

## Schroder MM UK Growth Fund

February 2020

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

# Fund Information

## Investment objective and policy

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

The Fund is actively managed and invests its assets indirectly through collective investment schemes, exchange traded funds, real estate investments trusts and closed end funds, in equity and equity related securities of UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK.

The Fund may also invest directly in equity and equity related securities (including non-UK securities). The Fund may directly or indirectly invest in money market instruments, and may hold cash.

The Fund may invest up to 100% of its assets in collective investment schemes (including other Schroder funds).

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Section 10. "Derivatives and Forward Transactions" of Appendix 1 of the Prospectus).

With effect from 7 August 2019 the fund's investment objective and policy changed, previously it was:

The Fund seeks to provide capital growth through investment across various economic sectors in the UK.

The Fund will invest in a diversified portfolio of collective investment schemes and exchange traded funds which invest mainly in the shares of companies that have their registered office, or derive a significant proportion of their revenue, or are predominantly operating from, within the UK.

Although the investment policy of the Fund is to invest mainly in collective investment schemes, the Fund may also invest in closed-ended funds, individual transferable securities, money market instruments, deposits and cash or near cash.

The Fund may utilise derivatives and forward transactions for the purpose of efficient portfolio management.

## Fund characteristics

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

## Alternative Investment Fund Managers Directive

The Alternative Investment Fund Managers Directive, as implemented in the UK by the Alternative Investment Fund Managers Regulations 2013, establishes an EU wide harmonised framework for monitoring and supervising risks posed by Alternative Investment Fund Managers and the alternative investment funds they manage.

The fund is an Alternative Investment Fund and Schroder Unit Trusts Limited (the Manager) was authorised by the Financial Conduct Authority to act as an Alternative Investment Fund Manager on 2 July 2014.

The Alternative Investment Fund Managers Directive requires certain information to be disclosed to unitholders. It is intended that any such information will in future be provided in the report and accounts, unless such information is required to be disclosed without delay, in which case it will be made via the Schrodgers website at:

[www.schrodgers.com/en/uk/private-investor/fund-centre/changes-to-funds/](http://www.schrodgers.com/en/uk/private-investor/fund-centre/changes-to-funds/)

# Review of Investment Activities

**From 28 February 2019 to 28 February 2020, the price of Z Accumulation units on a dealing price to dealing price basis fell 3.98%. In comparison, the FTSE<sup>1</sup> All Share Index fell 1.43%<sup>2</sup> in sterling terms.**

2019 was a banner year for investment markets. All asset classes made gains, with returns from global equities rivalling their best performance all decade; the FTSE All World Index was up 22.3%. The UK stock market struggled to match these returns, although still finished with a sizeable gain, the FTSE All Share Index climbing 19.2% over the calendar year.

Through this period, investors showed clear distaste for economic vulnerability within the market, largely neglecting companies with cyclical earnings profiles (mostly fitting into the value camp) and crowding into companies deemed to be of high quality and growth. This dynamic was complicated a little within the UK market by uncertainty over Brexit and movements in sterling, acting as a headwind to domestic companies for the first three quarters of the year and a tailwind to overseas earners. Regardless, there was a clear division between what investors wanted to own and what they did not, with valuation seemingly having no bearing on this decision.

The end of the year brought progress between the UK and EU with a new Brexit deal, cemented with a Conservative majority win in the UK general election. This helped to spur a recovery in sterling and lift sentiment toward UK equities, during which domestic companies made up some lost ground. However, we did not see a wholesale rotation in style performance, with value-oriented funds (mostly) trailing those with a growth focus.

Throughout, we expressed our views via an underweight to the over-valued, momentum driven growth stocks, and remained overweight selective sectors in markets where valuations were relatively unchallenging.

2020 began as 2019 left off, with equities surging upwards and growth stocks leading the way, at least until mid-way through February when the reality and fears of the Covid-19 pandemic finally took hold of markets.

The sell-off has been indiscriminate, affecting all areas within equity markets. Clearly MM UK Growth is no exception, and has performed roughly in line with its benchmark and relatively well vs. the peer group since the downturn began in February. Markets are understandably being rattled, yet the true extent of the damage to the economy and businesses will likely not be known for many months.

As always, our focus on delivering to our clients over the course of the market cycle remains at the heart of our decisions. We are optimistic that this will hold us in good stead as we navigate these very turbulent times.

Marcus Brookes co-managed the fund until 30 April 2019 when he left the team in reparation for taking up the role of CIO at Schroders Personal Wealth.

As of 1 May 2019 Robin McDonald became head of the Multi Manager team and Joe Le Jéhan became Co-Fund Manager of the fund.

## Co-Fund Manager: Robin McDonald



Robin is Head of the Multi Manager team

Joined Schroders in July 2013 following the acquisition of Cazenove Capital

Previous to the acquisition he was a Fund Manager at Cazenove Capital, which he joined in October 2007, responsible for co-managing the multi manager fund range as well as a few segregated mandates

Prior to this Robin was a Multi Manager Analyst at Gartmore, a position he held from September 2003

Up to this time he worked as a Multi Manager Analyst for Insight Investment Management, following its acquisition of Rothschild Asset Management in 2003, which he joined in 2001

Robin began his career in September 1999 when he joined Bank of New York (Europe) Limited as a Client Relationship Executive

Robin is a CFA charter holder

## Co-Fund Manager: Joe Le Jéhan



Joined Schroders in July 2013 following the acquisition of Cazenove Capital

Previous to the acquisition he was a Fund Manager in the Multi Manager team at Cazenove Capital from January 2013, a firm he joined in March 2008 as an Analyst

Prior to this, Joe was a Fund Analyst at Brewin Dolphin, a position he held from January 2005

Joe began his career in September 2000, as an Associate on Retail Funds in the Assurance and Business Advisory Division at PricewaterhouseCoopers

Joe is a CFA charter holder

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<sup>2</sup> Source: Thomson Reuters Datastream.

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

# Risk Profile

## Risk and reward indicator



The risk category was calculated using historical performance data and may not be a reliable indicator of the fund's future risk profile. The fund's risk category is not guaranteed to remain fixed and may change over time. A fund in the lowest category does not mean a risk-free investment.

For specific risks, including the risk and reward profile, please refer to the Key Investor Information Document available on the following website [www.schroders.com](http://www.schroders.com).

# Statement of the Manager's Responsibilities

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

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

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

The Manager's report and accounts for the year ended 28 February 2020 were signed on 18 June 2020 on behalf of the Manager by:

**P. Chislett**  
Directors

**P. Truscott**

# Report of the Trustee

## **Statement of the Trustee's responsibilities in respect of the Scheme and report of the Trustee to the unitholders of the Schroder MM UK Growth Fund ('the fund') for the year ended 28 February 2020**

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

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

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

The Trustee must ensure that:

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

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

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

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

**J.P. Morgan Europe Limited**

Trustee

Bournemouth

23 March 2020

# Independent Auditors' Report to the Unitholders of Schroder MM UK Growth Fund

## Report on the audit of the financial statements

### Opinion

In our opinion, Schroder MM UK Growth Fund's financial statements:

- give a true and fair view of the financial position of the fund as at 28 February 2020 and of the net revenue and the net capital losses on its scheme property for the year then ended; and
- have been properly 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), the Statement of Recommended Practice for UK Authorised funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Final Report and Accounts (the "Annual Report"), which comprise: the balance sheet as at 28 February 2020; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended; the distribution table and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the fund's ability to continue as a going concern.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

### Manager's Report

In our opinion, the information given in the Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the Manager for the financial statements

As explained more fully in the Statement of Manager's Responsibilities set out on page 6, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



# Independent Auditors' Report to the Unitholders of Schroder MM UK Growth Fund (continued)

In preparing the financial statements, the Manager is responsible for assessing the fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to wind up or terminate the fund, or have no realistic alternative but to do so.

## **Auditors' 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 auditors' 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.

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

## **Use of this report**

This report, including the opinions, has been prepared for and only for the fund's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Opinion on matter required by the Collective Investment Schemes sourcebook**

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

### **Collective Investment Schemes sourcebook exception reporting**

Under the Collective Investment Schemes sourcebook, we are also required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

## **PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors  
Edinburgh  
18 June 2020

# Comparative Table

Financial year to 28 February	A Income units			A Accumulation units		
	2020 p per unit	2019 p per unit	2018 p per unit	2020 p per unit	2019 p per unit	2018 p per unit
<b>Change in net asset value</b>						
Opening net asset value	105.02	105.41	106.75	126.09	124.81	125.19
Return before operating charges*	(2.65)	3.11	1.74	(3.20)	3.67	2.04
Operating charges	(2.04)	(2.03)	(2.06)	(2.46)	(2.39)	(2.42)
<b>Return after operating charges*</b>	<b>(4.69)</b>	<b>1.08</b>	<b>(0.32)</b>	<b>(5.66)</b>	<b>1.28</b>	<b>(0.38)</b>
Distributions <sup>1</sup>	(2.37)	(1.47)	(1.02)	(2.87)	(1.68)	(1.42)
Retained distributions <sup>1</sup>	–	–	–	2.87	1.68	1.42
<b>Closing net asset value</b>	<b>97.96</b>	<b>105.02</b>	<b>105.41</b>	<b>120.43</b>	<b>126.09</b>	<b>124.81</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	(4.47)	1.02	(0.30)	(4.49)	1.03	(0.30)
<b>Other information</b>						
Closing net asset value (£000's)	107	184	208	755	1,076	1,371
Closing number of units	109,395	174,680	197,108	626,647	853,107	1,098,555
Operating charges (%)	1.88	1.87	1.89	1.88	1.87	1.89
<b>Prices</b>						
Highest dealing price (p)	116.20	115.10	112.00	140.10	136.20	131.80
Lowest dealing price (p)	99.89	99.99	103.90	120.40	118.40	122.20

# Comparative Table (continued)

Financial year to 28 February	S Income units			S Accumulation units		
	2020 p per unit	2019 p per unit	2018 p per unit	2020 p per unit	2019 p per unit	2018 p per unit
<b>Change in net asset value</b>						
Opening net asset value	55.05	55.28	56.13	127.16	124.99	127.00
Return before operating charges*	(1.40)	1.63	0.91	(3.30)	3.67	0.95
Operating charges	(0.67)	(0.66)	(0.68)	(1.55)	(1.50)	(1.06)
<b>Return after operating charges*</b>	<b>(2.07)</b>	<b>0.97</b>	<b>0.23</b>	<b>(4.85)</b>	<b>2.17</b>	<b>(2.01)</b>
Distributions <sup>1</sup>	(1.67)	(1.20)	(1.08)	(3.87)	(2.71)	(1.30)
Retained distributions <sup>1</sup>	–	–	–	3.87	2.71	1.30
<b>Closing net asset value</b>	<b>51.31</b>	<b>55.05</b>	<b>55.28</b>	<b>122.31</b>	<b>127.16</b>	<b>124.99</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	(3.76)	1.75	0.41	(3.81)	1.74	(1.58)
<b>Other information</b>						
Closing net asset value (£000's)	5,980	18,207	24,871	2,114	6,442	11,728
Closing number of units	11,654,783	33,073,395	44,989,338	1,728,636	5,066,242	9,383,445
Operating charges (%)	1.18	1.17	1.19	1.18	1.17	0.83
<b>Prices</b>						
Highest dealing price (p)	61.05	60.44	59.06	142.10	136.70	131.90
Lowest dealing price (p)	52.53	52.51	54.81	122.30	119.30	122.40

## S Accumulation units

The unit class was launched on 15 December 2017.

# Comparative Table (continued)

Financial year to 28 February	Z Income units			Z Accumulation units		
	2020 p per unit	2019 p per unit	2018 p per unit	2020 p per unit	2019 p per unit	2018 p per unit
<b>Change in net asset value</b>						
Opening net asset value	104.68	105.12	106.74	130.54	128.56	128.31
Return before operating charges*	(2.65)	3.11	1.73	(3.36)	3.79	2.07
Operating charges	(1.50)	(1.48)	(1.52)	(1.87)	(1.81)	(1.82)
<b>Return after operating charges*</b>	<b>(4.15)</b>	<b>1.63</b>	<b>0.21</b>	<b>(5.23)</b>	<b>1.98</b>	<b>0.25</b>
Distributions <sup>1</sup>	(2.94)	(2.07)	(1.83)	(3.68)	(2.53)	(2.22)
Retained distributions <sup>1</sup>	–	–	–	3.68	2.53	2.22
<b>Closing net asset value</b>	<b>97.59</b>	<b>104.68</b>	<b>105.12</b>	<b>125.31</b>	<b>130.54</b>	<b>128.56</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	(3.96)	1.55	0.20	(4.01)	1.54	0.19
<b>Other information</b>						
Closing net asset value (£000's)	730	818	932	6,454	8,168	10,362
Closing number of units	747,755	781,176	886,642	5,150,508	6,257,436	8,059,734
Operating charges (%)	1.38	1.37	1.39	1.38	1.37	1.39
<b>Prices</b>						
Highest dealing price (p)	116.00	114.90	112.20	145.70	140.50	135.70
Lowest dealing price (p)	99.80	99.78	104.10	125.30	122.50	125.90

<sup>1</sup> These figures have been rounded to 2 decimal places.

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

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

# Portfolio Statement

	Holding at 28.2.20	Market Value £000's	% of net assets
<b>Collective Investment Schemes 98.95% (97.35%)</b>			
<b>UK Equity Funds 98.95% (97.35%)</b>			
Investec UK Special Situations Fund A Income GBP <sup>^</sup>	960,000	4,222	26.16
J O Hambro Capital Management UK Opportunities Fund X Distribution GBP <sup>^</sup>	2,800,000	3,018	18.70
Jupiter UK Special Situations Fund I Accumulation GBP <sup>^</sup>	1,875,000	4,238	26.25
Majedie UK Equity Fund X Income GBP <sup>^</sup>	1,500,000	2,006	12.43
TM RWC UK Equity Income Fund L Income GBP <sup>^</sup>	2,940,000	2,487	15.41
	<b>15,971</b>	<b>98.95</b>	
<b>Collective Investment Schemes total</b>			
	<b>15,971</b>	<b>98.95</b>	
Portfolio of investments	<b>15,971</b>	<b>98.95</b>	
Net other assets	169	1.05	
<b>Net assets attributable to unitholders</b>	<b>16,140</b>	<b>100.00</b>	

The comparative percentage figures in brackets are as at 28 February 2019.

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

<sup>^</sup> Unlisted, suspended or delisted security.

# Statement of Total Return

For the year ended 28 February 2020

		2020	2019
	Notes	£000's	£000's
<b>Income</b>			
Net capital (losses)/gains	2	(713)	307
Revenue	3	776	1,017
Expenses	4	(155)	(237)
Net revenue before taxation		<b>621</b>	<b>780</b>
Taxation	5	0	0
Net revenue after taxation		<b>621</b>	<b>780</b>
<b>Total return before distributions</b>		<b>(92)</b>	<b>1,087</b>
Distributions	6	(626)	(787)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(718)</b>	<b>300</b>

# Statement of Change in Net Assets Attributable to Unitholders

For the year ended 28 February 2020

	2020	2019
	£000's	£000's
Opening net assets attributable to unitholders	34,895	49,472
Amounts receivable on issue of units	1,973	1,284
Amounts payable on cancellation of units	(20,305)	(16,484)
	<b>(18,332)</b>	<b>(15,200)</b>
Dilution adjustment	0	1
Change in net assets attributable to unitholders from investment activities	(718)	300
Retained distribution on Accumulation units	295	322
<b>Closing net assets attributable to unitholders</b>	<b>16,140</b>	<b>34,895</b>

# Balance Sheet

As at 28 February 2020

		2020	2019
	Notes	£000's	£000's
<b>Assets</b>			
Investments		15,971	33,970
<b>Current assets</b>			
Debtors	8	229	465
Cash and bank balances		287	949
<b>Total assets</b>		<b>16,487</b>	<b>35,384</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distributions payable		(162)	(327)
Other creditors	9	(185)	(162)
<b>Total liabilities</b>		<b>(347)</b>	<b>(489)</b>
<b>Net assets attributable to unitholders</b>			
		<b>16,140</b>	<b>34,895</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of preparation

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

### Revenue

Distributions receivable from authorised unit trusts and other collective investment schemes are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex-dividend. Interest receivable from bank balances is accounted for on an accruals basis.

The rebates received from other investment managers are also receipted to the fund. All rebates are treated as revenue or capital based on the underlying fund's treatment.

### Special dividends

Special dividends are treated as revenue or capital depending on the facts of each particular case.

### Equalisation

Equalisation on distributions received by the fund is deducted from the cost of investments. As such the equalisation on distributions received by the fund does not form part of the fund's distributions.

### Expenses

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

### Taxation

Corporation tax is provided for on the revenue liable to corporation tax less deductible expenses. The tax effect of different items of revenue or expenses is allocated between revenue and capital using the marginal basis.

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

### Distributions

The revenue available for distribution is the total revenue earned by the fund, less deductible expenses and taxation charged to revenue. For Accumulation units this revenue is not distributed but automatically reinvested in the fund and is reflected in the value of these units.

### Dilution adjustment

In certain circumstances the Manager may apply a dilution adjustment on subscriptions and redemptions of units. If applied, the dilution adjustment is paid to the fund. See Prospectus for further details.

### Cash equivalents

In accordance with the AIFMD requirements, the fund has treated some investments in the Portfolio Statement as Cash equivalents for the purposes of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria:

- highly liquid investments held in sterling that are readily convertible to a known amount of cash;
- are subject to an insignificant risk of change in value; and
- provide a return no greater than the rate of a three month high quality government bond.

### Valuation

All investments held by the fund have been valued at market value at 18:00 on the last working day of the accounting period. Market value is defined by the Statement of Recommended Practice as fair value which generally is the bid value of each security and the offer value for short positions. Single priced authorised unit trusts have been valued at the dealing price.



# Notes to the Accounts (continued)

## 2 Net capital (losses)/gains

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

	2020 £000's	2019 £000's
Non-derivative securities	(737)	273
Transaction costs	(3)	(3)
Annual management charge rebates	27	37
<b>Net capital (losses)/gains</b>	<b>(713)</b>	<b>307</b>

	2020 £000's	2019 £000's
Realised gains	2,318	3,133
Unrealised losses	(3,055)	(2,860)
<b>Total (losses)/gains</b>	<b>(737)</b>	<b>273</b>

Included in realised gains for the year were unrealised losses recognised in previous years.

## 3 Revenue

	2020 £000's	2019 £000's
Franked distributions	741	967
Bank interest	2	4
Annual management charge rebates	33	46
<b>Total revenue</b>	<b>776</b>	<b>1,017</b>

## 4 Expenses

	2020 £000's	2019 £000's
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Annual management charge	102	158
Administration charge	39	63
	<b>141</b>	<b>221</b>
<b>Payable to the Trustee, associates of the Trustee and agents of either of them:</b>		
Trustee's fees	3	5
<b>Other expenses:</b>		
Audit fee	11	11
<b>Total expenses</b>	<b>155</b>	<b>237</b>

# Notes to the Accounts (continued)

## 5 Taxation

Corporation tax has not been provided for as expenses payable by the fund exceed the revenue liable to corporation tax.

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for authorised unit trusts of 20% (2019 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2020 £000's	2019 £000's
<b>Net revenue before taxation</b>	<b>621</b>	<b>780</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	124	156
<b>Effects of:</b>		
Revenue not subject to corporation tax	(148)	(193)
Movement in excess management expenses	19	30
Tax relief on capital items	5	7
<b>Current tax charge for the year</b>	<b>0</b>	<b>0</b>

### (b) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £1,025,622 (2019 – £1,006,877) in respect of unutilised management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

## 6 Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	2020 £000's	2019 £000's
Interim Dividend distribution	189	169
Final Dividend distribution	369	579
	<b>558</b>	<b>748</b>
Add: Revenue deducted on cancellation of units	78	42
Deduct: Revenue received on issue of units	(10)	(3)
<b>Distributions</b>	<b>626</b>	<b>787</b>
Net revenue after taxation	621	780
Tax relief on capital Items	5	7
<b>Distributions</b>	<b>626</b>	<b>787</b>

Details of the distributions per unit are set out in the Distribution Table on pages 22 and 23.

# Notes to the Accounts (continued)

## 7 Fair value hierarchy

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

Basis of valuation	2020 Assets £000's	2019 Liabilities £000's
Level 1: Quoted prices	0	0
Level 2: Observable market data	15,971	33,970
Level 3: Unobservable data	0	0
<b>Total</b>	<b>15,971</b>	<b>33,970</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

### Unobservable data

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

## 8 Debtors

	2020 £000's	2019 £000's
Amounts receivable for issue of units	0	21
Sales awaiting settlement	188	403
Accrued revenue	41	41
<b>Total debtors</b>	<b>229</b>	<b>465</b>

## 9 Other creditors

	2020 £000's	2019 £000's
Amounts payable for cancellation of units	165	135
Accrued expenses	20	27
<b>Total other creditors</b>	<b>185</b>	<b>162</b>

## 10 Contingent assets

There were no contingent liabilities at the balance sheet date (2019 – Nil).

## 11 Related party transactions

The Manager exercises control over the fund and is therefore a related party by virtue of its controlling influence.

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

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

# Notes to the Accounts (continued)

Units held or managed by the Manager or associates of the Manager as a percentage of the fund's net asset value at the balance sheet date were 50.64% (2019 – 71.08%).

## 12 Unit classes

The fund currently has six unit classes. The Annual Management charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Manager, the Investment Adviser and their overhead expenses and for each unit class is as follows:

A Income units	1.00%
A Accumulation units	1.00%
S Income units	1.00%
S Accumulation units	1.00%
Z Income units	0.50%
Z Accumulation units	0.50%

The fund may invest up to 100% of its net asset value in shares of collective investment schemes. The maximum level of Management fee that may be charged to the fund for these underlying funds is 3% of its net asset value.

The closing net asset value of each unit class, the closing net asset value per unit and the closing number of units in issue are given in the Comparative Table on pages 10 to 12. The distributions per unit class are given in the Distribution Table on pages 22 and 23. All classes have the same rights on winding up.

## 13 Derivative and other financial instruments

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

### Market price risk

The fund's investment portfolio is exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, the Prospectus and in the Collective Investment Schemes sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

### Liquidity risk

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

### Interest rate risk

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

Interest receivable on bank deposits will be affected by fluctuations in interest rates.

At the year end date 1.78% (2019: 2.72%) of the net assets of the fund were interest bearing and as such the interest rate risk is not considered significant.

### Floating rate financial assets and financial liabilities

Sterling denominated bank balances bear interest at rates based on the Sterling Overnight Index Average rate.

### Fair value of financial assets and financial liabilities

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

### Global risk exposure

#### Leverage

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

The fund uses a risk management process that allows the Manager to monitor the risks ensure they are being managed in line with their investment policy and risk profile.

Leverage ratios are important risk metrics to represent the current risk profile of the fund and are monitored on a daily basis. Leverage is a way for the fund to increase its exposure through the use of financial derivative instruments and/or borrowing of cash or securities where applicable. It is expressed as a ratio between the exposure of the fund and its Net Asset Value. The leverage ratio is calculated in accordance with two methodologies for calculating the exposure of the fund, the Gross method and the Commitment method.

There were no new arrangements for managing the liquidity and no changes to the maximum ratio level of leverage occurred during the year.

# Notes to the Accounts (continued)

In accordance with Alternative Investment Fund Manager rules, the leverage details as at the balance sheet date was as follows:

## Leverage

As at 28 February	2020			2019		
	Commitment ratio limit	Commitment ratio level	Commitment utilised	Commitment ratio limit	Commitment ratio level	Commitment utilised
	1.20	0.99	82.50%	1.20	0.96	80.00%

As at 28 February	2020			2019		
	Gross ratio limit	Gross ratio level	Gross utilised	Gross ratio limit	Gross ratio level	Gross utilised
	1.20	0.99	82.50%	1.20	0.96	80.00%

## 14 Direct transaction costs

No transaction costs on the purchase or sale of investments were incurred by the fund during the year or prior year. The total purchases for the year amounted to £240,927 (2019 – £6,719,968) and the total sales amounted to £17,503,795 (2019 – £20,532,127).

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.00% (2019 – 0.00%).

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

## 15 Units in issue reconciliation

	Number of units in issue 28.2.19	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue 28.2.20
A Income units	174,680	76	(40,633)	(24,728)	109,395
A Accumulation units	853,107	40,910	(184,665)	(82,705)	626,647
S Income units	33,073,395	43,042	(21,461,654)	0	11,654,783
S Accumulation units	5,066,242	0	(3,337,606)	0	1,728,636
Z Income units	781,176	234,240	(292,481)	24,820	747,755
Z Accumulation units	6,257,436	1,205,280	(2,391,920)	79,712	5,150,508

## 16 Post balance sheet events

As a result of market movements, since the balance sheet date on 28 February 2020, the price of each unit class has changed as follows:

	Number of units in issue 28.02.20	Number of units in issue 15.06.20	% change	Dealing Price p as at 28.02.20	Dealing Price p as at 15.06.20	% change
A Income units	109,395	109,457	0.06	99.89	86.92	(12.98)
A Accumulation units	626,647	632,974	1.01	120.4	106.9	(11.21)
S Income units	11,654,783	8,153,195	(30.04)	52.53	45.61	(13.17)
S Accumulation units	1,728,636	1,450,666	(16.08)	122.3	108.8	(11.04)
Z Income units	747,755	831,228	11.16	99.8	86.71	(13.12)
Z Accumulation units	5,150,508	5,202,329	1.01	125.3	111.4	(11.09)

A high level of uncertainty remains on the ultimate scenario for COVID-19, or the likelihood of any particular outcome, with a number of varying projections being publicised. During this period of uncertainty the funds are exposed to a higher liquidity risk resulting from the funds liability to unitholders for any cancellation of units. While the fund may have experienced a higher than average cancellation of units the liquidity measures within the fund remain within normal range and there is no immediate or material uncertainty about the viability of the fund as a going concern.

# Distribution Table

## Interim distribution for the six months ended 31 August 2019

**Group 1** Units purchased prior to 1 March 2019

**Group 2** Units purchased on or after 1 March 2019

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution paid 31.10.19 p per unit	Distribution paid 31.10.18 p per unit
<b>A Income units</b>				
Group 1	0.4392	–	0.4392	0.0000 <sup>†</sup>
Group 2	0.4392	0.0000	0.4392	0.0000 <sup>†</sup>
<b>A Accumulation units</b>				
Group 1	0.5389	–	0.5389	0.0000
Group 2	0.5367	0.0022	0.5389	0.0000
<b>S Income units</b>				
Group 1	0.4385	–	0.4385	0.2571
Group 2	0.4239	0.0146	0.4385	0.2571
<b>S Accumulation units</b>				
Group 1	1.0140	–	1.0140	0.5725
Group 2	1.0140	0.0000	1.0140	0.5725
<b>Z Income units</b>				
Group 1	0.7296	–	0.7296	0.3838
Group 2	0.6857	0.0439	0.7296	0.3838
<b>Z Accumulation units</b>				
Group 1	0.9061	–	0.9061	0.4617
Group 2	0.7036	0.2025	0.9061	0.4617

<sup>†</sup> There was no distribution as the total amount distributable was below de minimis.

# Distribution Table (continued)

## Final distribution for the six months ended 28 February 2020

**Group 1** Units purchased prior to 1 September 2019

**Group 2** Units purchased on or after 1 September 2019

	Net revenue 2020 p per unit	Equalisation 2020 p per unit	Distribution payable 30.4.20 p per unit	Distribution paid 30.4.19 p per unit
<b>A Income units</b>				
Group 1	1.9277	–	1.9277	1.4736
Group 2	1.4205	0.5072	1.9277	1.4736
<b>A Accumulation units</b>				
Group 1	2.3329	–	2.3329	1.6814
Group 2	0.4691	1.8638	2.3329	1.6814
<b>S Income units</b>				
Group 1	1.2268	–	1.2268	0.9417
Group 2	1.2268	0.0000	1.2268	0.9417
<b>S Accumulation units</b>				
Group 1	2.8543	–	2.8543	2.1415
Group 2	2.8543	0.0000	2.8543	2.1415
<b>Z Income units</b>				
Group 1	2.2134	–	2.2134	1.6853
Group 2	1.5468	0.6666	2.2134	1.6853
<b>Z Accumulation units</b>				
Group 1	2.7775	–	2.7775	2.0675
Group 2	1.6968	1.0807	2.7775	2.0675

## Equalisation

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

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

# Remuneration

## AIFMD remuneration disclosures for Schroder Unit Trusts Limited ('SUTL') for the year to 31 December 2019

These disclosures form part of the non-audited section of this annual report and accounts and should be read in conjunction with the Schroders plc Remuneration Report on pages 68 to 90 of the 2018 Annual Report & Accounts (available on the Group's website – [www.schroders.com/ir](http://www.schroders.com/ir)), which provides more information on the activities of our Remuneration Committee and our remuneration principles and policies.

The Alternative Investment Fund Material Risk Takers of Schroder Unit Trusts Limited are individuals whose roles within the Schroders Group can materially affect the risk of Schroder Unit Trusts Limited or any Alternative Investment Fund fund that it manages. These roles are identified in line with the requirements of the Alternative Investment Fund Managers Directive and guidance issued by the European Securities and Markets Authority.

The Remuneration Committee of Schroders plc has established a remuneration policy to ensure the requirements of the Alternative Investment Fund Managers Directive are met for all Alternative Investment Fund Material Risk Takers. The Remuneration Committee and the Board of Schroders plc review remuneration strategy at least annually. The directors of Schroder Unit Trusts Limited are responsible for the adoption of the remuneration policy, for reviewing its general principles at least annually, for overseeing its implementation and for ensuring compliance with relevant local legislation and regulation. During 2018 the Remuneration Policy was reviewed to ensure compliance with the UCITS/Alternative Investment Fund Managers Directive remuneration requirements and no significant changes were made.

The implementation of the remuneration policy is, at least annually, subject to independent internal review for compliance with the policies and procedures for remuneration adopted by the Board of Schroder Unit Trusts Limited and the Remuneration Committee. The most recent review found no fundamental issues but resulted in a range of more minor recommendations, principally improvements to process and policy documentation.

The total spend on remuneration is determined based on a profit share ratio, measuring variable remuneration charge against pre-bonus profit, and from a total compensation ratio, measuring total remuneration expense against net income. This ensures that the interests of employees are aligned with Schroders financial performance. In determining the remuneration spend each year, the underlying strength and sustainability of the business is taken into account, along with reports on risk, legal, compliance and internal audit matters from the heads of those areas.

The remuneration data that follows reflects amounts paid in respect of performance during 2018.

- The total amount of remuneration paid by Schroder Unit Trusts Limited to its staff was nil as Schroder Unit Trusts Limited has no employees. Schroder Unit Trusts Limited has two independent Non Executive Directors who receive fees in respect of their role on the Board of Schroder Unit Trusts Limited<sup>1</sup>. Employees of other Schroders Group entities who serve as Directors of Schroder Unit Trusts Limited receive no additional fees in respect of their role on the Board of Schroder Unit Trusts Limited.
- The following disclosures relate to Alternative Investment Fund Material Risk Takers of Schroder Unit Trusts Limited. Most of those Alternative Investment Fund Material Risk Takers were employed by and provided services to other Schroders group companies and clients. As a result, only a portion of remuneration for those individuals is included in the aggregate remuneration figures that follow, based on an objective apportionment to reflect the balance of each role using relevant regulated Assets Under Management as a proportion of the total Assets Under Management within the scope of each role. The aggregate total remuneration paid to the 142 Alternative Investment Fund Material Risk Takers of Schroder Unit Trusts Limited in respect of the financial year ended 31 December 2018, and attributed to Schroder Unit Trusts Limited or the Alternative Investment Fund funds that it manages, is £5.9 million, of which £2.2 million was paid to senior management, £3.6 million was paid to Material Risk Takers deemed to be taking risk on behalf of Schroder Unit Trusts Limited or the Alternative Investment Fund funds that it manages and £0.1 million was paid to Control Function Material Risk Takers.

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

## Value Assessment

A statement on the Assessment of Value is published on the Global Fund Centre in the Fund Literature section at [www.Schroders.com](http://www.Schroders.com) within 4 months of the annual 'reference date' 31 December.

1 The fees are not disclosed due to confidentiality and data protection considerations. The amount is not material to Schroder Unit Trusts Limited.



# General Information

## Manager

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

Authorised and regulated by the Financial Conduct Authority

## Investment Adviser

Schroder Investment Management Limited  
1 London Wall Place  
London EC2Y 5AU

Authorised and regulated by the Financial Conduct Authority

## Trustee

J.P. Morgan Europe Limited  
Chaseside  
Bournemouth BH7 7DA

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority

## Registrar

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

Authorised and regulated by the Financial Conduct Authority

## Administration Details

Schroders  
FREEPOST  
RLTZ-CHSY-HBUT  
PO Box 1102  
Chelmsford  
Essex CM99 2XX

Investor Services  
0800 718 777  
investorservices@schroders.com  
Dealing 0800 718 788  
Fax 0870 043 4080

## Independent Auditors

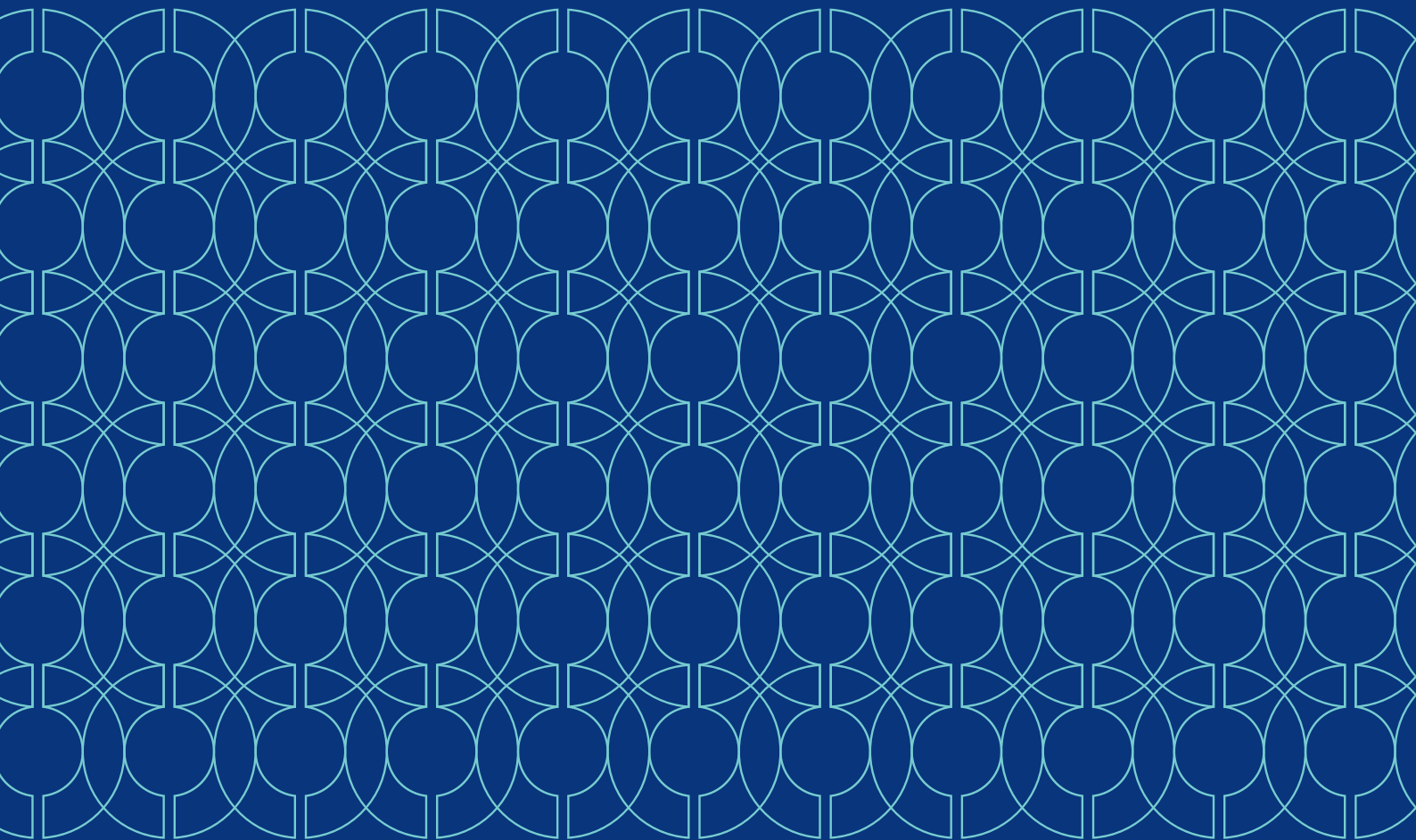
PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

## Authorisation

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

## Other information

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



EST. 1804

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For further literature please contact Schroder Investor Services on 0800 718 777 or at [investorservices@schroders.com](mailto:investorservices@schroders.com), or visit our website at [www.schroders.com](https://www.schroders.com).

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