Manager maintains a focus on constructing a diversified portfolio consisting of their highest conviction stock picks for the long term, within the constraints of delivering the Company's required income objective.

Your Company's investment approach is based on your Managers' belief that stock markets are inefficient, whilst your Manager believes it can exploit such inefficiencies by conducting primary research, through disciplined portfolio construction, and taking a long-term view. Your Company's lead Manager, Sue Noffke, is head of UK equities, head of the Prime UK equity team, has been a member of Schroders' UK Equity team for over 30 years and has been managing your Company's portfolio since 2011. Your Company's investment team employs a rigorous and disciplined investment process aiming to deliver consistent outperformance with low volatility against set objectives.

The investment team's edge is built on several pillars:

1. **Experience and stability.** The team has over 67 years' experience investing in the UK equity market.
2. **A rigorously implemented, repeatable process.** The foundations of the investment process have been stable since 2006, though significant incremental enhancements have been made.
3. **A pragmatic rather than ideological investment style.** A focus on building style neutral portfolios allows the team to hunt for opportunities in all corners of the market.
4. **Behavioural.** The team's time horizon allows them to embrace short term uncertainty when they are confident in the long-term destination.
5. **The depth of Schroders resources available.** The team are members of the UK Equity community and regularly collaborate with global colleagues.
6. **Active Ownership.** The team's long holding periods helps them to affect change where appropriate, prevent bad outcomes and ensure alignment of incentives.

1. Experience and Stability

Your Manager believes that just as investment returns compound, knowledge also does. The investment team has over 67 years of investment experience that gives them an important edge. The Portfolio Managers, led by Sue Noffke, have worked together since 2015. They have built a deep understanding of UK businesses, industries, management teams and competitive dynamics. This knowledge is shared across the team continually, in a collaborative way of working. Consequently, the entire team benefits from the experience of investing through various cycles, interest rate regimes, inflation and valuation environments. The team use this knowledge to build its investment edge. For example, deciding when trends are structural rather than cyclical, spotting changes in competitive dynamics and backing proven management teams.

2. Rigorously implemented, repeatable process

The investment process is built on the belief that a collaborative, team-based approach is key to avoiding rash decisions. All buy and sell decisions must be unanimous across the portfolio managers. Unanimity creates a high hurdle for buy decisions and a shared responsibility for all holdings. Performance is therefore worn collectively, creating psychological safety. Every week, the investment team hold two portfolio construction meetings where existing positions and new ideas are debated. The team review portfolios, reflect on company meetings and examine mistakes for learning opportunities. A key aspect of the team's edge is both recognising and avoiding the situations and environments we struggle to perform in.

3. Pragmatic rather than ideological investment style

The investment team believes that the industry terms 'value' and 'growth' create inefficiencies to take advantage of, and to deliver the best risk adjusted returns. Style neutrality allows the team to focus on where the opportunities are and act independently of whichever 'factor' is in favour. Mispricing can occur in a high growth company on high headline multiples of earnings and cash flows, or a mature business priced below market multiples. There are examples of both types of company in your Company's portfolio. Over the years the team have had success identifying mispricings where fundamentally sound companies encounter a serious but temporary problem. They are unafraid to take a contrarian view when backed by research. Over 80% of your Company's active return comes from stock selection[1]. It believes that style neutrality helps deliver consistent alpha generation which gives our clients a smoother experience, reducing the chances of selling prematurely.

4. Behavioural

Your investment team have a behavioural advantage that has been exploited over many years. The average holding period for your Company's holdings is around five years[2] compared with a sustained shortening of holding periods within the market. Your investment team is prepared to invest where the next three to six months looks uncertain, but the five-year outlook is positive. These are opportunities your Company steps into when confident in the destination, believing that under researched mid-caps represent some of the best opportunities. Over time, an outsized portion of the alpha generated by the underlying portfolio of Schroder Income Growth Fund plc has come from mid-cap companies. As a result, your Company has increased its mid cap analyst resource. Furthermore, its two dedicated team analysts have roving roles, freeing them to find the best opportunities rather than be constrained by sector.

5. Schroders resources

Being part of Schroders is a significant benefit to your investment team, enhancing its edge. They are members of the UK Equity Community, a group of 14 investors focused on UK equities. Colleagues share their research, disseminate information that matters and provide alternative viewpoints to challenge existing views. Beyond the UK Equity Community, the team also have access to your Investment Manager's extensive resource of equity analysts, portfolio managers, and sustainability experts across the world. As your Manager's portfolios' are style neutral, they regularly collaborate across the spectrum of investment teams, this provides valuable insight into UK businesses' global competitors.

[1] As at 30 August 2024.
[2] 10-years to 31 December 2023.

6. Active Ownership

Active Ownership at Schroders means engaging with companies to encourage responsible behaviour and enhance our investment edge. Your Company's average 5 year holding period means it can build meaningful relationships with management and the board of directors[1]. Through these long-term relationships your investment team believes your Company's proposals are given more serious consideration. Moreover, engagements are investor-led. Your investment team do not outsource matters of sustainability and proxy voting to a separate sustainability team. They prefer to engage directly. Active Ownership is focused on aligning the interests of management teams and stakeholders with shareholders. This can prevent bad outcomes and gives an alternative insight into company culture. Your Company is prepared to invest in "progress not perfection".

[1] 10-years to 31 December 2023.

Active Ownership

Our approach

In your Manager's view, environmental, social and governance ("ESG") factors and industry trends are intrinsically linked. Your Manager identifies the key ESG issues of each company it invests in and analyses and examines the management of these to determine the risks and opportunities of an investment. A range of inputs to help identify these including proprietary analysis done by the team based on information published by the companies themselves, output from proprietary internal tools, work done by internal analysts as well as input from external providers such as MSCI or Sustainalytics. Your Manager conducts a rigorous bottom-up examination of a company's ESG performance and incorporates that analysis into investment decisions rather than outsourcing to third parties. In exploring new investment ideas your Manager may engage with management teams to better understand their business, corporate strategy and their alignment with shareholders. Once invested, your Manager will engage on identified issues.

Extensive engagement with portfolio companies

Regular engagement with the board, executive management, investor relations and sustainability professionals of a portfolio company is a key feature of your Manager's approach. Your Manager meets with the management of all portfolio companies at least once a year, in many cases, more frequently. These engagements are led by the investment team in most instances as they have the knowledge of, and relationships with, the companies. Your Manager also benefits from engagements led by other Schroders' teams. Your Manager is not afraid to be robust with management teams where needed. To achieve the goals with engagements, your Manager works closely with Schroders' Sustainable Investment team, consisting of over 40 dedicated specialists. Engagement is usually directly with management teams and, where necessary as a form of escalation, the team will use voting rights against management to encourage change. Once your Manager engages with companies, its findings will be documented in its proprietary tool called ActiveIQ, which helps keep track of the progress made and monitor the success of previous engagements with the company. Your Manager reviews engagement progress quarterly and where an engagement may be stalling, your Manager will discuss next steps and how to take this forward. The chart below shows examples of companies engaged with during calendar year 2023 within Schroders' Engagement Blueprint themes.

	Climate	Biodiversity	Human Capital & Rights	Governance	Capital allocation
AngloAmerican	✓		✓	✓	✓
AstraZeneca	✓			✓	
Balfour Beatty	✓		✓	✓	✓
BT	✓			✓	
BURBERRY	✓	✓	✓	✓	
drax	✓	✓	✓	✓	✓
GLENCORE	✓		✓	✓	
gsk	✓			✓	
HSBC	✓			✓	

	Climate	Biodiversity	Human Capital & Rights	Governance	Capital allocation
ICG				✓	
LLOYDS BANK	✓			✓	
Pearson				✓	✓
pets at home Group plc		✓	✓	✓	✓
PRUDENTIAL	✓			✓	✓
QINETIQ				✓	✓
Shell	✓	✓	✓	✓	✓
Unilever		✓	✓	✓	✓
WHITBREAD	✓		✓		✓

Source: Schroders, data from 1 January to 31 December 2023. For illustrative purposes only and should not be viewed as a recommendation to buy or sell. Logos are the property of the companies shown. List is not exhaustive and shows selected engagements held in the Company's portfolio. Engagement is collaborative at Schroders; your investment team, other investment teams and Schroders' Sustainable Investment team may lead engagements. Engagement topics are grouped by Engagement Blueprint theme. For more information refer to https://mybrand.schroders.com/m/3222ea4ed44a1f2c/original/schrodersengagement-blueprint.pdf; our vision for active ownership at Schroders.

Our voting record

The table below shows the number of company meetings and resolutions the Company voted on in the last one and three years.

	2024		2022-24[1]	
	Number	(%)	Number	(%)
Meetings	48		144	
Resolutions	988		2800	
Votes with management	975	98.7	2748	98.1
Votes against management	13	1.3	52	1.9
Did not vote	0	0.0	0	0.0

[1]Company financial year (12m to 31 August).

Where your Manager votes against management on behalf of the Company, in most cases this has been to oppose the re-election of a director or to oppose the remuneration report. Your Manager will oppose the re-election of a director for several reasons including 'over-boarding', where it believes a director holds too many board positions at once so are unable to dedicate sufficient time to each. In the case of remuneration, your Manager pushes for management teams to have firm alignment with shareholders.

Our engagement in action

A key area of your Manager's engagement in recent years has been encouraging companies to reassess their capital allocation priorities given widespread depressed share prices in the UK equity market. Your Manager has seen several companies in the last 12 months that we have engaged with heavily over the years act to demonstrate value in their portfolio.

QinetiQ is one such example. They provide essential defence services to the UK Ministry of Defence and its allies, including military training, cyber security and equipment testing. Their shares de-rated over the last two years due to spending delays in the US caused by continuing resolutions on the Federal budget deficit. This resulted in deferral of QinetiQ's revenue and raised concerns around their US focussed acquisition strategy.

Your Manager believed that the cheap share price and negative sentiment at QinetiQ meant that capital could be more effectively allocated to share repurchases rather than any further acquisitions. Acquisitions have been a key part of QinetiQ's strategy. Your Manager therefore engaged with the executive team and the Chairman to share our views and they followed that with an announcement in their January 2024 trading update that they were starting a £100 million buy back programme. At their full year results in May, they then formally de-emphasised the merger & acquisition component of their growth strategy and announced a change of chief financial officer. Your Manager was pleased with this outcome and so our voting actions have not changed. However, your Manager continues to monitor progress in QinetiQ's US business and the management team's ongoing capital allocation decisions.

Climate related disclosures

On 30 June 2024, the Company's AIFM produced a product level disclosure consistent with the Task Force on Climate-Related Financial Disclosures for the period 1 January 2023 to 31 December 2023. This can be found here: https://api.schroders.com/document-store/TCFD-GB72399M-Schroder%20Income%20Growth%20Fund.pdf

Investment Portfolio
as at 31 August 2024

Companies in bold represent the 20 largest investments, which by value account for 66.9% (2023: 66.6%) of total investments. All companies are headquartered in the UK unless otherwise stated.

All investments are equities, listed on a recognised stock exchange.

	£'000	%
Financials		
HSBC	**11,127**	**4.3**
3i Group	**8,138**	**3.1**
Lloyds Bank	**7,859**	**3.0**
Standard Chartered	**7,542**	**2.9**
Legal & General	**6,406**	**2.5**
Intermediate Capital	**6,082**	**2.4**
M&G	5,260	2.0
Empiric Student Property	4,845	1.9
TP ICAP	4,449	1.7
Natwest	3,835	1.5
Prudential[1]	3,816	1.5
Assura	3,018	1.2
British Land REIT	2,480	1.0
Total Financials	**74,857**	**29.0**
Consumer Services		
RELX	**6,923**	**2.7**
Pearson	**5,979**	**2.3**
Pets at Home	5,359	2.1
Hollywood Bowl	4,930	1.9
Inchcape	4,415	1.7
Whitbread	4,076	1.6
XPS	4,041	1.5
Haleon	2,887	1.1
ITV	1,685	0.7
Evoke	914	0.3
Total Consumer Services	**41,209**	**15.9**
Healthcare		
AstraZeneca	**18,613**	**7.2**
GSK (GlaxoSmithKline)	**12,267**	**4.7**
ConvaTec	4,993	1.9
Smith & Nephew	2,593	1.0
Total Healthcare	**38,466**	**14.8**

	£'000	%
Utilities		
National Grid	**7,709**	**3.0**
SSE	**7,264**	**2.8**
Drax	**6,113**	**2.4**
Total Utilities	**21,086**	**8.2**
Industrials		
QinetiQ	**8,933**	**3.5**
Bunzl	**5,514**	**2.1**
Balfour Beatty	**5,378**	**2.1**
Total Industrials	**19,825**	**7.7**
Basic Materials		
Glencore[2]	**8,202**	**3.2**
Anglo American	5,071	2.0
Johnson Matthey	4,668	1.8
Victrex	1,049	0.4
Total Basic Materials	**18,990**	**7.4**
Consumer Goods		
Unilever	**9,848**	**3.8**
Cranswick	4,140	1.6
Taylor Wimpey	2,904	1.1
Burberry	1,625	0.6
Total Consumer Goods	**18,517**	**7.1**
Oil and Gas		
Shell	**16,498**	**6.4**
Total Oil and Gas	**16,498**	**6.4**
Telecommunications		
BT	**6,390**	**2.5**
Total Telecommunications	**6,390**	**2.5**
Technology		
Computacenter	2,571	1.0
Total Technology	**2,571**	**1.0**
Total Investments	**258,409**	**100.0**

[1]Prudential plc is headquartered in London and Hong Kong.
[2]Glencore plc is headquartered in Switzerland.

10-Year Financial Record

At 31 August	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Shareholders' funds (£'000)	188,165	196,490	216,718	216,740	204,458	170,324	219,915	205,100	203,932	**231,561**
NAV per share (pence)	273.94	286.06	315.51	315.54	297.66	246.71	316.59	295.26	293.58	**333.54**
Share price (pence)	269.75	257.00	293.63	301.00	273.00	242.00	316.50	289.00	267.50	**299.00**
Share price discount to NAV per share* (%)	(1.5)	(10.2)	(6.9)	(4.6)	(8.3)	(1.9)	0.0	(2.1)	(8.9)	**(10.4)**
Gearing* (%)[1]	9.5	8.4	5.8	8.3	15.5	9.5	7.9	13.5	13.7	**12.2**

For the year ended 31 August	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net revenue return after taxation (£'000)	7,761	8,299	9,107	8,767	9,744	8,042	8,370	9,697	9,130	**8,084**
Revenue return per share (pence)	11.30	12.08	13.26	12.76	14.19	11.69	12.08	13.96	13.14	**11.64**
Dividends per share (pence)	10.30	10.60	11.20	11.80	12.40	12.60	12.80	13.20	13.80	**14.20**
Ongoing charges* (%)[2]	0.99	1.00	0.95	0.93	0.87	0.86	0.79	0.74	0.77	**0.79**

Performance[3]	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
NAV total return*	100.0	103.5	111.5	128.2	133.2	130.8	113.2	153.0	147.7	154.7	**184.9**
Share price total return*	100.0	105.1	104.3	123.9	132.5	125.4	116.6	159.8	152.3	147.8	**173.9**
FTSE All-Share Index total return	100.0	97.7	109.1	124.8	130.6	131.2	114.6	145.5	146.9	154.6	**180.9**

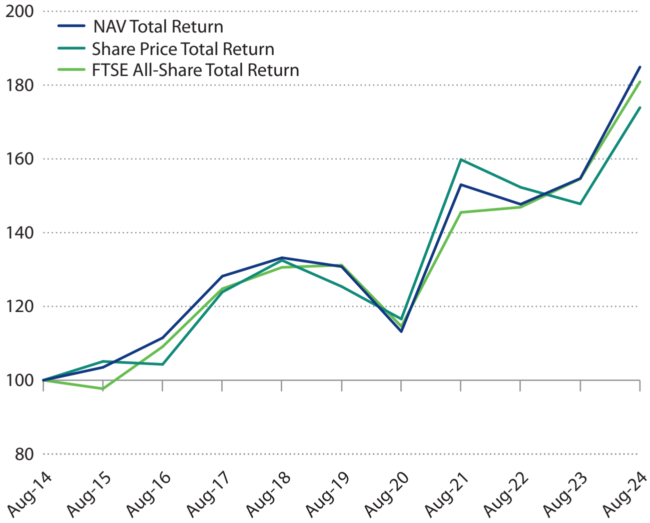
[1] Borrowings used for investment purposes, less cash, expressed as a percentage of net assets. If the amount so calculated is negative, this is shown as a "Net cash" position.

[2]Ongoing charges represents the management fee and all other operating expenses excluding finance costs and transaction costs, expressed as a percentage of the average daily net asset values during the year.

[3]Source: Morningstar/Thomson Reuters. Rebased to 100 at 31 August 2014.

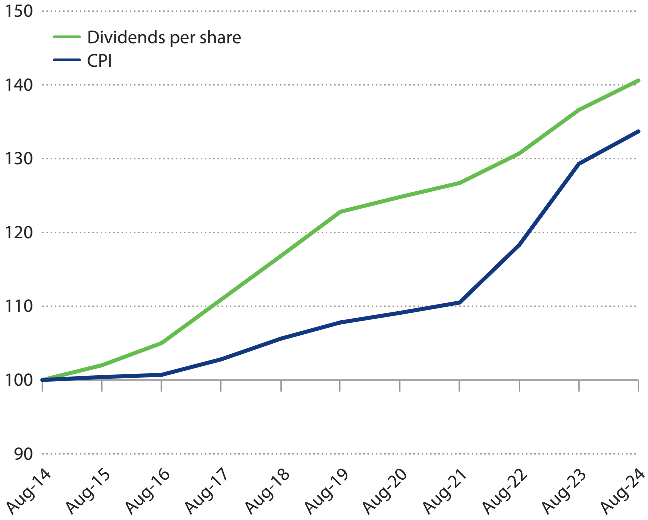
*Alternative Performance Measures.

NAV/share price/FTSE All-Share Index total returns for the ten years ended 31 August 2024



Source: Morningstar/Thomson Reuters. Rebased to 100 at 31 August 2014.

Dividends per share versus the rate of inflation for the ten years ended 31 August 2024



Source: Morningstar/Office for National Statistics. Rebased to 100 at 31 August 2014.

Purpose, values and culture

The Company's purpose is to create long-term shareholder value.

The Company's culture is driven by its values: transparency, engagement and rigour, with collegial 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 to structure the Company's operations with regard to all its stakeholders and take account of the impact of the Company's operations 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.

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; and greenhouse gas and energy usage reporting.

Business model

The Board appointed Schroder Unit Trusts Limited (the "Manager" or "AIFM") 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 are described more completely in the Directors' Report including delegation to the Investment Manager. 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. The investment and promotion processes set out in the diagram are described in more detail below.

Investment trust status

The Company carries on business as an investment trust. Its shares are listed and admitted to trading on the main market of 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.

Continuation vote

It is not intended that the Company should have a limited life but the Directors consider it desirable that the shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Articles of Association contain provisions requiring the Directors to put a proposal for the continuation of the Company to shareholders at the AGM in 2025 and thereafter at five yearly intervals.

Investment model

Investment objectives

The Company's principal objectives are to provide real growth of income in excess of the rate of inflation, and capital growth as a consequence of the rising income.

Investment policy

The investment policy of the Company is to invest primarily in UK equities but up to 20% of the portfolio may be invested in equities listed on recognised stock exchanges outside the UK. If considered appropriate, the Company may use equity related instruments such as convertible securities and up to 10% of the portfolio may be invested in bonds. In addition, up to 20% of total income may be generated by short-dated call options written on holdings in the portfolio. Put options comprising short-term exchange-traded instruments on major stock market indices of an amount up to the value of the Company's borrowings may also be utilised.

Investment restrictions and spread of investment risk

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

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

(ii) 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 investment companies or investment trusts which are listed on the Official List of the London Stock Exchange;

(iii) no more than 15% of the Company's gross assets may be invested in other investment companies or investment trusts which are listed on the Official List of the London Stock Exchange;

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

(v) no more than 25% of the Company's total net assets may be invested in the aggregate in unlisted investments and holdings representing 20% or more of the equity capital of any company.

The investment portfolio on page 15 demonstrates that, as at 31 August 2024, the Manager invested in 44 UK equity investments spread across ten industry sectors. The Board believes that the diversity of the stocks, along with the above-mentioned restrictions imposed on the Manager, achieve the objective of spreading investment risk.

Key performance indicators

The investment objective

The Board measures the development and success of the Company's business through achievement of the Company's investment objective, to provide real growth of income, being growth of income in excess of the rate of inflation, and capital growth as a consequence of the rising income, 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 Chairman'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 performance;

– Share price performance;

– Share price discount/premium; and

– Ongoing charges ratio.

These are classed as Alternative Performance Measures and their calculations are explained in more detail on page 72.

The performance against these indicators is reported on page 16.

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 discount/premium to NAV per share at every board meeting and is alert to the value shareholders place on maintaining as low a level of discount/premium volatility as possible.

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 and performance 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 net revenue return for the year, before finance costs and taxation, was £8,863,000 (2023: £9,676,000). After deducting finance costs and taxation the amount available for distribution to shareholders was £8,084,000 (2023: £9,130,000) equivalent to net revenue of 11.64p (2023: 13.14p) per ordinary share.

The Directors of the Company intend to continue to pay dividends at the end of January, April, July and October in each year. Although it is intended to distribute substantially all net income after expenses and taxation, the Company may retain up to a maximum of 15% of the Company's gross income in each year as a revenue reserve to provide consistency in dividend policy. For the year ended 31 August 2024, the Directors have declared four interim dividends, totalling 14.20p (2023: 13.80p) per ordinary share.

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 Company 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, regional road shows and attendance at conferences for professional investors. 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. The Board also seeks active engagement with investors, and meetings with the Chairman are offered to investors when appropriate.

Shareholders are 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 to 31 August 2024, 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, and a number of the Company's functions are outsourced to third parties. The Board has identified its key stakeholders as the Company's shareholders, the Investment Manager, other service providers, the companies in which it invests, and the wider society and environment. The table below explains how the Directors have engaged with, and maintained high standards of business conduct and fair treatment of, all stakeholders and outlines key activities undertaken and decisions made by the Board during the year.

Stakeholder	Significance	Engagement	2023/24 highlights
Shareholders	Continued shareholder support and engagement are critical to the continuing existence of the Company and the delivery of the long-term strategy.	**AGM:** The Company welcomes attendance and participation from shareholders at the AGM. Shareholders have the opportunity to meet the Directors and the Manager and ask questions at the AGM. The Board values the feedback it receives from shareholders which is incorporated into Board discussions. **Publications:** The annual and half year results presentations are available on the Company's web page with their availability announced via the London Stock Exchange. Daily NAV updates are issued to provide shareholders with transparent information on the Company's portfolio. 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 Manager communicates with shareholders periodically. All investors are offered the opportunity to meet the Chairman, 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 the 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 Investment Manager also undertakes Investor Roadshows following publications of results. **Working with external partners:** The Board also engages some external providers, such as investor communications advisors to obtain a more detailed view on specific aspects of shareholder communications, such as developing more effective ways to communicate with investors.	The AGM was held in person in 2023 and 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 December 2024. 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 Chairman of the Board met with some of the Company's major shareholders during the year and since the year end. Their views were taken into consideration as part of the Board's duty to ensure their interests were taken into account. The Investment Manager engaged with a number of its 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 continues to work with Kepler on promoting the Company through its research notes which are published once a year following the publication of the Company's annual results. The Company repurchased 38,000 ordinary shares during the financial year to be held in treasury and the Board continues to monitor the discount closely and will take appropriate action as required. Since the year end, the Company repurchased a further 8,000 ordinary shares to be held in treasury.

Stakeholder	Significance	Engagement	2023/24 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 investment opportunities. The Investment Manager's performance is critical for the Company to deliver its investment strategy successfully and meet its objective to provide real growth of income, being growth of income in excess of the rate of inflation, and capital growth as a consequence of the rising income. The key outsourced function is the provision of investment management services by the Investment Manager, making it a significant stakeholder.	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. The Management Engagement Committee reviews the performance of the Manager, its remuneration and the discharge of its contractual obligations at least annually. Important components in the Board's collaboration with the Investment Manager are: – Encouraging open discussion with the Investment Manager; – 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 Investment Manager in its monitoring and change management of portfolio companies, for the benefit of all of the Investment Manager's clients.	The Board reviewed the portfolio at each quarterly meeting and maintains constructive dialogue with the Investment Manager. The Board was able to increase its dividend for the 29th consecutive year. The dividend of 14.20p was 82% covered by earnings. After payment of the fourth interim dividend, the revenue reserve was £5.7 million, representing 8.25p per ordinary share or seven months of the annual dividend.
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 reports 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 14).

Stakeholder	Significance	Engagement	2023/24 highlights
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 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. The need to foster business relationships with key service providers is central to Directors' decision making as the Board of an externally managed investment trust.	Under delegated authority from the Board, the Management Engagement Committee reviewed all material third party service providers. The Board considered the ongoing appointments of its service providers to be in the best interests of the Company and its shareholders as a whole and will continue to 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.
Lenders	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 and 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.	During the year, gearing was regularly considered. The Company entered into a one year £30 million revolving credit facility with The Bank of Nova Scotia, London Branch, effective from 20 September 2024.
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.	The Board's desire for greater engagement reporting has resulted in the inclusion of case studies showcasing how the Investment Manager supports and integrates responsible investing in its investment approach set out in the annual report.

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

Diversity policy

The Board has adopted a diversity and inclusion policy which seeks to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Board recognises that its debates and decision-making are greatly enriched by a wider range of perspectives and thinking. The Board will encourage any recruitment agencies it engages to find a range of candidates that meet the objective criteria agreed for each appointment. Appointments will always be based on merit alone. 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 (UK LR 6.6.6(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 Chairman, 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 Chairman of the Board and the SID in its diversity tables below.

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 31 August 2024, the Company met all three criteria and there have been no changes since 31 August 2024 to the date of publication of the annual report and financial statements.

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

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)	3	75%	2
Asian/Asian British	1	25%	–
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 and 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 consumed less than 40,000 kWh during the year and so has no greenhouse gas emissions, energy consumption or energy efficiency action to report.

Principal and emerging risks and uncertainties

The Board, through its delegation to the 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

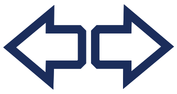
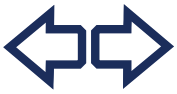
Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Audit and Risk Committee, including the incidence of significant control failings 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. The internal control environment of the Manager, the depositary, and the registrar are tested annually by independent external auditors. The full reports are provided to the Audit and Risk Committee alongside abridged summaries.

Although the Board believes that it has a robust framework of internal control 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 the monitoring system are also subject to robust assessment at least annually. The last assessment took place in November 2024.

During the year, the Board discussed and monitored a number of risks which could potentially impact the Company's ability to meet its strategic objectives. The Board received 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 risks posed by volatile markets, inflation and corresponding interest rate levels which could affect the asset class. However, these are not factors which explicitly impacted the Company's performance. These risks are seen as those that exacerbate existing risks and have been incorporated in the market risks section 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 and emerging 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.

Risk	Mitigation and management	Change
Strategy		
Strategic The Company's investment objectives may become out of line with the requirements of investors, resulting in a wide discount of the share price to underlying NAV per share.	The Board holds a separate annual strategy meeting to consider the Company's strategy and performance, the appropriateness of the Company's investment remit together with opportunities and threats to its business. Share price relative to NAV per share is monitored at quarterly board meetings and the use of buy back authorities is considered on a regular basis. The marketing and distribution activity is actively reviewed and there is proactive engagement with shareholders. The Company holds a continuation vote every five years on whether the Company should continue in its current form. Shareholders will have the opportunity to vote on the continuation of the Company at its AGM in 2025.	
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 its competitors. Annual consideration of management fee levels.	

Risk	Mitigation and management	Change
Investment		
Investment management The Investment 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 Investment Manager's compliance with the agreed investment restrictions, investment performance and risk against investment objectives and strategy; relative performance; the portfolio's risk profile; and appropriate strategies employed to mitigate any negative impact of substantial changes in markets. Annual review of the ongoing suitability of the Manager, including resources and key personnel risk.	
Economic and market 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 portfolio will normally be fairly fully invested and as such will therefore inevitably be exposed to economic and market risk. Changes in general economic and market conditions, such as currency exchange rates, interest rates, inflation rates, industry conditions, tax laws, political events and trends can substantially and adversely affect the value of investments. Market risk includes the potential impact of events which are outside the Company's control, such as pandemics, civil unrest and wars.	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. There are inherent risks involved in stock selection. The Investment Manager is experienced and has a long track record in successfully investing in public equity holdings. The Investment Manager monitors the impact of foreign currency movements on the portfolio and is able to rebalance the portfolio towards stocks which are less impacted by changes in foreign currency exchange rates if required.	
ESG and climate change Failure by the Investment Manager to identify potential ESG issues, including the impact of climate change, could impact shareholder returns due to valuation issues in investee companies and the Company's shares becoming less attractive to investors.	The Investment Manager's ESG policies, including those relating to climate change, which have been adopted by the Company, are fully integrated into the investment process, as set out in the Strategic Report. Investments are valued at fair value and reflect market participants' views of ESG and climate change risk on the Company's portfolio investments. The Investment Manager regularly reports to the Board on ESG and climate change matters, including engagement with investee companies. Any investor feedback is also taken into consideration by the Board.	
Gearing The Company utilises a credit facility. This arrangement increases 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 shareholders' funds.	
Custody Safe custody of the Company's assets may be compromised through control failures by the depositary.	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 reviewed.	

Risk	Mitigation and management	Change
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. Shareholder documents and announcements, including the Company's published annual report are subject to stringent review processes. Procedures have been established to safeguard against disclosure of inside information.	
Operational		
Service provider The Company has no employees and has delegated certain functions to a number of service providers, principally the Manager, depositary and registrar. Failure of controls 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 services provided are monitored. Audited internal controls reports from key service providers, including confirmation of business continuity arrangements, are reviewed annually.	
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. In addition, the Board received presentations from the Manager, the registrar and the safekeeping agent and custodian on cyber risk.	

Viability statement

The Directors have assessed the viability of the Company over a five year period, taking into account the Company's position at 31 August 2024 and the potential impacts of the principal 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.

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.

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 24 to 26 and in particular the impact of a significant fall in UK equity markets on the value of the Company's investment portfolio. The Directors have 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 and on that basis consider that five years is an appropriate time period. 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.

Whilst the Company's Articles of Association require that a proposal for the continuation of the Company be put forward at the AGM in 2025, the Directors have no present reason to believe such a resolution will not be passed by shareholders.

The Directors also considered a stress test in which the Company's NAV dropped by 50% and noted that, based on the assumptions in the test, the Company would continue to be viable over a five year period. Based on the Company's processes for monitoring operating costs, the Board's view that the Manager has the appropriate depth and quality of resource to achieve superior returns in the longer term, the portfolio risk profile, limits imposed on gearing, counterparty exposure, liquidity risk and financial controls, 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. The Board have considered climate risk, political risk and external market factors in their assessment. 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 the period assessed by the Directors, being the period to 30 November 2025 which is 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

11 November 2024

Governance

Governance

Ewen Cameron Watt

Status: Independent non-executive Chairman and Management Engagement Committee Chairman

Length of service: Seven years – appointed as a Director in December 2017.

Experience: : Ewen was a managing director at BlackRock, where he spent the majority of his career (including predecessor companies). From 2011 to 2016, he was chief investment strategist at the BlackRock Investment Institute. Prior to joining BlackRock, he held senior investment roles in the UK and Hong Kong, including as portfolio manager from 1995 to 2010 and head of Asian research for SG Warburg from 1990 to 1995. Ewen is also an independent adviser to a number of endowments and pension funds. He began his career as an analyst at EB Savory Miln in 1978.

Contribution to the Board and its Committees: Ewen has extensive financial services and investment experience.

Committee membership: Audit and Risk, Management Engagement, Nomination and Remuneration Committees (Chairman of the Management Engagement Committee).

Remuneration for the year ended 31 August 2024: £38,000 per annum

Number of shares held: 13,000[1]

June Aitken

Status: Independent non-executive Director and Nomination Committee Chairman

Length of service: One year – appointed as a Director in January 2023.

Experience: June has over 30 years' experience with a successful equities distribution platform background. She worked in partnership with institutional investors and subsequently co-founded an investment manager focused on environmental and responsible equity mandates for pension funds and endowments globally. She brings her knowledge of the investment trust market, including intermediary and retail investor distribution, and experience of risk and governance frameworks.

She has previously held roles with Berkshire Capital ICAV, Asian Masters Fund, Emerging Markets Masters Fund and Aquarius Fund. June is currently a non-executive director of JP Morgan Asia Growth and Income plc, and BBGi Global Infrastructure SA. She is also chairman of CC Japan Income & Growth Trust plc.

Contribution to the Board and its Committees: June brings broad based experience in investment trusts and financial services including distribution, responsible investment and governance.

Committee membership: Audit and Risk, Management Engagement, Nomination and Remuneration Committees (Chairman of the Nomination Committee).

Remuneration for the year ended 31 August 2024: £28,000 per annum

Number of shares held: 10,928[1]

[1]Shareholdings are as at 11 November 2024. Full details of Directors' shareholdings are set out in the Directors' Remuneration Report on pages 42 to 44.

Fraser McIntyre

Status: Independent non-executive Director and Audit and Risk Committee Chairman

Length of service: Five years – appointed as a Director in December 2019.

Experience: Fraser has over 30 years of experience in financial services, including asset management, investment banking and audit. He started his career auditing financial services companies with PwC before working in the prime brokerage/equity divisions of two investment banks, Goldman Sachs and UBS. He has been COO at several multi-billion dollar hedge funds where he was responsible for overseeing all operational areas of the business, including finance and accounting, operations, risk, legal and compliance. He has sat on a number of fund and management company boards whose investments covered a wide range of asset classes across traditional and alternative strategies.

Fraser is a Chartered Accountant. He has held a variety of executive positions within the financial services sector, most recently as Chief Operating Officer of Cantab Capital LLP. He also operates a consultancy business advising hedge funds.

Contribution to the Board and its Committees: Fraser brings his experience in financial services, including asset management, investment banking and audit.

Committee membership: Audit and Risk, Management Engagement, Nomination and Remuneration Committees (Chairman of the Audit and Risk Committee).

Remuneration for the year ended 31 August 2024: £33,000 per annum

Number of shares held: 16,357[2]

Victoria Muir

Status: Senior Independent non-executive Director and Remuneration Committee Chairman

Length of service: Five years – appointed as a Director in July 2019.

Experience: Victoria is a Chartered Director and a Fellow of the Institute of Directors. She has held a variety of executive positions within the financial services sector, most notably as an executive director of Royal London Asset Management Ltd and some of its sister companies, before pursuing a career as a non-executive director. She is chair of Invesco Global Equity Income Trust plc, and a director of Premier Miton Global Renewables Trust plc and its subsidiary PMGR Securities 2025 plc. Victoria has 30 years of experience in financial services, including asset management and inter-dealer broking. Her experience covers a broad range of products and services including investment trusts, segregated accounts, pension funds, insurance products, VCTs and hedge funds and a wide breadth of asset classes across both traditional and alternative investments.

Contribution to the Board and its Committees: Victoria brings her experience in financial services, particularly asset management with a focus on distribution, strategy and governance.

Committee membership: Audit and Risk, Management Engagement, Nomination and Remuneration Committees (Chairman of the Remuneration Committee).

Remuneration for the year ended 31 August 2024: £28,000 per annum

Number of shares held: 3,500[1]

[1]Shareholdings are as at 11 November 2024. Full details of Directors' shareholdings are set out in the Directors' Remuneration Report on pages 42 to 44.
[2]Mr McIntyre's shareholding as at 11 November 2024 includes the holding of a connected person.

The Directors submit their annual report and financial statements of the Company for the year ended 31 August 2024.

Directors and officers

Chairman

The Chairman is an independent non-executive Director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman's other significant commitments are detailed on page 30. He has no conflicting relationships.

Senior Independent Director ("SID")

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

Company Secretary

Schroder Investment Management Limited provides company secretarial support to the Board and is responsible for assisting the Chairman 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.

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 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 AIC Code of Corporate Governance (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 with the AIC Code, in so far as they apply to the Company's business, throughout the year under review. As all of the Company's day-to-day management and administrative functions are outsourced to third parties, it has no executive directors, employees or internal operations and therefore has not reported in respect of the following UK Code Provisions:

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

Role and operation of the Board

The Board is the Company's governing body; it sets the Company's strategy and is collectively responsible to shareholders for its long-term success. The Board is responsible for appointing and subsequently monitoring the activities of the 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 Strategic Report on pages 4 to 27 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 Chairman 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 discount of the Company's shares to underlying NAV; promotion of the Company; and services provided by third parties. Additional meetings of the Board are arranged as required.

The Board is satisfied that it is of sufficient size with an appropriate balance of diverse skills and experience, independence and knowledge of the Company, its sector and the wider investment trust industry, to enable it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision making.

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 Committee, Nomination Committee, Remuneration Committee and Management Engagement Committee are incorporated 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.

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 Auditor is 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 Auditor is aware of that information.

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
Ewen Cameron Watt	4/4	2/2	1/1	1/1	1/1
June Aitken	4/4	2/2	1/1	1/1	1/1
Fraser McIntyre	4/4	2/2	1/1	1/1	1/1
Victoria Muir	4/4	2/2	1/1	1/1	1/1

In addition to the scheduled quarterly Board meetings, the Board met once during the year to review and focus on the Company's strategy and on additional occasions for ad-hoc business. The Board is satisfied that the Chairman and each of the other non-executive Directors commit sufficient time to the affairs of the Company to fulfil their duties.

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 Alternative Investment Fund Manager ("AIFM" or "Manager"). In accordance with the terms of an AIFM agreement which is governed by the laws of England and Wales, the appointment 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. Details of the amounts paid to the Manager are detailed in note 4 on page 58.

The Manager 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. The Manager also provides general marketing support for the Company and manages relationships with key investors, in conjunction with the Chairman, other Board members or the corporate broker as appropriate. The Manager has delegated investment management, accounting and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited. The Manager has appropriate professional indemnity insurance cover in place.

The Schroders Group manages £773.7 billion (as at 30 June 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

Under the terms of the AIFM Agreement, a management fee is payable at a rate of 0.45% per annum of chargeable assets. A further fee of £150,000 plus VAT per annum is payable to cover administration and company secretarial fees.

The management fee payable in respect of the year ended 31 August 2024 amounted to £1,090,000 (2023: £1,055,000).

Details of all amounts payable to the Manager are set out in note 4 on page 58.

The Board has reviewed the performance of the Manager during the year under review and continues to consider that it has the appropriate depth and quality of resource to deliver the Company's investment objectives over the longer term. Thus, the Board considers that the Manager's appointment under the terms of the AIFM agreement, details of which are set out above, is in the best interests of shareholders as a whole.

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 verifying the Company's cash flows; and
- oversight of the Company and the Manager.

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

Registrar

Equiniti Limited 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

During the year under review the Company repurchased a total of 38,000 shares of 10 pence each which were placed in treasury. As at 31 August 2024, the Company had 69,463,343 ordinary shares of 10p in issue, of which 38,000 were held in treasury.

Since the year end, a further 8,000 shares have been repurchased to be held in treasury and as at 11 November 2024, the Company had 69,463,343 ordinary shares of 10p in issue, of which 46,000 ordinary shares were held in treasury. Accordingly, the total number of voting rights in the Company at 11 November 2024 is 69,417,343. 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 61. All shares in issue rank equally with respect to voting, dividends and any distribution on winding up.

As at 31 August 2024, the Company has received notifications in accordance with the FCA Disclosure Guidance and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attached to the Company's issued share capital. The Company is reliant on investors to comply with these regulations, and certain investors may be exempted from providing these. As such, this should not be relied on as an exhaustive list of shareholders holding above 3% of the Company's voting rights.

	Number of shares held[1]	% of voting rights[1]
Charles Stanley & Co. Limited	3,422,693	4.98

[1]As at date of notification.

There have been no notified changes to the above holdings since the year end.

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 provision and was in place throughout the year under review and to the date of this report.

By order of the Board

Schroder Investment Management Limited
Company Secretary

11 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/incomegrowth.

All Directors are members of the Committee. Fraser McIntyre is the Chairman of the Committee. 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. The AIC Code permits the Chairman of the Board to be a member of the Committee, but not its chairman, provided that they were independent upon appointment. Given the Board's size, the Directors believe it is appropriate for the Chairman 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

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 principal and emerging risks and uncertainties of the Company, and an explanation of how these are being 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.	**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 financial statements. 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, re-appointment, effectiveness, any non-audit services by the Auditor and removal of the external Auditor. To review their independence, and to approve their remuneration and terms of engagement. To review the audit plan and engagement letter.

The Committee met twice during the year under review and the table below sets out how the Committee discharged its duties during the year. Further details on attendance can be found on page 33.

Application during the year

Risk management and internal controls	Financial reports and valuation	Audit
Principal and emerging risks and uncertainties Reviewed the principal and emerging risks and uncertainties faced by the Company together with the systems, processes and oversight in place to manage and mitigate them. **Service provider controls** Consideration of the operational controls maintained by the Manager, depositary and registrar.	**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 to present their audit plan and the findings of the audit. The Committee met the Auditor without representatives of the Manager present. **Effectiveness of the independent audit process and Auditor performance** Evaluated the effectiveness of the independent audit firm and process prior to making a recommendation that it should be re-appointed at the forthcoming AGM. Evaluated the Auditor's performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence, alongside feedback from the Manager on the audit process. Professional scepticism of the Auditor 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, depositary and registrar, including assurance reports and presentations on these controls.	**Calculation of the investment management fee** Consideration of methodology used to calculate the fees, matched against the criteria set out in the AIFM agreement.	**Auditor independence** Ernst & Young LLP has provided audit services to the Company since it was appointed on 17 May 2019. The Auditor is required to rotate the senior statutory auditor every five years. There are no contractual obligations restricting the choice of external auditor. This is the fifth year that the senior statutory auditor, Matthew Price, has conducted the audit of the Company's financial statements. A succession plan has been put forward ahead of the required rotation of the senior statutory auditor and agreed with the audit committee. The Committee was satisfied that there were no circumstances that affected the independence or objectivity of the Auditor.
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 annual 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 last undertaken in 2019. **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.
	Valuation and existence of holdings Quarterly review of portfolio holdings and assurance reports.	

Risk management and internal controls	Financial reports and valuation	Audit
	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 was consistent with the Board's view of the operation of the Company.	**Provision of non-audit services by the Auditor** The Committee has reviewed the FRC's Guidance on Audit Committees and has 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 under review.
	Going concern and viability Reviewed the position and made recommendations to the Board in relation to whether it considered 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.	**Consent to continue as Auditor** Ernst & Young 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 annual and half year report and financial statements.
- The Committee recommended that the going concern assumption be adopted in the annual report and financial statements and the explanations set out in the viability statement.
- As a result of the work performed, the Committee has concluded that the annual report and financial statements for the year ended 31 August 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 45.
- Having reviewed the performance of the Auditor as described above, the Committee considered it appropriate to recommend the Auditor's re-appointment. Resolutions to re-appoint Ernst & Young LLP as Auditor to the Company, and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM.

Fraser McIntyre
Chairman of the Audit and Risk Committee
11 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. Ewen Cameron Watt is the Chairman of the Committee. Its terms of reference are available on the Company's web pages, www.schroders.co.uk/incomegrowth. 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 the reference index, peer group and the market.
- considers the reporting it has received from the Manager throughout the year, and the reporting from the Manager to the shareholders.
- assesses management fees on an absolute and relative basis, receiving input from the Company's broker, including peer group and industry figures, as well as the structure of the fees.
- reviews the appropriateness of the Manager's contract, including terms such as notice period.
- 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
- 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 Manager's performance and agreed that it has 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, and 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, including the fee, 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. June Aitken is the Chairman of the Committee. Its terms of reference are available on the Company's web pages, www.schroders.co.uk/incomegrowth. 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.

Oversight of Directors

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

Approach

Selection and induction

- The Committee prepares a job specification for each role and considers the use of an independent recruitment firm. For the Chairman and Chairmen of the Committees, the Committee also considers current Board members.
- Job specification outlines the knowledge, professional skills, personal qualities and experience requirements.
- Potential candidates are assessed against the Company's diversity policy.
- The Committee discusses the long list, invites a number of candidates for interview and makes a recommendation to the Board.
- The Committee reviews the induction and training of new Directors.

Board evaluation

- The Committee assesses each Director annually and considers if an external evaluation should take place.
- Evaluation focuses on whether each Director continues to demonstrate commitment to their role and provides a valuable contribution to the Board during the year, 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.

Succession

- Taking into consideration diversity and the need for regular refreshment and orderly succession, the Board's policy is that Directors' tenure will be for no longer than nine years, with the exception of the Chairman of the Board, who should not serve longer than nine years, in ordinary circumstances and that each Director will be subject to annual re-election at the AGM.
- The Committee reviews the Board's current and future needs at least annually. Should any need be identified the Committee will initiate the selection process.
- The Committee oversees the handover process for retiring Directors.

Application during the year (see overleaf)

Selection and induction	Board evaluation	Succession
	• The annual Board evaluation, including evaluation of its Committees, was undertaken in July 2024 and concluded that the Board and its Committees functioned well, with the right balance of membership, skills and experience. For the year under review, 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 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 30 and 31. • All Directors were considered to be independent in character and judgement and the Committee reviews this information annually. • Based on its assessment, the Committee provided individual recommendations for each Director's re-election.	• The Committee believes it is important for the Board to have the appropriate skills and diversity and has reviewed composition and succession plans with these in mind. • The Board has complied with the FCA Listing Rule in relation to diversity and provided necessary disclosures on page 23. • The Committee reviewed the succession policy and agreed it was still fit for purpose.

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 and should all be recommended for re-election by shareholders at the forthcoming AGM.

Remuneration Committee Report

The Remuneration Committee is responsible for making recommendations to the Board about the remuneration of the Directors. All Directors are members of the Committee. Victoria Muir is the Chairman of the Committee. Its terms of reference are available on the Company's web pages, www.schroders.co.uk/incomegrowth. 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

Directors' fees

- 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

Directors' fees

- 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 recommended that Directors' fees be increased with effect from 1 September 2024.
- The Remuneration Report will be put to shareholders for approval as an advisory vote 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 to the following with effect from 1 September 2024: Chairman £40,000; Audit and Risk Committee Chairman £34,000; Director £28,750.

Introduction

The following remuneration policy is currently in force and is subject to a binding vote every three years. The shareholders approved the Directors' remuneration policy at the 2023 AGM and the current policy provisions will apply until the policy is next considered by shareholders at the AGM in 2026. Additionally, an ordinary resolution to approve this report will be put to shareholders at the forthcoming AGM.

At the AGM held on 13 December 2023, 97.74% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Directors' Remuneration Policy were in favour, while 2.26% were against. 15,180 votes were withheld.

At the AGM held on 13 December 2023, 97.77% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Directors' Remuneration Report for the year ended 31 August 2023 were in favour, while 2.23% were against. 15,680 votes were withheld.

Directors' remuneration policy

The determination of the Directors' fees is the responsibility of the Remuneration Committee, which makes recommendations to 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. This aggregate level of Directors' fees is currently set at £150,000 per annum and any increase in this level requires approval by the Board and the Company's shareholders. The Chairman of the Board and the Chairman 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.

Any Director who performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, may be paid additional remuneration to be determined by the Directors, subject to the previously mentioned fee cap.

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.

The Board did not consult with any individual shareholders before setting this remuneration policy, although feedback from the Company's Manager and corporate broker on shareholder views was considered. Any specific comments on the policy received from shareholders would be considered on a case-by-case basis.

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.

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, 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' report on remuneration

This report sets out how the remuneration policy was implemented during the year ended 31 August 2024.

Fees paid to Directors

The following amounts were paid by the Company to Directors for their services in respect of the year ended 31 August 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 inside front cover and page 1, under the heading "Performance Summary".

Director	Fees 2024 £	Fees 2023 £	Taxable benefits[1] 2024 £	Taxable benefits[1] 2023 £	Total 2024 £	Total 2023 £	Change in annual fee over years ended 31 August 2024 %	2023 %	2022 %	2021 %	2020 %
Ewen Cameron Watt (Chairman)[2]	38,000	34,176	1,721	440	39,721	34,616	14.7	32.3	9.0	(1.1)	(1.8)
June Aitken[3]	28,000	18,000	–	103	28,000	18,103	54.7	0.0	n/a	n/a	n/a
Bridget Guerin[4]	–	10,771	–	568	–	11,339	n/a	(68.7)	5.5	8.4	26.7
Fraser McIntyre[5]	33,000	32,000	482	1,749	33,482	33,749	(0.8)	8.5	12.6	71.3	n/a
Victoria Muir	28,000	27,000	704	1,696	28,704	28,696	0.0	10.3	8.3	(1.2)	823.6
Total	127,000	121,946	2,907	4,556	129,907	126,503					

[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]Appointed Chairman on 15 December 2022.
[3]Appointed to the Board on 1 January 2023.
[4]Retired from the Board and as Chairman on 15 December 2022.
[5]Appointed as a Director on 17 December 2019 and Audit and Risk Committee Chairman on 17 December 2020.

The information in the above table has been audited.

Consideration of matters relating to Directors' remuneration

Directors' remuneration was last reviewed by the Remuneration Committee and the Board in July 2024. The members of the Committee and Board at the time that remuneration levels were considered were as set out on pages 30 and 31. 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 provided by the corporate broker was taken into consideration together with independent third party research.

Following this review, the Board agreed the Remuneration Committee's recommendation that with effect from 1 September 2024, Directors' annual fees should be increased to £40,000 for the Chairman, £34,000 for the Audit and Risk Committee Chairman and £28,750 for Directors.

The Remuneration Committee believes that the level of increase and resulting fees appropriately reflects prevailing market rates for an investment trust of the Company's size, the increasing complexity of regulation and resultant time spent by the Directors on Company matters, and will also enable the Company to attract appropriately experienced additional Directors in the future.

The maximum level of fees payable, in aggregate, to the Directors of the Company is currently £150,000 per annum.

Directors' annual report on remuneration

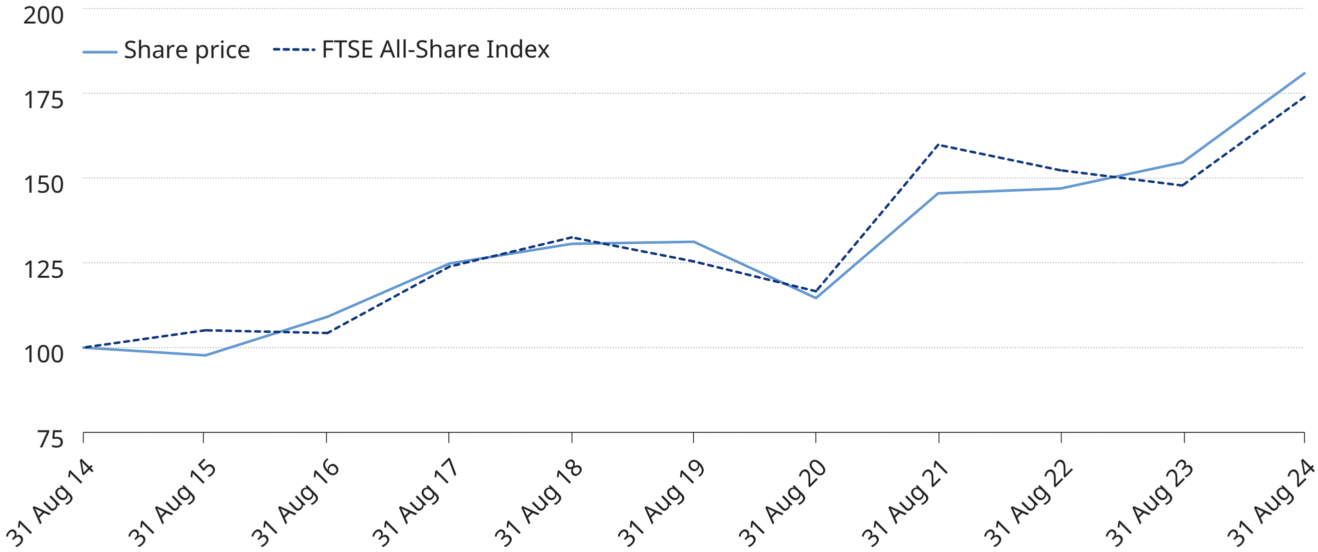
Expenditure by the Company on remuneration and distributions to shareholders

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

	Year ended 31 August 2024 £'000	Year ended 31 August 2023 £'000	% Change
Remuneration payable to Directors	130	127	2.4
Distributions paid to shareholders			
Dividends	9,860	9,585	
Share buy backs	102	–	
Distributions paid to shareholders	9,962	9,585	3.9

Performance graph

A graph showing the Company's share price total return compared with the FTSE All-Share Index total return, over the last ten years, is set out below, per Schedule 8, section 18, 4 (c) of the Companies Act 2006. The FTSE All-Share Index has been selected as an appropriate comparison based on the composition of the Company's investment portfolio.



Source: Morningstar/Thomson Reuters. Rebased to 100 at 31 August 2014.

Directors' share interests

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 31 August 2024[1]	At 1 September 2023[1]
Ewen Cameron Watt	13,000	13,000
June Aitken	10,680	10,163
Fraser McIntyre	16,140	7,984
Victoria Muir	3,500	3,500

[1]Ordinary shares of 10p each

Since the year ended 31 August 2024, Ms Aitken purchased 248 ordinary shares. Following this purchase, Ms Aitken's interests increased to 10,928 ordinary shares in the Company. Further, a connected person to Mr McIntyre purchased 217 ordinary shares. Following this purchase, Mr McIntyre's interests increased to 16,357 ordinary shares in the Company. There have been no other notified changes to Directors' interests in the shares of the Company.

The information in the above table has been audited.

On behalf of the Board

Victoria Muir
Chairman of the Remuneration Committee
11 November 2024

Directors' responsibilities

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

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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the 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.

The Directors 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 Company's web pages. 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 30 and 31, 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the annual 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

Ewen Cameron Watt
Chairman

11 November 2024

Financial

Financial

Opinion

We have audited the financial statements of Schroder Income Growth Fund plc for the year ended 31 August 2024 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, and the related notes 1 to 21 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

– give a true and fair view of the Company's affairs as at 31 August 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.

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.

Independence

We are 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 public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of Company in conducting the audit.

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 the following procedures;

– Confirmation of our understanding of the Company's going concern assessment process and engagement with the Directors and the Company Secretary to determine if all key factors were considered in their assessment.

– Inspection of the Directors' assessment of going concern, including the revenue forecast, for the period to 30 November 2025 which is at least 12 months from the date the financial statements will be authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.

– Review of the factors and assumptions, including the impact of the current economic environment, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised are appropriate to be able to make an assessment for the Company.

– Consideration of the mitigating factors included in the revenue forecasts that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly.

– Review of Assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We recalculated the Company's compliance with debt covenants in the scenarios assessed by the Directors and performed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.

– Review of the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

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 covered by the directors to 30 November 2025 which is at least 12 months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how they have 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	– Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income. – Risk of incorrect valuation or ownership of the investment portfolio.
Materiality	– Overall materiality of £2.32 million which represents 1% of shareholders' funds.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

Stakeholders have been increasingly interested as to how climate change will impact companies. The Company has determined that the impact of climate change could affect the Company's investments and the overall investment process. This is explained in the principal risks section on page 25 and which forms part of the "Other information", rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in note 1(a) and conclusion that there was no material impact of climate change on the valuation of the investments. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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. These matters included 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 our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income *As described in the Audit and Risk Committee Report (page 35); Accounting policies (note 1 to the financial statements pages 56 to 57);* The total revenue for the year to 31 August 2024 was £9.74 million (2023: £10.56 million), consisting primarily of dividend income from listed equity investments. The Company received special dividends amounting to £0.33 million (2023: £0.20 million). Of which £0.05 million was classed as revenue (2023: £0.20 million), and £0.28 million (2023: £0 million) was classed as capital. The investment income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. In addition, the Directors may be required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Statement of Comprehensive Income.	**We performed the following procedures:** We obtained an understanding of the Manager's and Administrator's processes and controls surrounding revenue recognition and classification of special dividends by performing walkthrough procedures. For all dividends received and accrued dividends, we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed all exchange rates to an external source where applicable and, for a sample of dividends received and all accrued dividends, we agreed the amounts to bank statements. To test completeness of recorded income, we verified that dividends had been recorded for each investee Company held during the year with reference to investee Company announcements obtained from an independent data vendor. For all accrued dividends, we reviewed the investee Company announcements to assess whether the entitlement arose prior to 31 August 2024. We performed a review of the income and acquisition and disposal reports produced by the Administrator to identify all special dividends received and accrued. The Company received two special dividends in the period. For these dividends, we assessed the appropriateness of the Administrator's classification as revenue for these dividends by reviewing the underlying rationale for the distribution.	The results of our procedures identified no material misstatements in relation to the risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Risk of incorrect valuation or ownership of the investment portfolio *As described in the Audit and Risk Committee's Report (page 35); Accounting policies (note 1 to the financial statements pages 56 to 57).* The valuation of the investment portfolio at 31 August 2024 was £258.4 million (2023: £229.7 million) consisting entirely of listed equities. The valuation of investments held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or failure to maintain proper legal title of the investments held by the Company, could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined using quoted market bid prices at close of business on the last business day of the year.	We obtained an understanding of the Administrator's processes and controls surrounding investment valuation and legal title by performing walkthrough procedures. For all listed investments in the portfolio we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year end We reviewed the prices for all investments in the portfolio to identify prices that have not changed within five business days from year end to verify whether the listed price is a valid fair value. Our testing identified no prices which had not changed, and no stale prices were identified. We compared the Company's investment holdings at 31 August 2024 to independent confirmations received directly from the Company's Custodian and Depositary.	The results of our procedures identified no material misstatements in relation to the risk of incorrect valuation or ownership of the investment portfolio.

There have been no changes to the areas of audit focus raised in the above risk table from the prior year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £2.32 million (2023: £2.04 million), which is 1% (2023: 1%) of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measure of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £1.74 million (2023: £1.53 million). We have set performance materiality at this percentage due to our past experience of working with the key service providers which therefore indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income which is calculated as 5% of net revenue before tax. We determined this to be £0.40 million (2023: £0.46 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.12 million (2023: £0.10 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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 Directors' reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 Directors' report.

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.

Corporate Governance Statement

We have reviewed 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 by the UK Listing Rules.

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:

– Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 45;

– Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 45;

– Directors' statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 45;

– Directors' statement on fair, balanced and understandable set out on page 37;

– Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 24;

– The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 35 to 37; and

– The section describing the work of the audit committee set out on pages 35 to 37.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 45, 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.

Explanation as to what extent the audit was considered 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 irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

– We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the UK Listing Rules, UK Corporate Governance Code, the Association of Investment Companies' Code and Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.

– We understood how the Company is complying with those frameworks through discussions with the Audit and Risk Committee and Company Secretary, review of board minutes and the Company's documented policies and procedures.

– We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital in the Statement of Comprehensive Income. Further discussion of our approach is set out in the key audit matter above.

– Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the Company Secretary's reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

Other matters we are required to address

– Following the recommendation from the audit committee, we were appointed by the Company on 5 July 2019 to audit the financial statements for the year ending 31 August 2024 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is six years, covering the years ending 31 August 2019 to 31 August 2024.

– The audit opinion is consistent with the additional report to the Audit and Risk Committee.

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.

Matthew Price
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

11 November 2024

Statement of Comprehensive Income
for the year ended 31 August 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	–	30,756	30,756	–	326	326
Net foreign currency gains		–	23	23	–	–	–
Income from investments	3	9,742	275	10,017	10,560	–	10,560
Other interest receivable and similar income	3	142	–	142	90	–	90
Gross return		**9,884**	**31,054**	**40,938**	**10,650**	**326**	**10,976**
Management fee	4	(436)	(654)	(1,090)	(422)	(633)	(1,055)
Administrative expenses	5	(585)	–	(585)	(552)	–	(552)
Net return/(loss) before finance costs and taxation		**8,863**	**30,400**	**39,263**	**9,676**	**(307)**	**9,369**
Finance costs	6	(779)	(1,168)	(1,947)	(546)	(821)	(1,367)
Net return/(loss) before taxation		**8,084**	**29,232**	**37,316**	**9,130**	**(1,128)**	**8,002**
Taxation	7	–	–	–	–	–	–
Net return/(loss) after taxation		**8,084**	**29,232**	**37,316**	**9,130**	**(1,128)**	**8,002**
Return/(loss) per share (pence)	9	**11.64**	**42.09**	**53.73**	**13.14**	**(1.62)**	**11.52**

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 56 to 66 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 August 2024

	Note	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 August 2022		6,946	9,449	2,011	1,596	34,936	138,240	11,922	205,100
Net (loss)/return after taxation		–	–	–	–	–	(1,128)	9,130	8,002
Dividends paid in the year	8	–	–	–	–	–	–	(9,170)	(9,170)
At 31 August 2023		6,946	9,449	2,011	1,596	34,936	137,112	11,882	203,932
Repurchase of ordinary shares into treasury		–	–	–	–	(102)	–	–	(102)
Net return after taxation		–	–	–	–	–	29,232	8,084	37,316
Dividends paid in the year	8	–	–	–	–	–	–	(9,585)	(9,585)
At 31 August 2024		**6,946**	**9,449**	**2,011**	**1,596**	**34,834**	**166,344**	**10,381**	**231,561**

The notes on pages 56 to 66 form an integral part of these financial statements.

Statement of Financial Position
at 31 August 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	258,409	229,714
Current assets			
Debtors	11	1,909	2,557
Cash and cash equivalents	12	1,692	1,560
		3,601	**4,117**
Current liabilities			
Creditors: amounts falling due within one year	13	(30,449)	(29,899)
Net current liabilities		**(26,848)**	**(25,782)**
Total assets less current liabilities		**231,561**	**203,932**
Net assets		**231,561**	**203,932**
Capital and reserves			
Called-up share capital	14	6,946	6,946
Share premium	15	9,449	9,449
Capital redemption reserve	15	2,011	2,011
Warrant exercise reserve	15	1,596	1,596
Share purchase reserve	15	34,834	34,936
Capital reserves	15	166,344	137,112
Revenue reserve	15	10,381	11,882
Total equity shareholders' funds		**231,561**	**203,932**
Net asset value per share (pence)	16	**333.54**	**293.58**

These financial statements were approved and authorised for issue by the Board of Directors on 11 November 2024 and signed on its behalf by:

Ewen Cameron Watt
Chairman

The notes on pages 56 to 66 form an integral part of these financial statements.

Registered in England and Wales as a public company limited by shares
Company registration number: 03008494

1. Accounting Policies

(a) Basis of accounting

Schroder Income Growth Fund plc ("the Company") is registered in England and Wales as a public company limited by shares. The Company's registered office is 1 London Wall Place, London EC2Y 5AU.

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, with the exception of investments which are measured at fair value through profit or loss. The Directors believe that the Company has adequate resources to continue operating until 30 November 2025, which is at least 12 months from the date of approval of these financial statements. In forming this opinion, the Directors have taken into consideration: the controls and monitoring processes in place; the Company's low 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. The Directors have considered the impact of climate change risk and emerging risk and have concluded that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. Further details of Directors' considerations regarding this are given in the Chairman's Statement, Investment Manager's Review, Going Concern Statement, Viability Statement and under the Principal and Emerging Risks and Uncertainties in the Strategic Report.

The Company has not presented a statement of cash flows, as it is not required for an investment trust which meets certain conditions; in particular that substantially all of the Company's investments are highly liquid and carried at market value.

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 31 August 2023.

Other than the Director's assessment of going concern, 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 investments are classified as fair value through profit and loss in accordance with FRS 102. Upon initial recognition the investments are measured at the transaction price, 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 for investments traded in active markets. Fair value gains or losses are recognised in the capital column of the Statement of Comprehensive Income.

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

(c) Accounting for reserves

Gains and losses on sales of investments, and the management fee or finance costs allocated to capital, are included in the Statement of Comprehensive Income and dealt with in capital reserves within "Gains and losses on sales of investments". Increases and decreases in the valuation of investments held at the year end, are included in the Statement of Comprehensive Income and dealt with in capital reserves within "Investment holding gains and losses".

Foreign exchange gains and losses on cash and deposit balances are included in the Statement of Comprehensive Income and in capital reserves.

(d) Income

Dividends receivable from equity shares 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.

Dividends from overseas companies are included gross of any withholding tax.

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.

Deposit interest outstanding at the year end is calculated and accrued on a time apportionment basis using market rates of interest.

(e) Expenses

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

- The management fee is allocated 40% to revenue and 60% 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 an investment are written off to capital at the time of acquisition or disposal. 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 60.

(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 in accordance with FRS 102.

Finance costs are allocated 40% to revenue and 60% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

(g) Financial instruments

Cash at bank and in hand may comprise cash, cash equivalents and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Cash equivalents are short-term maturity of three months or less, highly liquid investments that are readily convertible to known amounts of cash. The Company's investment in HSBC's Sterling Liquidity Fund of £944,000 (2023: Nil) is managed as part of the Company's cash and cash equivalents as defined under FRS 102: 7.2.

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 are classified as financial liabilities at amortised cost. They are initially measured at the proceeds received, net of direct issue costs, and subsequently measured at amortised cost using the effective interest method.

(h) Taxation

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

Deferred tax is accounted for in accordance with FRS 102.

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

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) Foreign currency

In accordance with FRS 102, the Company is required to determine a functional currency, being the currency in which the Company predominantly operates. The Board has determined that sterling is the Company's functional currency and the presentational currency of the financial statements.

Transactions denominated in foreign currencies are converted at actual exchange rates as at the date of the transaction. Monetary assets, liabilities and investments held at fair value, denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end.

(k) Dividends payable

Dividends on equity shares are recognised as a deduction of equity when the liability to pay the dividends arises. Consequently, interim dividends are recognised when paid and final dividends when approved in the general meeting.

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

	2024 £'000	2023 £'000
Gains on sales of investments based on historic cost	3,099	1,242
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	(3,014)	(2,196)
Gains/(losses) on sales of investments based on the carrying value at the previous statement of financial position date	85	(954)
Unrealised gain recognised in respect of investments continuing to be held	30,671	1,280
Gains on investments held at fair value through profit or loss	**30,756**	**326**

3. Income

	2024 £'000	2023 £'000
Income from investments:		
UK dividends	8,736	8,763
UK special dividends	51	196
Overseas dividends	839	1,538
Scrip dividends	116	63
	9,742	**10,560**
Other interest receivable and similar income:		
Deposit interest	107	90
Other income	35	–
	142	**90**
Capital:		
Special dividends allocated to capital	275	–
Total income	**10,159**	**10,650**

4. Management fee

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Management fee	**436**	**654**	**1,090**	**422**	**633**	**1,055**

The basis for calculating the management fee is set out in the Directors' Report on page 33.

5. Administrative expenses

	2024 £'000	2023 £'000
Administration expenses	399	374
Directors' fees	127	122
Auditor's remuneration for the audit of the Company's financial statements[1]	59	56
	585	**552**

[1] Includes £10,000 (2023: £9,000) irrecoverable VAT.

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	**779**	**1,168**	**1,947**	**546**	**821**	**1,367**

7. Taxation

(a) Analysis of charge in the year

	2024 £'000	2023 £'000
Irrecoverable overseas tax	–	–
Tax charge 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 for the year of 25% (2023: 21.5%).

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 gain/return on ordinary activities before taxation	8,084	29,232	37,316	9,130	(1,128)	8,002
Net gain/return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 25% (2023: 21.5%)	2,021	7,308	9,329	1,962	(243)	1,719
Effects of:						
Capital losses on investments	–	(7,695)	(7,695)	–	(70)	(70)
Income not chargeable to corporation tax	(2,339)	(69)	(2,408)	(2,181)	–	(2,181)
Unrelieved expenses	318	456	774	219	313	532
Tax charge for the year	**–**	**–**	**–**	**–**	**–**	**–**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £9,979,000 (2023: £9,207,000) based on a main rate of corporation tax of 25% (2023: 25%). The main rate of corporation tax increased to 25% for fiscal years beginning on or after 1 April 2023.

The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the financial statements.

Given the Company's 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 fourth interim dividend of 6.3p (2022: 5.7p)	4,376	3,959
First interim dividend of 2.5p (2023: 2.5p)	1,737	1,737
Second interim dividend of 2.5p (2023: 2.5p)	1,737	1,737
Third interim dividend of 2.5p (2023: 2.5p)	1,737	1,737
Total dividends paid in the year	**9,585**	**9,170**

	2024 £'000	2023 £'000
Fourth interim dividend declared of 6.7p (2023: 6.3p)	**4,651**	**4,376**

All dividends paid and declared to date have been paid, or will be paid, out of revenue profits.

(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 £8,084,000 (2023: £9,130,000).

	2024 £'000	2023 £'000
First interim dividend of 2.5p (2023: 2.5p)	1,737	1,737
Second interim dividend of 2.5p (2023: 2.5p)	1,737	1,737
Third interim dividend of 2.5p (2023: 2.5p)	1,735	1,737
Fourth interim dividend of 6.7p (2023: 6.3p)	4,651	4,376
Total dividends of 14.2p (2023: 13.8p) per share	**9,860**	**9,587**

9. Return/(loss) per share

	2024 £'000	2023 £'000
Revenue return	8,084	9,130
Capital return/(loss)	29,232	(1,128)
Total return	**37,316**	**8,002**
Weighted average number of ordinary shares in issue during the year	69,449,119	69,463,343
Revenue return per share (pence)	11.64	13.14
Capital return/(loss) per share (pence)	42.09	(1.62)
Total return/gain per share (pence)	**53.73**	**11.52**

10. Investments held at fair value through profit or loss

	2024 £'000	2023 £'000
Opening book cost	207,268	207,135
Opening investment holding gains	22,446	23,362
Opening fair value	**229,714**	**230,497**
Analysis of transactions made during the year		
Purchases at cost	25,189	57,193
Sales proceeds	(27,250)	(58,302)
Gains on investments held at fair value	30,756	326
Closing fair value	**258,409**	**229,714**
Closing book cost	208,306	207,268
Closing investment holding gains	50,103	22,446
Closing fair value	**258,409**	**229,714**

All investments are listed on a recognised stock exchange.

Sales proceeds amounting to £27,250,000 (2023: £58,302,000) were receivable from disposal of investments in the year. The book cost of these investments when they were purchased was £24,151,000 (2023: £57,059,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

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

	2024 £'000	2023 £'000
On acquisitions	130	236
On disposals	13	30
	143	**266**

11. Debtors

	2024 £'000	2023 £'000
Dividends and interest receivable	1,901	2,537
Taxation recoverable	–	5
Other debtors	8	15
	1,909	**2,557**

The Directors consider that the carrying amount of debtors approximates to their fair value.

12. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank	748	1,560
Money market fund	944	–
	1,692	**1,560**

As at 31 August 2024, the Company held shares in the HSBC Sterling Liquidity fund with a market value of £944,000 (31 August 2023: Nil), which is managed as part of the Company's cash and cash equivalents as defined under FRS 102:7.2.

13. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Bank loan	30,000	29,500
Other creditors and accruals	449	399
	30,449	**29,899**

The bank loan comprises £30.0 million (2023: £29.5 million) drawn down on the Company's revolving credit facility with SMBC Bank International plc. The facility was not extended, and effective 20 September 2024, the Company entered into a new loan agreement with The Bank of Nova Scotia, London Branch.

The facility with SMBC Bank International plc was unsecured and subject to covenants and restrictions which were customary for a facility of this nature, all of which were complied with during the year. Further details of this facility are given in note 20(a)(i) on page 63.

The new facility is secured and is subject to covenants and restrictions which are customary to a facility of this nature.

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
Ordinary shares allotted, called-up and fully paid:		
Ordinary shares of 10p each		
Opening balance of 69,463,343 (2023: 69,463,343) shares	6,946	6,946
Repurchase of 38,000 (2023: nil) shares held in treasury	(4)	–
Subtotal of 69,425,343 (2023: 69,463,343) shares	**6,942**	**6,946**
38,000 (2023: nil) shares held in treasury	4	–
Total of 69,425,343 (2023: 69,463,343) shares	**6,946**	**6,946**

15. Reserves

			Capital reserves				
Year ended 31 August 2024	Share premium[1] £'000	Capital redemption reserve[1] £'000	Warrant exercise reserve[1] £'000	Share purchase reserve[2] £'000	Gains and losses on sales of investments[2] £'000	Investment holding gains and losses[3] £'000	Revenue reserve[4] £'000
Opening balance	9,449	2,011	1,596	34,936	114,666	22,446	11,882
Gains on sales of investments based on the carrying value at the previous statement of financial position date	–	–	–	–	85	–	–
Net movement in investment holding gains and losses	–	–	–	–	–	30,671	–
Transfer on disposal of investments	–	–	–	–	3,014	(3,014)	–
Realised exchange gains on currency balances	–	–	–	–	23	–	–
Management fee and finance costs allocated to capital	–	–	–	–	(1,822)	–	–
Share repurchase into treasury	–	–	–	(102)	–	–	–
Special dividends allocated to capital	–	–	–	–	275	–	–
Dividends paid	–	–	–	–	–	–	(9,585)
Retained revenue for the year	–	–	–	–	–	–	8,084
Closing balance	**9,449**	**2,011**	**1,596**	**34,834**	**116,241**	**50,103**	**10,381**

15. Reserves continued

Year ended 31 August 2023	Share premium[1] £'000	Capital redemption reserve[1] £'000	Warrant exercise 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	9,449	2,011	1,596	34,936	114,878	23,362	11,922
Losses on sales of investments based on the carrying value at the previous statement of financial position date	–	–	–	–	(954)	–	–
Net movement in investment holding gains and losses	–	–	–	–	–	1,280	–
Transfer on disposal of investments	–	–	–	–	2,196	(2,196)	–
Management fee and finance costs allocated to capital	–	–	–	–	(1,454)	–	–
Dividends paid	–	–	–	–	–	–	(9,170)
Retained revenue for the year	–	–	–	–	–	–	9,130
Closing balance	**9,449**	**2,011**	**1,596**	**34,936**	**114,666**	**22,446**	**11,882**

The Company's Articles of Association permit dividend distributions out of realised capital profits.

[1]These reserves are not distributable.
[2]These are realised (distributable) capital reserves which may be used to repurchase the Company's own shares or distributed as dividends.
[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 shareholders (£'000)	231,561	203,932
Shares in issue at the year end	69,425,343	69,463,343
Net asset value per share (pence)	333.54	293.58

17. Transactions with the Manager

Under the terms of the AIFM Agreement, the Manager is entitled to receive a management fee. Details of the basis of the calculation are given in the Directors' Report on page 33. 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 calculation and therefore incur no fee.

The management fee payable in respect of the year ended 31 August 2024 amounted to £1,090,000 (2023: £1,055,000) of which £291,000 (2023: £259,000) was outstanding at the year end.

Effective from 1 March 2021, the Manager is entitled to receive a further fee to cover administration and company secretarial costs.

The secretarial fee payable for the year amounted to £180,000 (2023: £180,000) including VAT, of which £45,000 (2023: £45,000) 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 Directors' Remuneration Report on pages 42 to 44 and details of Directors' shareholdings are given in the Directors' Remuneration Report on page 44. 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 financial instruments to be categorised into a hierarchy consisting of the three levels below.

Level 1 – valued using unadjusted quoted prices in active markets for identical assets.

Level 2 – valued using observable inputs other than quoted prices included within Level 1.

Level 3 – valued using inputs that are unobservable.

Details of the valuation techniques used by the Company are given in note 1(b).

At 31 August 2024, all investments in the Company's portfolio are categorised as Level 1 (2023: same).

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

The Company's objectives are set out on the inside front cover of this report. In pursuing these objectives, 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 direct exposure to foreign exchange risk on monetary items. 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 may comprise the following:

- investments in equity shares which are held in accordance with the Company's investment objectives;
- short-term debtors, creditors and cash arising directly from its operations; and
- loans drawn on a facility, 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 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. Any amount drawn on the facility would normally be for a one month period, at the end of which the drawdown may be rolled over, adjusted or repaid, and the interest rate is re-set. These amounts have been included in the analysis below, although the exposure to interest rate changes is not significant as any drawings can be repaid at the end of the one month period under the terms of this flexible arrangement.

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 and cash equivalents	1,692	1,560
Creditors falling due within one year: bank loan	(30,000)	(29,500)
Total exposure	**(28,308)**	**(27,940)**

Cash balances earn interest at a floating rate based on the Sterling Overnight Index Average (2023: Sterling Overnight Index Average).

The £30.0 million credit facility with SMBC Bank International plc was not extended, and effective 20 September 2024, the Company entered into a new loan agreement with The Bank of Nova Scotia, London Branch. Interest payable is calculated at the aggregate of the compounded daily Risk Free Rate ("RFR"), plus a margin. Amounts are normally drawn down on the facility for a one month period, at the end of which it may be rolled over or adjusted. At 31 August 2024, the Company had drawn down £30.0 million (2023: £29.5 million), for a one month period at an interest rate of 6.28% (2023: 5.91%) per annum.

The above year end amounts are not representative of the exposure to interest rates during the current or comparative year as the level of cash balances and drawings on the facility have fluctuated. The maximum and minimum exposure during the year was as follows:

	2024 £'000	2023 £'000
Minimum debit interest rate exposure during the year – net debt	(24,828)	(21,727)
Maximum debit interest rate exposure during the year – net debt	(29,635)	(27,940)

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

(a) Market risk continued

(i) Interest rate risk continued

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 statement of financial position date which are exposed to interest rate movements, 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
Statement of comprehensive income – return after taxation				
Revenue return	(103)	103	(102)	102
Capital return	(180)	180	(177)	177
Total return after taxation	(283)	283	(279)	279
Net assets	**(283)**	**283**	**(279)**	**279**

Due to UK interest rates stabilising over the course of the year, the interest rate sensitivity has been updated back to 1.0%. The prior year disclosure has been updated to 1.0% to show a direct comparison in the sensitivity. As disclosed in the prior year annual report, an increase of 1.5% reduced total return after taxation by £420,000 (a decrease of 1.5% had an equal and opposite effect).

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes as the level of cash balances and drawings on the facility will fluctuate.

(ii) Other price risk

Market 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 31 August comprised the following:

	2024 £'000	2023 £'000
Investments held at fair value through profit or loss	**258,409**	**229,714**

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 15. The portfolio principally comprises securities of companies listed on the London Stock Exchange and accordingly there is a concentration of exposure to economic conditions in the UK. However it should be noted that many of these companies conduct much of their business overseas. Furthermore, up to 20% of the portfolio may be listed on overseas stock exchanges.

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 equity 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
Statement of comprehensive income – return after taxation				
Revenue return	(93)	93	(83)	83
Capital return	51,542	(51,542)	45,819	(45,819)
Total return after taxation and net assets	**51,449**	**(51,449)**	**45,736**	**(45,736)**
Change in net asset value	**22.2%**	**(22.2%)**	**22.4%**	**(22.4%)**

(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 liquidity 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. The facility is also available to provide liquidity at short notice. The Board's policy is for the Company to remain fully invested in normal market conditions. The facility may be used to manage working capital requirements and to gear the Company as appropriate.

Liquidity risk exposure

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

	2024		2023	
	Three months or less £'000	Total £'000	Three months or less £'000	Total £'000
Creditors: amounts falling due within one year				
Other creditors and accruals	444	444	399	399
Bank loan – including interest	30,157	30,157	29,645	29,645
	30,601	**30,601**	**30,044**	**30,044**

(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 A3 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 – dividends and interest receivable and other debtors	1,909	1,909	2,557	2,557
Cash and cash equivalents	1,692	1,692	1,560	1,560
	3,601	**3,601**	**4,117**	**4,117**

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

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either carried at fair value or the amount in the Statement of Financial Position 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	30,000	29,500
Equity		
Called-up share capital	6,946	6,946
Reserves	224,615	196,986
	231,561	**203,932**
Total debt and equity	**261,561**	**233,432**

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise the 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.

	2024 £'000	2023 £'000
Borrowings used for investment purposes, less cash	28,308	27,940
Net assets	231,561	203,932
Gearing	12.2%	13.7%

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 dividend to be paid, in excess of that which is required to be distributed.

Other Information (Unaudited)

Other Information (Unaudited)

The AGM of the Company will be held on 11 December 2024 at 12.30 p.m. The formal Notice of Meeting is set out on pages 69 to 71.

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 10 are all ordinary resolutions

Resolutions 1 to 10 are ordinary resolutions. Resolution 2 concerns the Remuneration Report, on pages 42 to 44. Resolutions 3 to 6 invite shareholders to re-elect each of the Directors for another year. The re-elections have been recommended by the Nomination Committee on pages 39 and 40 (their biographies are set out on pages 30 and 31). Resolutions 7 and 8 concern the re-appointment and remuneration of the Company's Auditor, discussed in the Audit and Risk Committee Report on pages 35 to 37. Resolution 9 relates to an advisory vote in respect of the Company's dividend policy.

Special business

Resolution 10: Directors' authority to allot shares (ordinary resolution) and Resolution 11: 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 pre-emption 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 £694,173.43 (being 10% of the issued share capital, excluding 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 pre-emptive basis up to a maximum aggregate nominal amount of £694,173.43 (being 10% of the Company's issued share capital, excluding shares held in treasury, as at the date of the Notice of the AGM).

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. Shares issued under this authority will only be issued at a premium to the NAV (cum income) per share after taking into account the costs of issue, and will not result in any dilution of NAV per share.

If approved, both of these authorities will expire at the conclusion of the AGM in 2025 unless renewed, varied or revoked earlier.

Resolution 12: authority to make market purchases of the Company's own shares (special resolution)

At the AGM held on 13 December 2023, the Company was granted authority to make market purchases of up to 10,412,555 ordinary shares of 10p each for cancellation. 46,000 shares have been brought back under this authority and the Company therefore has remaining authority to purchase up to 10,366,555 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 NAV 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. If renewed, the authority to be given at the 2024 AGM will lapse at the conclusion of the AGM in 2025 unless renewed, varied or revoked earlier.

Resolution 13: notice period for general meetings (special resolution)

Resolution 13 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 2025. 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 Income Growth Fund plc will be held on Wednesday, 11 December 2024 at 12.30 p.m. at 1 London Wall Place, London EC2Y 5AU to consider the following resolutions of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 to 13 will be proposed as special resolutions:

1. To receive the Report of the Directors and the audited financial statements for the year ended 31 August 2024.
2. To approve the Directors' Remuneration Report for the year ended 31 August 2024.
3. To approve the re-election of Ewen Cameron Watt as a Director of the Company.
4. To approve the re-election of June Aitken as a Director of the Company.
5. To approve the re-election of Fraser McIntyre as a Director of the Company.
6. To approve the re-election of Victoria Muir as a Director of the Company.
7. To re-appoint Ernst & Young LLP as Auditor to the Company.
8. To authorise the Directors to determine the remuneration of Ernst & Young LLP as Auditor to the Company.
9. To approve the Company's dividend policy, as set out on page 18 of the annual report and financial statements for the year ended 31 August 2024.
10. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

    "THAT in substitution for all existing authorities 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 £694,173.43 (being 10% of the issued ordinary share capital, excluding shares held in treasury, at the date of this Notice) 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."

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

    "THAT, subject to the passing of Resolution 10 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 £694,173.43 (representing 10% of the aggregate nominal amount of the share capital in issue at the date of this Notice); 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."

12. 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 Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 10p each in the capital of the Company ("Share") 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 10,405,660, representing 14.99% of the Company's issued ordinary share capital as at the date of this Notice (excluding treasury shares);

(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 10p, 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 2025 (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."

13. 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
for and on behalf of

Schroder Investment Management Limited
Company Secretary

11 November 2024

Registered Office:
1 London Wall Place,
London EC2Y 5AU

Registered Number: 03008494

Explanatory Notes to the Notice of Meeting

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. Shareholders are encouraged to appoint the Chairman as proxy.

   If you wish to appoint a person other than the Chairman 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 Registrar, Equiniti Limited, on +44 (0) 800 032 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, or 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. 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 12.30pm on 9 December 2024. If you have any difficulties with online voting, you should contact the shareholder helpline on +44 (0) 800 032 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 9 December 2024, or 6.30 p.m. two days prior to the date of an adjourned meeting, 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 9 December 2024 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.

5. 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 12.30 p.m. on Monday 9 December 2024 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.

6. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of his/her 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.

In addition, a copy of the Articles of Association of the Company will be available for inspection.

7. The biographies of the Directors offering themselves for re-election are set out on pages 30 and 31 of the Company's annual report and financial statements for the year ended 31 August 2024.

8. As at 11 November 2024, 69,463,343 ordinary shares of 10 pence each were in issue (of which 46,000 ordinary shares were held in treasury). Therefore the total number of voting rights of the Company as at 11 November 2024 was 69,417,343.

9. 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 Company's webpages, www.schroders.co.uk/incomegrowth.

10. 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 Annual General Meeting 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.

11. 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 auditor 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.

12. The Company's privacy policy is available on its webpages http://www.schroders.co.uk/incomegrowth.

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 333.54p (2023: 293.58p) represents the net assets attributable to equity shareholders of £231,561,000 (2023: £203,932,000) divided by the number of shares in issue of 69,425,343 (2023: 69,463,343).

The change in the NAV amounted to 13.5% (2023: –0.6%) 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*

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 31 August 2024 is calculated as follows:

Opening NAV at 31/8/23	293.58p
Closing NAV at 31/8/24	333.54p

Dividend received	XD date	NAV on XD date	Factor	Cumulative factor
6.30p	05/10/2023	284.17p	1.0222	1.0222
2.50p	28/12/2023	299.74p	1.0083	1.0307
2.50p	04/04/2024	308.09p	1.0081	1.0391
2.50p	04/07/2024	323.67p	1.0077	1.0471
NAV total return, being the closing NAV, multiplied by the factor, expressed as a percentage increase in the opening NAV:				19.0%

The NAV total return for the year ended 31 August 2023 is calculated as follows:

Opening NAV at 31/7/22	295.26p
Closing NAV at 31/7/23	293.58p

Dividend received	XD date	NAV on XD date	Factor	Cumulative factor
5.70p	13/10/2022	265.18p	1.0215	1.0215
2.50p	29/12/2022	298.48p	1.0084	1.0301
2.50p	06/04/2023	305.88p	1.0082	1.0385
2.50p	06/07/2023	284.73p	1.0088	1.0476
NAV total return, being the closing NAV, multiplied by the factor, expressed as a percentage increase in the opening NAV:				4.2%

The share price total return for the year ended 31 August 2024 is calculated as follows:

Opening Share price at 31/8/23	267.50p
Closing Share price at 31/8/24	299.00p

Dividend received	XD date	Share price on XD date	Factor	Cumulative factor
6.30p	05/10/2023	255.00p	1.0247	1.0247
2.50p	28/12/2023	278.00p	1.0090	1.0339
2.50p	04/04/2024	264.00p	1.0095	1.0437
2.50p	04/07/2024	290.00p	1.0086	1.0527
Share price total return, being the closing share price, multiplied by the factor, expressed as a percentage change in the opening share price				17.7%

The share price total return for the year ended 31 August 2023 is calculated as follows:

Opening Share price at 31/8/22	289.00p
Closing Share price at 31/07/23	267.50p

Dividend received	XD date	Share price on XD date	Factor	Cumulative factor
5.70p	13/10/2022	257.00p	1.0222	1.0222
2.50p	29/12/2022	305.00p	1.0082	1.0306
2.50p	06/04/2023	301.00p	1.0083	1.0391
2.50p	06/07/2023	281.00p	1.0089	1.0484
Share price total return, being the closing share price, multiplied by the factor, expressed as a percentage change in the opening share price:				–3.0%

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 or premium is expressed as a percentage of the NAV per share. The discount at the year end amounted to 10.4% (2023: 8.9%), as the closing share price at 299.00p (2023: 267.50p) lower than the closing NAV of 333.54p (2023: 293.58p).

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	28,308	27,941
Net assets	231,561	203,932
Gearing	12.2%	13.7%

Leverage*

For the purpose of the Alternative Investment Fund Managers (AIFM) Directive, 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 £1,675,000 (2023: £1,607,000), expressed as a percentage of the average daily net asset values during the period of £211.7 million (2023: £207.9 million).

*Alternative Performance Measure.

Web pages and share price information

The Company has dedicated web pages, which may be found at www.schroders.com/incomegrowth. The web pages are the Company's primary method of electronic communication with shareholders. They contain details of the Company's ordinary 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 web pages contain links to announcements made by the Company to the market and Schroders' website.

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 web pages.

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 IFAs 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	December
Half year end	28 February
Half-year results announced	May
Financial-year end	31 August
Annual results announced	November

Alternative Investment Fund Managers ("AIFM") Directive

The AIFM Directive, 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 and financial statements, or in the Company's AIFM Directive information disclosure document published on the Company's web pages.

Remuneration disclosures

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

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

Pursuant to the Packaged Retail and Insurance-based 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 web pages.

How to invest

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

Complaints

The Company has adopted a policy on complaints and other shareholder communications which ensures that shareholder complaints and communications addressed to the Company Secretary, the Chairman or the Board are, in each case, considered by the Chairman and the Board.

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://www.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

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.
Counterparty risk	The Company may have contractual agreements with counterparties. If a counterparty is unable to fulfil their obligations, the sum that they owe to the Company may be lost in part or in whole.
Currency risk	If the Company's investments are denominated in currencies different to the currency of the Company's shares, the Company may lose value as a result of movements in foreign exchange rates, otherwise known as currency rates.
Derivatives risk	Derivatives, which are financial instruments deriving their value from an underlying asset, may be used to manage the portfolio efficiently. A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the Company.
Emerging markets & frontier risk	Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty, operational and liquidity risk than developed markets.
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/incomegrowth

Directors
Ewen Cameron Watt (Chairman)
June Aitken
Fraser McIntyre
Victoria Muir

Registered Office
1 London Wall Place
London EC2Y 5AU
Telephone: +44 (0)20 7658 6000
Email: amcompanysecretary@schroders.com

Advisers and service providers
Alternative Investment Fund Manager (the "Manager")
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

Depositary and custodian
HSBC Bank plc
8 Canada Square
London E14 5HQ

Lending bank
The Bank of Nova Scotia, London Branch
201 Bishopsgate
6th Floor
London EC2M 3NS

Corporate broker
Peel Hunt LLP
7th Floor
100 Liverpool Street
London EC2M 2AT

Independent Auditor
Ernst & Young LLP
25 Churchill Place
London E14 5EY

Registrar
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Shareholder helpline: 0800 032 0641[1]
Website: www.shareview.co.uk

[1]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 above.

Other information
Company number
03008494

Shareholder enquiries
General enquiries about the Company should be addressed to the Company Secretary at the Company's registered office.

Dealing codes
ISIN: GB0007915860
SEDOL: 0791586
Ticker: SCF

Global Intermediary Identification Number (GIIN)
T34UKV.99999.SL.826

Legal Entity Identifier (LEI)
549300X1RTYYP7S3YE39

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

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